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PROMOTION AND DEVELOPMENT OF SMALL AND MEDIUM-SCALE INDUSTRIES

DP/SOI/88/002

SOLOMON ISLANDS

Terminal report\*

Prepared for the Government of Solomon Islands  
by the United Nations Industrial Development Organization,  
acting as executing agency for the United Nations Development Programme

Based on the work of John Allen,  
UNIDO chief technical adviser

Backstopping officer: Z. Taluy  
Institutional Infrastructure Branch

United Nations Industrial Development Organization  
Vienna

\* This document has not been edited.

ABBREVIATIONS

SINTA	Solomon Islands National Teachers Association
MCPI	Ministry of Commerce and Primary Industries
PS	Permanent Secretary
PM	Prime Minister
PIDO	Principal Industrial Development Officer
IDU	Industrial Development Unit
BDD	Business Development Division (MCPI)
Co-ops	Co-operative Division (MCPI)
BCP	British Canadian Packers
RP	Richard Pezzulo

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CTA TERMINAL REPORT SOI/88/002

INTRODUCTION

The Solomon Islands and its people have the resources to achieve a reasonable degree of industrialization and economic development that will benefit the population as a whole.

SOI/88/002 development objectives are to promote small and medium scale industrial ventures within the Solomon Islands.

In the view of the project it is insufficient merely to address the numbers of Solomon Islanders who will be assisted in the startup or development of such ventures.

It is imperative that government look at the prerequisites of an industrial base and that each sector of industry is so developed that it produces a foundation for growth.

The project has tried to promote such a situation. It has, however, been difficult to persuade certain sectors of the necessity of such a "critical path analysis", as they see in political terms, the need to be able to show implementation.

Given the fragmentation of the planning process in the government, essential steps in the development process are being overlooked.

After reviewing the process of development in many countries, Joseph A. Raffaele in his book "The Economic Development of Nations", suggested that the failure of a country to develop at an acceptable rate was traceable to "human deterrents". These deterrents included:

- i) A population increasing at a faster rate than the increase in productivity.
- ii) The failure of the education system to provide the necessary education facilities.
- iii) The inability to improve trade/technical skills.
- iv) Inadequate administration.
- v) Governments utilizing the greatest proportion of available capital.

Comparing these factors in the Solomons:

- i) The Solomons has an average population increase of 3.5% p.a. For the period 1985-1989 this gives a total increase on average of 19%.

Productivity over the same time has been:

Copra	Palm Oil	Fish	Cocoa	Timber	Cattle	(Year)
41904	20000	31106	1713	378	1666	(1985)
35094	21721	36948	3299	298	921	(1989)
-(16.25%)	9%	19%	92%	-(21%)	-(45%)	(%)

Also, falling values, particularly in 1990, have meant that in real terms, prices for cocoa and copra have reached some of the lowest ever.

The employment increase from 1988-1989 was only 2.4%, considerably less than the population increase.

In a recent issue of "Link" (Dec 1990) a SINTA spokesman suggested that of the 8000 pupils who left school in the last term, under 40 (0.5%) would get waged employment, i.e., 7960 would fail to find employment.

(Note: 30 or even 40 new small industries employing a maximum of 10 people each doesn't do much to alleviate such a problem!)

- ii) 38% of primary school teachers are totally untrained, another 11% are only partly trained.

There are insufficient teachers in the secondary schools, and there is a mismatch between the qualifications of the teachers and the subjects they teach.

Of a 100 cohort who enter primary school, only 15 go to secondary school (paper by G. Coyne).

- iii) As the older tradesmen leave employment they are not being replaced at a rate or at a skill level which meets private sector requirements. At a recent seminar between education and the private sector it was stated that:

- Workers generally have a low level of education.
- Courses at SICHE in areas such as fitters and turners, welder/fitter, industrial electricians, diesel fitters do not meet industry requirements. There is a shortage in all of these fields of trained and skilled personnel, particularly at the higher supervisory levels.

A copy of the findings is attached (see Annex 2). No further followup action was taken by the Ministry of Education.

- iv) Inadequate Public Administration.

The project has been involved in many areas where there has been either a lack of followup on recommendations or where there has been a direct disregard for instructions given by Ministers and Permanent Secretaries.

In MCPI, when it was suggested that each Divisional Head should set down the work actions they intended to achieve on a weekly basis and told that this would regularly be checked, the reaction was that this would not be done as it indicated a lack of trust. Yet many of the various Ministries' plans are not carried out on a timely basis. Much of the information necessary to plan and to enable the Ministry to be properly managed is not available. A recent analysis of one sector of the Ministries' extension service suggests that only 16% of actual working hours are used productively (BDD/RP).

The private sector in seminars held also proposed that "There is a real need for the public officers to realize their responsibility to help and serve the private sector rather than the reverse... The concept that time is money should be extended to the public sector and the slowness in response to advise, guide and clarify should be eradicated."

The current government is aware of this need and is making urgent steps to overcome the situation.

Even with a new structure it will be imperative that strong management control is exerted and that officers have set objectives which they should achieve.

- v) Government spending has meant that the liquidity in the commercial banks has been greatly reduced. In fact, the commercial banks have again been made by CBSI to increase their holdings of government stock. Thus, some 35% of the commercial bank money is now tied up between government bonds and reserves held by CBSI.

There are predictions that unless government spending is curbed, liquidity could be further tightened with commercial banks' holdings in government bonds and reserves held by CBSI reaching 40%, and interest rates, because of the lack of liquidity relative to demand, reaching in excess of 20%.

In the past years there has been a paucity of funds available from the DBSI, which has meant little money available for private sector development, although more funds should be available in 1991.

This lack of liquidity has hit many of the local companies and the local constructors are already badly affected.

The Solomons exhibits, therefore, many of the deterrents to development found in a wide variety of other countries struggling to overcome the problems of underdevelopment.

Such situations inhibit the ability of the Ministry to develop investment and growth in the industrial sector, be it local or foreign, and clearly many of the areas that stifle such growth are outside of the Ministry's (MCPI) direct control.

In order that these issues were discussed at the highest levels the project and MCPI co-ordinated and developed a series of papers (see Annex 3) with relevant Ministries which indicated the measures that each felt necessary to provide the platform for industrial development, at least in the short/medium term. Indeed, what is the point of long term planning if the short term is not in place?

It addressed the necessary interlinkages required in order for Industrial Development as required by government to be able to take place.

This platform and the necessary interlinkages have not yet been provided nor acknowledged outside of the technical sections of the Ministries involved.

The PS MCPI has these papers edited in the short form (Annex 3) and plans, with the Ministers' and PM's approval, to submit them to the Permanent Secretaries meeting. The concept being that if a plan of action on the outstanding topics can be agreed, each PS will be responsible for the completion of the actions as accepted in their Ministry within the time scale provided. As the group contains the PS Finance and Planning, this should also ensure that the necessary finance is also available.

These papers have been available in various forms for nearly two years. There now appears to be a growing realization that without a planned and integrated approach to industrial development, funds expended will have but a transient effect. Points that have been made over the years now are being taken up by some Ministries and organizations.

At the moment, planning is fragmented and unco-ordinated. Little thought appears to be given to the necessary concomitants to development objectives that have been set.

When deciding on investment proposals there has often been a lack of cost benefit analysis. This has meant that although a project may sound good in initial terms, it may not in fact carry any real benefits to the country. It may in some cases actually mean that over a period the government's overall revenue is reduced without any real benefit being obtained by the country.

Structurally, the new government has had its own strong ideas. These have been altered since the formation of the new government of National Unity that was set up in November 1990, but have yet to be formalized.

Without a commitment to the development of its human resource, coupled with co-ordinated planning that considers and recommends positive action on the economy, interlinkages between development objectives, manpower requirements and multiplier effects, the country will find it hard not to regress.

The Solomons has the people, the resources necessary for development. In order for this potential to be realized, which is government's stated intention, attitudes towards development and productivity will need to change.



## A. BACKGROUND

SOI/88/002 was developed from the previous project SOI/84/004.

Some historical analysis in understanding how the project has progressed is, we suggest, essential when judging outputs.

The in depth evaluation of the project (September 1990) did not consider this perspective when making their report (see Annex 1), and thus the MCPI and the project believe they were not accurate in some of their comments.

With respect to the CTA position, at the time of the evaluation it was not clear exactly what role the Ministry wanted a CIA to undertake. The Ministry itself was in a position of flux. This has now been clarified. As the project had input into the Ministry's paper on the Internal Evaluation, this is included as part of the report (with agreement from the Minister) (see Annex 1).

When SOI/88/002 was first formulated in 1987, practical experts in the various trade fields were requested but not approved by UNIDO/UNDP due to funding constraints. Subsequently, UNDP made funds available for some necessary additional experts.

At this stage, one year after the programme started the government changed. The new government had a strong bias toward localization. Therefore, although experts had been identified, indeed, one had been recruited and sent to Honiara, their actual employment was not acceded to until after much discussion.

The furniture expert did not join the project until December 1989, although being available for many months.

In effect, the project has therefore only been in full operation for just over a year. The effort required just to convince and develop has been considerable, and has taken up a good deal of the time of the Ministry and the CTA.

The results obtained by having these experts in place have been very good.

## B. OBJECTIVES AND LOGIC OF THE PROJECT

### Development Objective

The development objective of the project is to promote the development of small and medium scale industrial ventures within the Solomon Islands, and thereby to contribute to additional employment and income of the people in both urban and rural areas while helping to reduce dependence upon imported goods and services. Particular attention will be given to the guidance and training of existing and potential entrepreneurs.

(Note: Because there was a lack of qualified counterpart staff in each of the sectors, (e.g. Mechanical, Furniture, Garment) it was decided that the emphasis on training would be on private sector entrepreneurs. Thus, the project objective was direct support.)

### Immediate Objective

The strengthening of the Foreign Investment and Industrial Development Unit (IDU) of the Ministry of Commerce and Primary Industries to improve its capability:

- to formulate industrial development policies and strategies and appraise investment projects;
- to promote and develop small and medium scale industries.

(Note: There is therefore a discrepancy between the Development and Immediate Objectives. The Immediate Objective focuses on institution building, the Development Objective on direct support.)

### C. BACKGROUND AND JUSTIFICATION

The original project document was signed in January 1989 and subsequently revised.

As stated in the project document, Government wished to improve its manpower capability and employment opportunities in the manufacturing and industrial service sectors of the economy.

"This is to be achieved by creating the infrastructure and conditions necessary to attract investment both local and foreign. The government has already taken action to increase its industrial estate capacity, it has reviewed its industrial training activities and is currently reviewing the Foreign Investment Act and the investment policies and incentives.

"Many of the local people have good ideas but lack the necessary experience in the world of commerce to bring these to fruition. The project therefore seeks to develop a programme around a core of local entrepreneurs that addresses not only the issues of better bookkeeping and management, but also specific sectoral needs and problems.

"In particular, the project will provide advisory and training support focussed on two main areas urgently in need of attention, namely timber utilization and business development."

D. ACTIVITIES CARRIED OUT AND OUTPUTS PRODUCED

The major activities carried out by the project have been:

Business Development Activities

1. Continuation of the small mechanical workshop programme under which a further 9 workshops have been established in four Provinces. This programme works on a revolving fund basis and has proven very successful.

The operation in general has been given over to the local counterparts. More effort by the local counterparts must be made to ensure that reporting is punctual and that accounts are kept on a timely basis both by the recipients of the loans and by head office monitoring the loans. It is planned to further develop the programme.

2. Federation of Solomon Island Businesses

This was discussed in general in the first year of this project as this was to be one of the main groups through which entrepreneurial development would take place. It was brought to fruition in the second year.

The Business expert, on arrival, was instrumental in its successful development, which included the production of articles of association and the starting of a business newspaper.

It is now the only such "Chamber of Commerce" in operation.

The support facilities have now also been turned over to local counterparts.

3. Association of Solomon Island Builders

This was started in the second year of the project. Articles of association were provided, a members directory printed and distributed to government and businesses, and particular seminars organized on:

- Financial management (SICHE)
- Costing and tendering (MCPI and resource people from the private sector)
- Financial Planning (SICHE)
- Bookkeeping (SICHE)

4. Management and reporting systems for the BDD were devised. This was to enable specific industrial opportunities to be targeted in each of the provinces.

It was also to enable the Director to monitor the activities of the officers.

An analysis of these activities over the year indicates that little was achieved in relation to the planned activities. There was also little management follow-up to ascertain whether, in fact, actions were being taken.

5. Annual seminars to review the activities of BDD and provide and train the officers on the use of forms for business analysis, and data collection.

The officers will also be given training on the ILO bookkeeping system, a pricing and costing system and financial planning. This is very basic and is the real operational level of the majority of the clients of BDD.

6. Direct assistance was given to over 30 new and existing businesses in the development of business plans, budgets, funding proposals and promotional/marketing material.
7. Furniture Makers Business Course  
A course in simple bookkeeping, pricing and costing to enable the entrepreneurs to keep accurate records and to be able to price their goods correctly.
8. Viability analysis of various businesses, e.g. rural bakeries, paint can making, various food processing businesses, pre-cut housing, coconut oil extraction, etc.

#### Development of the Garment Industry

9. A start was made in the development of a local garment industry. The consultant provided by UNIDO was excellent. We also commend the local entrepreneurs involved who gave every assistance and who always showed interest, and the staff who responded so well to the training. A further two months exploring the further needs of the garment industry was later undertaken by the same expert.

It clearly shows the need for assistance, both in the capital and provinces. We see the absence of such an expert in the budget of the review team as a major omission. There is more potential employment, import substitution and export potential in this sector than in any other of the medium sized enterprises in the short term. The local company we have already assisted expects to expand to 130 employees in 1991. Given that Ranadi is rehabilitated and factories are available for rent, we are told that at least 5 companies, each employing 120 to 150 people, would start operation given the recent incentives approved by Parliament.

#### Practical Furniture Manufacturing Development

10. Training to 6 furniture workshops on an individual basis and through the conduct of training seminars was held at SICHE in Honiara and in the Provinces. These courses have been on finishing techniques.
11. Instruction on the proper use of machines in the furniture industry was undertaken.
12. New furniture designs were developed that take into account the nature of the timber currently on sale (i.e., wet), the need to be able to transport furniture in the Solomons, to knock down, and the need to produce furniture of quality and finish.
13. Furniture Show

This show was extremely successful with both government and the private sector pleasantly surprised at both the quality and styles made available by the local producers. It is planned to show Solomons furniture overseas, and export versions have been produced for the Ministry of Trade. Again, because the timber is not seasoned, we are only producing garden furniture for export.

#### Assistance to MCPI

14. Formulation of the draft Incentive Package was completed. This was subsequently taken over by Foreign Investment, but the project continued to have inputs into its composition. Basically, the draft recommendations were accepted, and are now approved by Parliament.

15. Formulated concepts to be employed in a "One Stop Shop" investment application procedure.
16. Assistance provided in the development of a promotional Brochure.
17. Revision of the plan to rehabilitate the Ranadi estate and to develop an estate at Hendersen was undertaken. This was done in association with SIS and ADB.
18. A Shell Blank Buttons Seminar was held to disseminate information that had been gathered with regard to production and profitabilities. Subsequently, two local companies have commenced operation.
19. A series of papers were produced on the various elements which constitute the necessary constituents of Industrial Development. These papers received very favourable comments from the FAO/UNIDO regional team after a good deal of discussions and visits. (Copy attached.)
20. Continuation of work on proposals for a 10 tonne cargo vessel. We have finally obtained funds to build one.
21. Assistance to the Ministry in formulating papers on areas such as the Master Plan for the Ports Development, Development of the Copra Industry, Fielders/Rice Growers, Company Problems, Fuel Tax to the fishing industry, Peoples' Bank, Import Tariffs, the purchase of the purse seine vessels, various Cabinet papers, etc.
22. A paper for Cabinet requesting \$1,000,000 for use as revolving funds to develop small industries in the Solomons.
23. Attempts were made to invite an Australian entrepreneur to start a gold lip pearl farming operation in the Solomons. Subsequent evaluation of the resource indicates that most of it had been removed for export sale.
24. Work on Forest industry Policies with forestry. Subsequently, with FAO, both forestry policy and appropriate legislation papers were formulated.
25. Assistance to FAO in organizing and conducting two Forestry Planning Workshops, including presentation of paper on Planning.
26. Coconut Cream Studies undertaken via the Regional Project (DP/RAS/86/075). It was felt that the recommendations as formulated were not viable.
27. Seminars organized between the Private Sector and Public Sector. This initiative from UNDP proved to be very popular. As indicated earlier, the private sector was concerned by the attitude of the public sector and the state of the economy.
28. Low Cost Housing  
In association with IHAP, inputs were made for the design of three types of low cost housing. These were subsequently built and displayed.  
Although no further developments have taken place, there is a market for low cost housing, particularly that which is in kit form and which can be expanded as owners are able to raise more capital.
29. Solomon Island Trade and Industry Board  
The project organized assistance via the regional project whereby recommendations were provided based on the experience of Fiji on an effective institution on similar lines for the Solomons.
30. Cocoa Processing Via the Regional Programme  
The product "Cocoa Somoa" was assessed. The project and Ministry have also asked the major companies Levers and SIPL to ascertain the viability

of the production of cocoa liquor. Recently we have been given the name of a company in New Zealand who process cocoa and who are prepared to undertake trials for us on small scale equipment.

31. Timber Standards

We have tried, over many meetings and years, to establish standards for timber both for the local market and for export. Forestry agree that these areas are important - see the forestry plan - but action is very slow.

It is also imperative that the size, location, type and number of timber mills is agreed so that large scale tertiary development can occur.

32. Industrial Training

The plans for the development of industrial training and the development of standards for materials, buildings and qualifications were negated. The responsibility for all training was then given to the Ministry of Education and Human Resources. As the aspect of industrial training appeared to have lapsed in importance, we organized via that Ministry a seminar with the private sector on Industrial Training. The same problems that were highlighted in the UNIDO paper prepared by Dr. G. Pearson in 1987, emerged.

Clearly, industrial training is an important area which cannot be neglected if, as it states, the government wish to develop industry in the Solomons.

33. Papers on the economy were prepared for the Minister (see Annex 3).

This was at the urging of the private sector who were concerned at the lack of liquidity in the market and the likelihood that the situation would deteriorate. The situation has further deteriorated, and many of the local entrepreneurs are finding it difficult to survive.

34. A detailed paper on the work of the project was produced in the earliest months of the project for the Minister for presentation to the PM to allow the project to continue and develop.

## E. ACHIEVEMENT OF IMMEDIATE OBJECTIVES

The immediate objectives were mostly achieved through direct assistance.

Industrial development policies, strategies and related documents were prepared for and with the Ministry. These are detailed under activities and attached Annexes.

More than the planned number of industries were assisted in startup and development by the provision of business advice, studies, consultancies, seminars, in-plant training and evening classes.

As explained previously in Chapter 3, the project outputs were mainly achieved by the project's direct support. The institution building element was partly achieved in that counterparts were trained and fully cognisant of the plans and policies proposed.

The project was conceived to encompass all industries in the Solomons. Even the largest in the Solomons would in most countries be termed medium scale. In the minds of the MCPI and the project, therefore, there was no ambiguity, nor do we feel there was any ambiguity in the minds of UNDP/UNIDO at the time the project was formulated. SOI/84/004, of which SOI/58/002 was a development, had been involved in studies into the development of the timber industry, hydropower, etc.

The project and MCPI do not agree that efforts expanded on wider fields diluted effort from the small and medium scale. Such effort was and is necessary to develop both small and medium scale industry. To omit such work would mean that the necessary inputs even to the small sector development would not be available.

Whilst, therefore, there is much pressure on getting things started, further development of the "small" sector depends on factors such as available finance, the proper development of the timber industry and adequate skills training. Development in the Provinces, particularly agro-industries, relies on effective internal shipping. Agro-industries depend on the availability of land, the effective support of an extension service, proper processing, the development of markets and the effective use of by-products. If these issues are not addressed, all the effort and funds going into the very small businesses will be far less successful. Concentration on small industries meet neither the employment, economic, nor development needs of the country.

With respect to industrial development policies and strategies, we would suggest that the project made substantial inputs. The Evaluation Mission stated that our scope in undertaking this was too broad. The project's view is the contrary, that if these issues had not been taken up, they would not as yet have been seriously considered.

Not only was the Under Secretary (the CTA's counterpart) an integral part of the discussions required to formulate such plans, but he has argued the essence of the plans in the higher forums such that the concepts and problems and the manner in which they can be tackled have now started to gain acceptance and action.

In the development of the Industrial Estates the PIDO, the head of IDU, was totally involved in the earlier studies (1986) and the recent studies (1990), as was the Chief Physical Planner. The Evaluation Team failed to interview the PIDO in his capacity as head of IDU. They gained, therefore, little awareness of the other activities carried out in that section.



The aspect of institution building was not fully achieved, e.g., at the commencement of the project the government was in favour of setting up a Solomon Islands Industrial Training and Standards Board. This has not eventuated, and as mentioned earlier in the paper, the private sector continues to complain that the current system does not meet their needs.

The Ministry itself lacked people with the correct background to support the activities of the PIDO and the project personnel. There were then no suitable counterparts who could therefore pick up the knowledge available from the Mechanical or Furniture expert. It could be said, however, that the counterparts were the personnel in the private sector, an area that was specifically mentioned in the "Background and Justification", i.e., if you know that there is a lack of trained personnel within the public service in certain disciplines but you still wish the private sector to progress, you work directly through the private sector.

There are, in fact, local personnel with the necessary skills, but they are in other Ministries and bodies. That was one of the major reasons for suggesting in the Pearson report (Project No. SI/SOI/86/802) on industrial training that those bodies which are involved with industrial training are amalgamated under one institution which can optimize the use of the available personnel. In this instance, the experts such as furniture and mechanical would be in that institution. A case could even be made that the business advisory service should also come into that institution so that all training was properly co-ordinated and not dispersed as it is at the moment.

The project strongly suggests that Dr. Pearson's concept is again considered in order to maximize the use of personnel and to provide the best possible service to the country.

With respect to the promotion and development of small and medium scale industries, a very good start has been made in this area. The project has assisted in the startup of industries such as the garment industry, which has an excellent potential; coffee processing; spice processing; startup and development of local furniture workshops; rural bakeries; small mechanical workshops; a fish meal plant; shell blank buttons; and similar type industries.

Through the plans the project drew up showing how integrated development could occur, the larger companies undertook interest in areas such as coconut oil extraction (a plant is now in operation), further processing of tuna (BCP), can making, animal feed plants, etc. More industries could have been started (e.g., Feed Mill with a large multiplier effect), but this will only occur when overall planning is in place.

#### F. UTILIZATION OF PROJECT RESULTS

With the new changes which have occurred many of the Ministries and para-statal bodies in the country are also now supporting the views put forward by MCPI, particularly with respect to education, trade training, internal shipping and our economic circumstances.

The sectoral papers as prepared for Industrial Development (Annex 3) certainly have the support of the majority of the private sector.

Enterprises which have been set up under the project, particularly the Small Mechanical Workshop Programme, the furniture workshops, the garment factories, the bakeries, coffee processing, continue to operate successfully and to expand.

The officers who have been direct counterparts have been able to benefit from the work that has been accomplished together. The project is particularly pleased with the response of the local entrepreneurs, who have given time in the evenings to attend classes the project has arranged. The fact that the fall-off rate was virtually negligible is credit to them and to the project and Ministry officers who organized and ran the courses.

## G. CONCLUSIONS

The project document, which was changed several times, contains overlaps. The Ministry has now clearly stated the aims, activities, outputs and personnel required for the project's continuation (see Annex 1), thus preventing a reoccurrence of this problem.

There is a vast disparity between what the In depth Evaluation Team recommends and what the Ministry require.

Whilst the issue of increased funding is being resolved, it is suggested that the Business Adviser-11-03 be made project manager. The project activities and outputs will be limited to those of the remaining project personnel.

In order to progress, the project suggests that there are key areas which need careful consideration:

### Human Resource Development

There is a low level of available, well-trained trades people. Because the education system is not operating effectively, the standard of students entering the Industrial School at the College is dropping. At the moment there is no set curriculum at the school and the training has not reflected the needs of industry. The project believes that the new management at the School will rectify this and we urge that they be given full support. It is suggested that the wider implications of all such training is considered and optimal use made of available resources. The aim: quality, not quantity.

Attention needs to be given to training at supervisory levels, and short courses or evening classes should be devised to help in this area. In the training courses the project has conducted and been involved in there has been an overwhelming response from the private sector to training.

### Institution Building

Many of the government's and Ministries' objectives fail to be achieved through a lack of management. This has over the years created an attitudinal problem.

As discussed with the Minister and Permanent Secretary, once the Minister has clear ideas of what he wants achieved by the Ministry in 1991, these should be translated into outputs and activities required from each section. It is then the responsibility of each section head to ensure that an achievable programme is set and that the activities necessary to achieve the outputs are met. The divisional heads should report on a monthly or bi-monthly basis to the PS, who will then convey progress in an easily assimilated form to the Minister.

There should be no excuse for non-performance. If there is a blockage to progress, this should immediately be brought to the notice of the immediate superior, who should try to resolve the issue.

With respect to the Plans which have been drawn up with each Ministry, it is clear that each of the operating divisions in the various Ministries are aware of the actions which need to be undertaken in order to achieve industrial progress. Unfortunately, this awareness only translates very slowly into action. This is not necessarily the fault of the technical division concerned. Planning within government is at the best fragmented. Many of the interlinkages necessary to achieve the government's plans are missing.

The Solomon Islands is a country richly endowed with natural resources. It has lively, intelligent people. These resources are not being optimally

developed. Much of the newly industrialized countries' success has been based on a policy of an educated population and a well organized and disciplined society. These are the countries with which the Solomons must compete. If the Solomons is to take its rightful place amongst these countries, such issues as education organization and discipline must be addressed.

#### Industrial Development Policy (see Annex 3)

The project strongly advises that the recommendations as proposed in the Industrial Development papers are considered. Without the appropriate development in the areas of agriculture, timber, shipping, education, skill training, planning and available finance, it will be hard for industries to develop and for the necessary employment opportunities to occur. There is a lack of skilled people at all levels. SIG need to establish standards for trade and professional qualifications and for all of the material items used in industry.

There is a need to develop commercial agriculture so that there is sufficient surplus to maintain current prices, but if possible to reduce market prices to local consumers. Marketing is a major area which needs to be addressed.

In order for the timber industry in its secondary and tertiary sectors to develop, the stages as set down in the forestry sector paper are a prerequisite.

If all of the developments planned were to eventuate, there is at the moment insufficient shipping locally to accommodate the volume. If by some means it was delivered, it could not be physically handled through the ports complex.

These areas are all critical to a balanced industrial development programme.

The project further suggests that:

The internal restructuring of the Ministry needs to be consolidated and completed. There is not a lack of personnel. There are about 50 extension workers in BDD and Co-ops. But when reviewing the activities of BDD with respect to the plans set last year, little (16%) effective action seems to have occurred.

The small mechanics workshop which operates on a revolving fund has been very successful. The Ministry has submitted a proposal for SI \$1,000,000 on a similar basis in order to assist 26 local businesses. We strongly urge that these funds be made available, particularly given the current economic climate.

If possible, the manner in which requests for funds are undertaken is streamlined and that the technical Ministries are more involved in the discussions which ensue. We take as a point the industrial estates which were to have received funds in 1987. At no time were the technical Ministries involved in the discussions with ADB which decided whether or not the project eventuated. In the end it languished, to be resuscitated this year. Similarly, requests for funds with respect to cargo vessels, food processing, have, we believe, not received the required funds because the personnel presenting the case were not fully cognizant with the project.

During our stay in the Solomons the project has received tremendous support from the various Ministers and Permanent Secretaries with whom we have worked. As industry is a development process which impinges on many sectors we have had dealings with most of the other Ministries. Again, the co-operation has been excellent.

The outgoing Minister, the Hon. Edmund Andresen both as Permanent Secretary and then Minister, has been helpful, understanding and encouraging.

The current Minister, The Hon. M. Vaina, has also displayed the same attitude, and we believe his experience of the private sector, the forthright manner in which he approaches the tasks of the Ministry, auger well for the future.

Alan Arafoa has been the CTA counterpart for some three years, but the association goes nearly to the beginning of the previous project. He has put in many extra hours necessary to complete tasks, often working weekends, and has been an intelligent and very capable colleague.

The project wishes all of these colleagues and the people of the Solomon Islands well in the future.

The comments made in this report are entirely the responsibility of the CTA. The project genuinely desires a solid and lasting development for the Solomon Islands.

There will, of course, be others with counter ideas. But those presented are, in the project's opinion after six years' experience in the country, those which need to be tackled if progress is to be achieved.

**Ministry of Commerce and Primary Industry's Paper**  
**With respect to the Internal Evaluation Review Report.**

**Introduction**

Although we respect the application which the Internal Review Team undertook in the review of UNIDO Project S01/88/002, we do not agree with all of their assessments, nor therefore by transposition their findings and recommendations.

We have reviewed the paper carefully, with project staff and personnel from this Ministry. Our comments and suggestions for assistance required including aims, outputs and activities for each expert, are covered in the following pages.

We are quite clear that if we are to make a breakthrough in industrial development that a programme similar to that previously undertaken by the project S01/88/002 is required.

To pursue a programme that merely looks at small scale enterprises in isolation will not resolve the underlying problems of development.

Lasting and secure development requires an interlinking pattern between :-

The large and the small ( Large in our context is medium in most international language)

An available pool of skilled and experienced manpower,

The necessary infrastructure,

The strategic development of each industry sector.

We will ensure more input at the highest levels by discussion and decision to ensure that essential steps in the process of industrial development which have been highlighted in papers co-ordinated by our Ministry are undertaken and implemented.

**Comment on the Joint Review:**

**1. Garment Expert**

**The review team has provided no funds for a Garment Expert.**

**After UNIDO's assistance to the first local garment industry, it is now in successful and profitable operation. During 1991 the company plans to start up in a joint venture for export sales with employment projections of 180.**

**During the past 2 months we have been undertaking further assistance to the garment factory and reviewing the potential to:-**

**Start new factories in this sector,  
Assist those already established,  
Provide training for women's groups in the Provinces.**

**The response has been outstanding.**

**There are at least four factories to be assisted. 2 new operations to be started, many women's groups to be trained and assistance to be continued in the development of curriculum at SICHE.**

**Similarly, as we develop factories for rent / sale at Ranadi/ Henderson, together with the incentive packages now approved by Parliament it is calculated that at least five new garment factories would be established in the Solomons by Foreign Investors.**

**It is therefore imperative that training at all levels is developed.**

**The report of the expert, Mrs. Cross with respect to her 2 months review of the requirements of the industry is attached.**

**We strongly recommend that Mrs. Cross be retained for a minimum of one year and 2 years provision for a garment expert be included in the budget.**

**The lack of provision for an expert in this field would we believe be a serious omission.**

## 2. NODAL POINT

We do not accept that there is no nodal point.  
When interviewing the Principal Industrial Development Officer, this was done merely in his capacity as a counterpart to Dick Van Duijn, the Project Engineer.

As Head of the Industrial Development Section, Tony Makabo, the PIDO, has been instrumental in arranging training in a variety of industries, coordinating the Building Standards programme, and organizing training through SPC, CDI and other Bi and Multi-lateral bodies.

An example of the training provided by IDU 1989/1990 is:

### (a) Company Assisted - (SIHA)

Pre-fabrication of Wooden Houses

#### Type of Training

Diagnostic mission executed to identify and assess problem areas. This would determine the kind of in-plant training to be implemented. In-plant training await until pre-fab. operations restart.

#### Rid Donors -

Centre for the Development of Industry (CDI) financed.

Duration - two (2) weeks.

### (b) Company Assisted -

Rruligo Fibreglass and Trading Co. Ltd.  
(Manufacturer of fibreglass products)

#### Type of Training

In March 1989, Mr. Raymond Saurongo, the proprietor had a month's attachment training with a reputable fibreglass company in Brisbane. Training aimed at improving quality of fibreglass products. 1988 a fibreglass expertise from India provided in-plant training to local counterparts. Objectives are to improve production, supervision and reduce wastage .



**Aid Donor - CDF and Commonwealth Funds for Technical Corporation (CFTC)**

**Duration - one (1) month (1989)  
- three (3) months (1988)**

**Company Assisted -  
Daido (SI) Ltd. (Trochus Shell Button  
Blank production)**

**Type of Training -  
In late 1989, an on-the-job training provided  
to local operators in the company's factory. Training is to enable  
local operators to learn to:-**

**produce quality blanks  
operate and maintain machines  
selection of raw trochus for production and  
blanks for export.**

**Two experts from Melanesian Shells Ltd., Vanuatu, provided  
training.**

**Aid Donor - CDF**

**Duration - One (1) month**

**Company Assisted**

**Provincial Press (printing operation)**

**Type of Training -  
Two typesetters undertook training with a printing firm in  
Australia in computer typesetting. The objective was to improve  
the productivity and quality of printing. This programme was  
implemented in early 1990.**

**Aid Donor - CDF**

**Duration - two (2) weeks.**

**Company Assisted -**  
**Pacific Rattan Ltd (rattan furniture manufacturer)**

**Type of Training - In-country on-the-job training was provided by rattan furniture experts from Europe and the Philippines. The objective was to improve production and quality for both export and domestic markets.**

**Aid Donor - CDI and Forum Secretariat.**

**Duration - two (2) weeks (CDI)  
- one (1) month (Forum Secretariat)**

**Company Assisted**  
**George Bogese Furniture  
(Wooden Furniture producer)**

**Type of Training - In 1989, Mr. Bogese undertook training in furniture production with a firm in Australia. The aim was to broaden the trainee's knowledge and skills in all aspects of furniture production.**

**Aid Donor - South Pacific Trade Commission.**

**Duration - one (1) month.**

**Company Assisted -**  
**Auki Hot Bread Shop (Bread manufacturer)**

**Type of Training - In 1989, two employees undertook in-plant training with a firm in Australia in the field of bread, buns, etc. production.**

**Aid Donor - Forum Secretariat**

**Duration - two (2) weeks.**

**Company Assisted - Honiara Hot Bread Kitchen  
(Bread manufacturer)**

**Type of Training - In 1989, two employees undergone training in bread production with a firm in Australia.**

**Aid Donor - Forum Secretariat**

**Duration - two (2) weeks.**

**Governments policy is that all training will be concentrated under the Ministry of Education and Human Resources Development. Thus as SOI/88/00 completes its programme in 2 years MEHRD should have taken up the role of providing the Trade and Technical training through one of its institutions.**

**The Ministry is at the point of reorganizing. The new Government that was shaped in October 1990 also has various plans.**

**It is anticipated that the Special Projects Unit will be brought into the Industrial Development Unit, but that the Industrial Development Unit will then report to the Director of the business Development Division.**

### **3. INDUSTRIAL POTENTIAL SURVEY**

**We suggest that as proposed this is unrealistic.**

**There have been many "Surveys" by I.F.C., C.F. T.C. They have been costly and have produced little.**

**Within the Ministry each of the Ministries' Business Officers was given a specific task last year of identifying and following up on potential opportunities.**

**The Ministry of Agriculture has had two volumes assessing the potential in the field of Agriculture.**

**Forestry are quite clear in the direction they wish to see the Industry take shape and how it should be completed.**

Each import group into the Country has been carefully considered with respect to the validity of import substitution.

What is needed with urgency is that the basic programmes necessary to support proposed development are implemented and that the programmes already developed are followed up.

4. We believe the team failed to fully comprehend the lack of skilled trades people, the paucity of education, the need to develop industrial sectors in a planned manner and the illiquidity of commercial financing.

Until these factors are resolved Industrial Development will only be piece meal. Thus insufficient emphasis has been placed on the need to ensure such basic requirements are undertaken in a systematic manner.

Without such an undertaking no lasting foundation for industrial development will occur. We believe this is a vital element in Solomons development and the Ministry will be discussing the papers prepared in order to see that mechanisms are in place to ensure that necessary actions for the planned development of an industrial base occur.

To address the assistance to small industries alone is to deflect from the countries needs.

30 new small industries to be assisted in the manner suggested by the team would only provide employment for a maximum of 300 people.

The start up of an animal feed mill would provide employment for over 300 with its considerable multiplier effects. The same is to be said for the timber, food, and larger agro industries. The export of rice alone if we resolve the issues could employ over 200 people with a peripheral effect of a further 200.

It is pointless to talk of the various schemes available to assist local business financing if the Commercial Banks do not have funds to lend. Nor is it realistic to believe that the commercial banks will take loans from the CBSI to finance such schemes when there is little profit (0.5%) in it for the commercial banks. Until the economy is under control there will be little investment either local or foreign.

5. We do not subscribe to the view of an autonomous small industry development organization. As stated earlier all Trade Training should within a 2 year period be with MEHRD. It is our belief that our Industrial base is so small that its development should be encapsulated within one group and not divided between small and medium. In real terms there is no large industry in Solomons.

We believe that the proposed Ministry Structure, (as described under 2 Nodal Point) properly staffed and with clear objectives will meet the requirements to support and develop industry.

6. The revolving fund as proposed in the document and its suggested implementation, in UNIDO's letter 7/11/90, would we feel be far too bureaucratic and unwieldy.

We suggest that any funds made available are under a project budget administered by the CTA or Project Manager, to use against projects agreed by a Committee.

We do not agree that it would also be most effectively used as the 20% towards a commercial bank loan to be supported by CBSI. This makes accounting too unwieldy and there is as stated a paucity of funds available in the commercial banks.

We have now requested SIG for \$1 million from STABEK to support and to assist in the establishment of 26 industries in 1991.

This money would be put on deposit for the Ministry in a Commercial Bank. Accounts will be distributed quarterly, although each company receiving assistance will be required to submit monthly accounts.

7. We do not subscribe to the concept of UNID's. Given the lack of accommodation in the West we will not be requesting assistance in this Province

For Malaita we suggest an expert with a 4 wheel drive vehicle. We fail to see how you take counterparts with you on a motor cycle nor do we feel that the terrain of the Province, the weather and roads have been sufficiently considered when recommending a motor cycle.

The project is to be completed in 1992.

UNID's contracts are for 2 years. If as it has been experienced it

takes up to a year to find a suitable UNU their involvement would be outside of the term of the project.

8. The expert selected for Malaita Province should have a suitable background to that of the Business expert, R. Pezzulo, already with the Project. This is the type of support needed in Malaita. It is essential that the person selected has experience in the commercial world.
9. We do not believe that an updated information base as proposed is relevant at this time. There already exists a directory of all Industrial Operations by Sector and by areas in the Country.

BDD in 1989 were asked to list all Industrial operations (attached copy) in their areas of responsibility. Little information was obtained.

We plan for that Register to be computerized and distributed to each Province and be updated regularly.

It is difficult to have a full resource data base when for example we are only now undertaking a Forest Inventory. We do have data on all the other resources in the respective Ministries. This will be collated so that such information is readily available at one source.

10. The Ministry concurs with the proposal of the previous Minister which requested the continued services of a CTA.

The CTA would continue to provide support services to the PS & Minister on a broad range of issues with respect to Industry.

In a young country where we are gaining experience and where of necessity personnel change frequently, experience in industrial areas and indeed of private commerce is still being gained.

The Ministry wishes to pursue the papers which it coordinated on Industrial development. We do not accept that those activities marked "unforeseen" were too broad or that they dispersed too much effort from the development of small and medium scale industries.

The opposite is the real position. If we do not follow the plans developed in co-ordination with the other Ministries we will not have laid the foundations of industrial development.

For example the report states that a "doubling of output is expected by 1995" (page 7 data on Provinces).

But already as stated in our paper on shipping, provided to the team, we are unable to ship more than 25% of the cocoa available for harvest under the recent small holder development project. If there is insufficient inter island shipping how do you develop in the Provinces? How will you market this "doubled output"?

If the current Ports Structure could not handle Government's proposed increased volumes of sawn timber, without even considering the export of 40,000 tonne of rice, do we just go ahead and saw the timber; take orders for export rice, which we know infrastructurally will be impossible to meet? We are unable to meet international orders for timber because we do not grade or season our timber. In such an untreated condition we are not able to find sufficient international shipping space for the sawn timber currently produced.

Do you go ahead and develop a furniture industry when the timber presented is unseasoned? Do you sell timber on the world market without grading standards? Do you expect to develop industry when there are no funds?

It is interesting to see that the CBSI in their recent notes on the economy now raise many of the same issues that we in the Ministry have been highlighting for over a year.

It is also interesting to note that other UNIDO Consultants have suggested that

"The programme developed for Solomons Industry is so well thought out that it would take very little to have the work coordinated and financed in a single programme".

We feel that the development issues with respect to industry have not been fully considered by the team. These are areas in which we feel the project should continue to provide assistance. Also many of the issues raised in the Ministry papers covering a range of pertinent areas are still outstanding.

**In order to meet our development objectives these issues need to be resolved.**

**A series of aims, objectives and activities required of a CTA by the Ministry have been drafted and are attached.**

- 11. In its continued reference to BDD, we feel that the team has overlooked the efforts undertaken by PIDO of IDU. Also the BDD have other responsibilities - i.e. wider commercial support.**
- 12 With respect to Output 2 page 31 we suggest that a half a page has not been printed with respect to "Status of Implementation, which at the moment merely ends;Industrial.**

**Therefore, whilst we respect the efforts undertaken by the team we do not concur with their findings and recommendations.**



**CHIEF TECHNICAL ADVISOR (CTA)**

**AIMS:**

- i) To assist in the overall development of Industry in the Solomons.**
- ii) To assist in securing the funds necessary for the development of local industry**
- iii) To work with MCPI on the use of the IDC funds within DBSI**
- iv) To advise the PS/Minister as may be required on matters pertaining to Industrial Development in the Solomons**
- v) To oversee the smooth and successful operation of S01/88/002**
- vi) To assist in the development of Investment Packages for marketing to foreign investors**
- vii) To assist in provision of the necessary infrastructure for the development of Industry.**

**OBJECTIVE (OUTPUT)**

- 1. To assist in the provision on framework from which Industrialization may develop.**

**Industry by definition covers a wide sector. It will therefore be necessary to work through a Committee at the highest level to ensure that basic actions required before sound development may take place are implemented, on time and in relation to the whole of the development within the Ministry.**

- 2. To work with the Ministry to provide the necessary finance for the development, establishment or expansion of at least 40 industries. The funds will be part of a revolving loan operated via the DBSI but under the direction the Ministry which will operate as in the Small Mechanics Workshops scheme. The loans will be made available only on merit and where it established that the enterprise could operate viably.**

The fund would operate through various Committees which will incorporate the needed expertise and be chaired by a Solomon Islander. The treasurer will also be local.

3. To work with DBSI through which the IDC funds will be processed for the development of large ( Medium) scale industry in the Solomon Islands.
4. To provide advice, papers, recommendations as required by the PS/Minister with respect to matters pertaining to Industry.
5. The successful completion of S01/86/002.
6. To provide packages that can be marketed to Foreign Investors as part of an overall Trade Promotion Programme.
7. To work through the "Development Committee" to establish a viable infrastructure for industrial development.

**ACTIVITIES:**

1.
  - (i) To work via the "Development Committee" and the relevant Officers and Ministries to ensure that the agreed activities necessary for the development of Industry are undertaken.
  - (ii) To report regularly on progress and highlight any blockages to development.
  - (iii) To work through the relevant body to ensure that the necessary funds, personnel, are available in order to meet the plan and its timing.
  - (iv) To liaise with those personnel made responsible in each Ministry for the industry segment development in order that the Committee are up to date with progress.
2.
  - (i) Through the Ministry prepare proposals for S\$1,000,000 in order to provide the necessary finance for the development of local industry (Done) (see attached)
  - (ii) To work through multi disciplined committees to ensure that the funds are correctly used and activities of recipients effectively monitored.

3. (i) To review proposals for JV funding together with DBSI for investment in large scale industries.
  - (ii) To regularly review progress of companies who have been recipient of such loans.
  - (iii) To liaise via the PS/MCPI with IFC and other bodies providing finance for Industrial Development in Solomon Islands.
  - (iv) To assist in the compilation of a Register of Foreign Investment Applications in the Solomons so that demographic, geographic, services, infrastructure requirements are readily available.
4. As required provide back up services to the Ministry in any matter pertaining to Industrial Development.
  5. By regular weekly meetings, review of work, development of work plans, inputs to papers, programmes, seminars, etc. Quarterly reviews to be given to the PS, UNIDO Backstopping Officer and UNIDO C.O.
  6. (i) To prepare detailed packages for investment together with relevant Ministries and officers for the development of:-

Tourism in:-

The Russells, Western Province,  
Guadalcanal

Tertiary Timber Sector - provided always that the basic provisions of seasoning, grading, and control are met.

Garment Industry.

Assist in the preparation of a booklet which gives detailed guidelines for investors. This will include for example immigration and labour requirements, income tax, potential incentives, relative laws with respect to forestry, fisheries, mining, etc.

**7. To work through the Development Committee to:-**

- (a) (i) assist in the Rehabilitation of Ranodi**
- (ii) assist in the Development of Henderson by acting as the Secretary to the group charged with the responsibility of implementing 1 and 2.**
- (b) To work closely with MEHRD, SICHE (IDU) through the Director (SICHE) to ensure that Industrial Training is so developed to provide the necessary part of skilled, semi-skilled technical and supervisory manpower.**

**SPECIAL PROJECTS UNIT**

**Expert based in Honiara**

**RIMS:**

1. To enable local industries to manage their operations in an effective, efficient and profitable manner.
2. To have a trained core group of local staff at the end of the project.
3. To have standardized training packages for at least 2 levels of accounting - basic and intermediate, costing, pricing, and business planning.
4. To have the other Commercial Officers in the MCPI working effectively as resource personnel for the development of productive industries in the Provinces.

**OBJECTIVES**

1. To have improved the effectiveness of at least 30 local industries by providing direct assistance in business management and on the job training.

Start month 1                      24 month

2. To provide assistance together as part of S01/88/002 in the establishment of at least 20 new local industries providing funding becomes available.

Start month 1                      24 month

3. To develop training modules for teaching business skills at two levels - basic and intermediate, that form the basis of a dynamic programme for training/seminars. These training modules must be presented in such a manner that they are easily comprehended by the participants of the Course.

Start month 1                      24 months

4. To have a trained and experience core group of local counterparts able to carry on the programme initiated during the period of the project.

month 1                      24 months

5. To continue to work through the Ministries extension officers to build up and maintain a register of companies in operation throughout the Solomons.

month 1                      month 24

6. To develop viable industries in the Provinces, as identified by extension staff, and expert(s) who may be stationed in the Provinces.

month 1                      month 24

**ACTIVITIES:**

**Objective 1**

1.(1) To provide at least 12 training seminars in business management and finance for 180 people.

1.(2) To provide direct assistance (as required) to 30 local industries through direct assistance. Such assistance will include but not be limited to:-

Identifying business problems  
Assisting with preparation of requests for Bank Loans.

1.(3) To travel to the Provinces to assist MCPI extension staff who have identified a local viable enterprise that has been accepted as so by the DBDD.

**Objective 2**

Assisting with any research (marketing, etc.) with respect to the viability of any new development.

Researching viable opportunities.

Assisting in the establishment of at least 20 new businesses by assisting in the application for loans, development of business plans, cash flows, developing books of accounts, marketing, etc.

Travelling to the Provinces as required to assist in the establishment of enterprises identified by the MCPI extension officers.

### Objective 3

- 3.(1) Develop training modules (based on the ILO Books) for basic accounting, costing, pricing, and business planning.
- 3.(2) Where necessary provide format for use by local companies.
- 3.(3) To prepare instructions for key areas in Pidgin. (see attached to explain where it is necessary to start at this level)
- 3.(4) Develop modules for those businesses at the next stage of operation.
- 3.(5) To develop material for courses on basic management.

### Objective 4

- 4.(1) Formal courses at least bi-annually to be conducted to develop counterpart staff teaching ability.
- 4.(2) By provision of on-the-job training. It is proposed that an agreed portfolio of companies is drawn up for each counterpart who will be responsible for the necessary assistance to those companies included under the guidance and assistance of the expert.
- 4.(3) Together with OTU and SICHE staff will be proposed for carefully selected training courses.

### Objective 5

- 5.(1) MCPI have a registry of all companies registered in the Solomons, and others not included up to and including 1989.

Through the extension officers this register will be updated. It will be incumbent on the BDD extension officers to ensure that the Register is accurate in their area of responsibility.

**(BDD officers already have as part of their work programme a commitment to identify industrial projects requiring assistance and to look for new opportunities).**

**This list will be computerized and the relevant areas units sent to each Province.**

**Objective 6**

**Special Project Unit Staff will travel to the Provinces to provide assistance to the local BDD officers in assisting with the development of industries as requested and required.**



### BUSINESS EXPERT - MALAITA

#### Aims:

- i) To develop industrial enterprises in Malaita Province
- ii) To ensure that suitable training is provided to assist in such development
- iii) To train local counterpart in the development of Business Management in an Industrial enterprise.

#### Output/Objectives:

- i) A register of all industrial operation by type and area in Malaita
- ii) The establishment of 10 new industrial operations
- iii) Assistance to existing industrial operations
- iv) Trained, experienced counterpart able to carry on the programme initiated during the period of the project
- v) To conduct a minimum of six training course on basic bookkeeping pricing, costing and business financial planning a year.

#### Activities:

- Output 1 -
- i) To check existing register. Update it and break it down into Provincial areas.
- Output 2 -
- i) Identify opportunities
  - ii) Work with entrepreneurs who have ideas, to decide their viability
  - iii) Assist in the development of such plans with respect to funding proposals, business plans and monitoring of projects.
- Output 3 -
- i) To visit each existing enterprise, checks services available. As required draw up a plan of assistance

- ii) From participants of training courses held, schedule follow up visits to monitor progress
- iii) From (i) and (ii) discuss opportunities for expansion/development.

**Output 4 - i) By provision of on-the-job training. The counterpart (s) would each have a portfolio of companies to assist, under the guidance and assistance of the expert**

ii) Through formal training

iii) To train the counterparts to conduct training courses for business people.

**Output 5 - i) Conduct training courses in each of the major sub-stations on:-**

- i) Basic Bookkeeping
- ii) Costing and pricing
- iii) Financial Planning and Analysis
- iv) Marketing and Quality Control.

### Furniture Expert

#### **Aims**

1 A local furniture industry with the ability to produce a range of quality furniture with respect to the available raw materials, thus substituting for imports and providing employment.

2 To have a cadre of skilled personnel in the industry with respect to finishing, joinery techniques, product design, and machinery operation and maintenance.

3 To have the various sectors of government and industry working in liaison to develop the furniture industry particularly with respect to timber quality and availability, and essential training.

**Objective 1**

**Intensive development of Joinery/Furniture Industries through the provision of industrial extension services.**

**Objective 2**

**Organize/Conduct Institutional Industrial Training of Industry Workers.( Venues- SICHE, MTWU, NTTI centres)**

**Objective 3**

**Assist in the formation/organization of a Woodworking Industry Association. Develop the structure of the association to enable itself to attain a sustainable level of recognition as a national association that will play a major role in the development of the wood processing industry.**

**Organize at least one local product exhibition in 1991 and 1992 plus participation in 1 international trade fair.**

**Objective 4**

**Prepare Technical Bulletins/Product Guide for dissemination and implementation to Joinery /Furniture Industries and Vocational Training Institutions.**

**Objective 5**

**Establish/encourage linkages and coordination of technical assistance activities with other Government Agencies/Institutions having important roles in bringing about healthy growth of the wood processing industries.**

**Objective 6.**

**Coordination of technical assistance activities to private companies having direct and indirect role in the development of the wood processing industries.**

**Activities for Objective 1**

- 1.1. Selection of machines/equipment**  
assist 4 enterprises Jan.1991- May 1991  
assist 6 enterprises Jun.1991- Oct. 1991
- 1.2. Machinery Installation/Operation/  
maintenance- assist 6 enterprises Jan. 1991- Sept. 1991**  
-assist 5 enterprises Oct. 1991-March 1992
- 1.3. Introduce/Develop Prototypes of New Product Designs( for wet and  
seasoned timber)**  
10 designs- assist 5 enterprises Jan.1991- May 1991  
10 designs- assist 5 enterprises Jun. 1991- Oct. 1991  
15 designs- assist 7 enterprises Nov. 1991-Mar. 1992  
20 designs- assist 10 enterprises April 1992-Oct. 1992  
( A total of 55 designs with 75% adoption)
- 1.4. Assistance in Plant (Shop) Layout**  
assist 5 enterprises Jan. 1991- Jun. 1991  
assist 5 enterprises Jan. 1992- April 1992
- 1.5. On- the Job (Workshop Floor) Training of  
workers- 15 workers Jan.1991- April 1991**  
15 workers Oct. 1991- Feb. 1992  
15 workers May 1992- Sept. 1992
- 1.6. Assist other existing Joinery/Furniture  
Enterprises in Technical/Technological  
aspects. Jan. 1991-continuous  
activity**
- 1.7. Identification of entrepreneurs including  
assistance in starting own Joinery/  
Furniture workshops.(4-6 entrepreneurs) Jan.1991-Sept.1991**

**Activities for Objective 2**

- 2.1. Machinery Operation and Cutting Tool**  
  
Maintenance- 15 workers/employees April 1991  
15 workers/employees August 1991

15 workers/employees	March 1992
15 workers/employees	June 1992

**2.2. Skill-Upgrading in Wood Finishing**

15 workers/employees	May 1991
30 workers/employees	July, Oct. & Nov. 1991
20 workers/employees	Feb. 1992 & May 1992
20 workers/employees	July 1992 & Sept.1992

**2.3. Jig Designs/Construction and Machinery Operation**

15 workers	July 1991
20 workers	Feb. 1992- April 1992

**2.4. Furniture Designing and Construction**

15 trainees	March 1992
15 trainees	August 1992

**Activities for Objective 3**

**3.1. Ratify the Constitution and By-Laws and Induct into Office the Elected Officers** Jan. 1991

**3.2. Initiate the formation of the Provincial Chapters of the Association** Feb.1991

**3.3. Through the Association, liaise with the Financing Institutions/donor agencies/countries for provision of Financial Support to modernize the local woodworking industry.** Feb.1991- continuous activity

**3.4. Through the Association, represent the industry in matters like policies, strategies and programs affecting the future development of the wood processing industry.** continuous activity

**3.5. Through the Association, coordinate and organize with the Business Development Division for provision of assistance in management, bookkeeping, cost**

estimation, market promotion and in the conduct of seminars for this purpose for the benefit of all the members of the Association.

continuous activity

**3.6. Through the Association, organize local Product exhibition and whenever possible participate in International Trade Fairs.**

**Activities for Objective 4.**

**4.1. Preparation and implementation of Product Guide No.1**

**Jan. 91- Sept.91**

**4.2. Preparation and implementation of Technical Bulletins.**

**a. Maintenance of Woodworking Cutting Tools.**

**-Preparation- Vol 1 & Vol 2**

**Mar. 91-May.91**

**-Implementation**

**Jun.91- Apr. 92**

**b. Safe Operation of Woodworking Machines .**

**-Preparation Vol 1 & Vol 2**

**Jun. 91- Aug 91**

**-Implementation**

**Sept 91- Aug 92**

**c. Jig Designs and their use in Joinery/  
Furniture Manufacture.**

**-preparation**

**May 91-Jul.91**

**-implementation .**

**Oct. 91-July 92**

**Activities for Objective 5.**

**5.1. Coordinate with the Forest Division, M.N.R. in the preparation/finalization/ implementation of Timber Grading Rules**

**Jan.91- Jun.92**

- 5.2. **Coordinate with the Forest Division, M.N.R. in the identification of private companies to put up Timber Kiln Drying Facilities and promote the use of Kiln Dried Timber** Jan. 91- end 92
- 5.3. **Coordinate with the Ministry of Transport Works and Utilities in the development of new Product designs and in the formulation/ implementation of improved quality control procedures to all Joinery/Furniture Products tendered to local Furniture Industries.** Jan.91-mid 92
- 5.4. **Coordinate with the Solomon Island College of Higher Education in the conduct of organized group training of workers.** Jan. 91- June 92
- 5.5. **Coordinate with the Ministry of Housing and Government Services for consideration of purchase and price preference scheme for locally made furniture products and in the formulation of strict quality controls.** Jan. 91- continuous operation

Activities for Objective 6.

- 6.1. **Coordinate with the Asian Paints, Bowmans and other local stores in the identification selection of suitable raw materials of good quality for use of the Joinery/Furniture Industries.** Jan. 91- continuous activity
- 6.2. **Promote the use of the raw materials through demonstration of techniques/proper utilization of these materials at the workshops of the enterprises.** Jan. 91- continuous activity
- 6.3. **Coordinate/encourage sawmillers to establish kiln drying facilities through identification of suitable suppliers/contractors of the facility and conducting seminars whenever possible .** Jan. 91-mid 92

GARMENT EXPERT

13) Aims:

1. To assist in the establishment and consolidation of a local garment industry by upgrading skills in existing small clothing industries in Honiara and the Provinces by training in pattern making, grading, machine maintenance and repair, quality control, and factory organization.
2. To train trainers by running workshops in Honiara and the Provinces in pattern making, grading, sewing techniques, and machine maintenance to members of the Women's groups. Those selected should be capable of and willing to pass on information and skills to members.
3. To assist women's groups establish commercial ventures by providing extended training to those participants in Women's Workshops who wish to establish such ventures.
4. To extend the experience of teachers of Vocational and Rural schools in the Solomons by holding a workshop in pattern making, grading, sewing techniques and machine maintenance.
5. To extend the experience of staff at S.I.C.H.E. in styling, pattern making and grading.

14) Objectives

1.
  - a. Four existing small clothing factories in Honiara successfully able to make and grade their own patterns.
  - b. Machinists in these factories trained to understand and master the techniques necessary to efficiently operate an industrial sewing machine.
  - c. Machinists to attain the knowledge and ability to construct garments to a high standard suitable for export.
  - d. Machinists able to clean and maintain their machine(s), and make minor adjustments as necessary.



e. Staff of the various companies assisted to have the ability to choose suitable fabric, thread, zips, buttons and interlining for different styles of garments and be able to judge acceptable quality.

f. Management of the enterprises able to organize and run an efficient and profitable factory.

2. a. 85 trainers from Honiara and the Provinces trained in the basic knowledge and skill necessary to make patterns, and to grade and sew a variety of clothing.

b. 85 trainers from Honiara and the Provinces able to clean and maintain machines, and make other adjustments as necessary.

3. To provide extended training for other women who wish to start a commercial venture. They will be provided with the skills necessary to operate a business efficiently and profitably.

4. To provide training as needed on staff and senior students at SICHE to enable them to style, grade and make patterns for men's, ladies and children's wear.

5. To train personnel in four factories and representatives from Women's groups and Vocational Schools in sound machine maintenance and repair.

15) Activities

1. 4 Honlara Factories

<u>Objective</u>	<u>Activity</u>	<u>Time Weeks</u>
a. Pattern making and grading - 2 people x 4 factories = 8 people	Instruction and practice in making various styles (men's, ladies, child's) from block shapes and grading of same	2
b. Sewing/machine skills in 4 factories	An intensive machine operators' course emphasizing speed, accuracy and handling techniques	4
c. Construction of garments in 4 factories	Practical tuition in various construction methods	4
d. Machine maintenance	Instruction and demonstration on cleaning, oiling and minor adjustments	
e. Quality Control and accessories	Instruction on acceptable standards of quality of garments and accessories	4
f. Factory and work flow organization.		

2. Workshops for Trainers - Women's Groups and Vocational Schools.

a. Pattern making	Instruction and practice in making suitable patterns from block shapes and copying styles from other garments	1
b. Sewing methods	Demonstrations and practice with pre-cut samples of various sewing techniques	1

- c. **Grading (sizing)** Demonstration and practicals on sizing of adults' and children's wear 1
- d. **Machine maintenance.** Instruction and demonstration on cleaning, oiling, and minor adjustments.

3. Proposed Commercial Ventures

- a. **Workshop with Women's Groups** As outlined in Activities 2 3
- b. **"On-the-Job" training in pattern making, grading, sewing, quality control and organization.** To extend pattern making and sewing knowledge to meet the needs e.g. Church garments. Test with work flow, quality and organization 2

4. Staff from SICHE:

**Styling, pattern making and grading** Discussions and practical classes on suitable of fabric and styles for a variety of garments. Extended training and practical workshops for advanced pattern making. 2  
Grading of a number of styles for men, ladies and children's wear.

- 5 **Quality Control for Government Supply Officers and staff from existing workshops** Turn-key workshop on acceptable standards in all aspects of garments. I.e fabric art, sewing and accessories.

WORKSHOPS - COST PER GROUP OF 12

1.	Calico material for trainers whilst training, 3 yd x 12	= 36 yds
	Demonstration material for trainers, 10 yd x 12	= 120 yds
	Material for UNIDO expert for training 4 yd x 1	= <u>4</u>
		160
	160 yds at \$3.50 per yrd. =	\$600
2.	Thread - 2 boxes = 24 rees	\$25
3.	Buttons - assorted	\$25
4.	Zips - 24 x 7"	
	12 x 16"	\$33
5.	Elastic - 2 yds x 12 = 24	\$20
6.	Pins and Needles	\$50
7.	Stationery -	
	Paper, pencils, rubber, etc.	\$50
8.	Pattern Paper - 1 roll cardboard	
	and paper sheets for practice	<u>\$240</u>
	Total consumables per workshop	\$1043
	Total for seven (7) workshops =	<u>\$7301</u>
	Workshop accessories	
	Scissors, tape measures, rules, etc	
	Blackboard, squares approximately	<u>\$1,000</u>
		\$8,301
	Round up to	<u>\$8,500</u>

DSA FOR EXPERT

	LOCATION	WORKSHOPS Fare	DSA	TOTAL
1.	Auki	160	860 =	1020
2.	Honiara			
3.	Honiara			
4.	Honiara			
5.	Gizo	266	2562 =	2828
6.	Munda	320	2100 =	2420
7.	Tulagi	60	860 =	920
		<hr/>	<hr/>	<hr/>
		\$806	6382	7188

Workshops - DSA cost SSI 6382 (US\$ 2600) for 12 weeks  
Travel SSI 831 (US\$325)

Follow up on small businesses established

DSA Costs

Auki 4 weeks at SSI\$41 per day= SSI\$ 1148  
Tulagi 2 weeks at SSI\$41 per day - SSI\$ 574  
  
Travel  
Auki twice SSI\$ 320  
Tulagi twice SSI\$ 120  
Total SSI\$ 2322 (US\$950)

### SEWING MACHINE EXPERT

#### Outputs:

- i) Workers in each of the four garment factories capable of care and basic maintenance of their machines.
- ii) At least one person in each factory instructed in more detailed repair and maintenance of machines in their factory.
- iii) All the machines brought into a good state of operation where possible.
- iv) Women's Groups - personnel in each selected group trained in the maintenance and repair of their machines.
- v) Vocational School personnel in each School selected trained in machine maintenance and repair.

#### Activities:

- Output 1 - Work in each of the garment factories in Honiara. Instruct individual machinists on basic maintenance and repair.
- Output 2 - Work with selected personnel on the maintenance, repair and service the machines in more detail.
- Output 3 - Take each machine in the four factories and undertake a programme to bring them all into a good state of repair.  
Time for 1, 2, 3 = 8 weeks
- Output 4 - Travel to each of the Provinces and hold workshops for selected personnel who will act as trainers to others in their community.  
Time 11 weeks
- Output 5 - Travel to selected Vocational Schools to hold workshops for selected personnel who will be responsible for keeping their machines in good repair and operating condition.  
Time 4 weeks

**SEWING MACHINE EXPERT**  
**JOB DESCRIPTION**

**Project S01/88/002**

**Scheduled Started:** July 1991  
(2-3 months after garment expert)

**Duration:** 6 months  
possible extension of 2 months.

**Duties:**

To assist in the development of the garment industry by training personnel in the maintenance and repair of machines used in the garment industry.

This will require working with:- existing Garment Industries that have a variety of machines.

Women's Interest Groups in the Provinces that mainly utilize manually operated machines.

Vocational Schools where a range of machines are operated.

A good deal of travelling will therefore be required of the expert.

**Qualifications:**

1. Preferably with a teaching qualification.
2. Experience in a range of machinery used in the Garment Industry.
3. Practically able, and prepared to repair machinery in rural and urban areas.
4. Good spoken and written English.

The expert will work through and in liaison with Garment expert so all training is coordinated.

Should commence work some 2 - 3 months after the Garment expert.

**RATTAN EXPERT**

**Aim:**

**To produce Rattan Furniture of a superior quality.**

**Output:**

- 1. One Company fully trained in the production of quality rattan furniture.**
- 2. A range of quality furniture able to be produced consistently.**
- 3. Review the opportunities for setting up further workshops.**

**Activities:**

- 2.1 To advise on the purchase of necessary equipment**
- 2.2 To assist in the installation of such equipment**
- 2.3 To train the workforce of Solcane in the use, maintenance and repair of such equipment.**
- 2.4 Review the local market for rattan furniture.**
- 2.5 Design furniture for production, utilizing the species of rattan available in the Solomons.**
- 2.6 Design and assist in the building of jigs for such furniture.**
- 2.7 Train in the proper construction, binding, finishing of such furniture.**
- 2.8 Organize the production layout of the Company.**
- 2.9 Work with management and Special Projects Unit to develop costing and pricing procedures for the furniture.**



**2.10 To advise on the purchase, processing, drying and preparation of green rattan.**

**3.00 To review the situation of the rattan industry in the Solomon Islands by:-**

- (a) Defining with Forestry the raw material base in the Solomon Islands;**
- (b) Visiting other manufacturers of carve furniture;**
- (c) Assessing the viability and practicality of promoting foreign investment for the purpose of exporting rattan furniture.**

**1.1 To work with the Management and Staff of Solcane in all aspects of Rattan Furniture Manufacture, design, costing, pricing, control systems in order to produce profitably good quality rattan furniture.**

**RATTAN EXPERT**

**Project**    **S01/88/002**  
**Schedule**     **as soon as possible**  
**Start:**  
**Duration:**    **6 - 8 months**

**Duties:**

**First six months to work with one Solomon Island Company to train management and staff in the production and profitable sale of quality furniture.**

**A list of outputs and activities required is attached.**

**The remaining 2 months to be spent reviewing the opportunities for establishing further Rattan factories in the Solomons. This includes further local investment and foreign investment for the production of Rattan Furniture for the export market.**

**Qualification:**

**The person should have had wide and successful experience in all aspects of Rattan Furniture production including but not limited to:-**

**Production methods and control  
Utilization of basic machinery for production  
e.g. Borers, Splitters, Weavers, Steamers.**

**The purchase and processing of raw rattan.  
Design and Production of prototypes  
Construction of jigs  
High class joining, binding and finishing.  
Responsibility for profitable operation of a small-medium size rattan furniture producing operations.**

**Ability to teach.  
Ability to speak, write good English.**

THERE IS ABOUT US\$ 400,000 AVAILABLE FROM UNDP FUNDS FOR 1991. THERE AFTER YOU GO INTO THE NEXT COUNTRY CYCLE WHERE YOU SHOULD HAVE NO TROUBLE WITH FUNDS.

THE EXTRA FUNDS THE MINISTRY REQUIRES ARE:-

ITEM	1990	1991
CTA	30,000	15,000 + 30,000
Richard		50,000
BA Auki		30,000
Vincent		4,000
Garment		41,000
Ballan		35,000
Sewing Machine Mechanic		35,000
Travel		16,738
Training		11,312
Vehicle		25,000
Computers		10,000
Garment Equipment		5,600
SUB TOTAL	30,000	308,650
<u>TOTAL</u>		<u>338,650</u>

Budgets

<u>Item:</u>	<u>1991</u>	<u>1992</u>
CTA	44000	89000
Business Adviser (Honiara)	77000	77000
Business Adviser ( Malaita)	30000	63000
Garment Adviser	41000	63000
Furniture Adviser	63000	63000
Rattan Adviser	35000	
Sewing Machine Adviser	35000	
Travel	16882	10000
Training	11312	11312
General Expense	7600	7600
Vehicle	25000	
Computers	10000	
Equipment ( Garments see P 25		
B Cross report)	5600	
<u>Total</u>	<u>401394</u>	<u>383912</u>

Travel Budget

Sewing Machine Expert

Auki	126	
Munga, Gizo, Shortlands	556	
Choisel	468	
Leta - Kira Kira	604	
Rennel	240	
	1920	
Surcharge 1.33 = 1920 x 1.33	2554	US\$ 1022

OSA 15 weeks @ 120 per day = 12600 =	US\$ 5040
Total	<u>US\$ 6062</u>

Business Expert Auki

Fuel for truck	3900	US\$ 1560
Maintenace	1000	US\$ 400
Flights Honiara four		US\$ 400
OSA 16 days Honiara		US\$ 768
Total		<u>US\$ 3128</u>

Furniture Expert

Four trips x 300 = 1200 surcharge 1.33	US\$ 640
OSA 4 x 120 x 7 = 3360	US\$ 1344
	<u>US\$ 1944</u>

Business Expert as above US \$ 1944

Garment Expert US\$ 3804

Total US\$ 16682

General Expenses

Truck Tyres		2000
Fuel H 195		3900
H 200		3900
Phone Fax etc		5000
Stationery		1000
Maintenance H195		1000
H200		1000
Tyres	H 200	1000
Insurance	H200	80
H195		125
Total		19005

US \$ 7602

Ms. Z. Taluy

M.C.G P.I.  
P. O. BOX 626  
HONIARA  
21/12/90

**Industrial Development Officer  
Institutional Infrastructure Branch  
Division of Industrial Operations**

**Dear Zeynep,**

**Attached are Training Budgets for Vincent and Richard for 1991.**

**Richard requires SI \$ 10050 = US\$ 4050**

**Vincent requires SI\$ 9730 = US\$3900**

**We have prepared a revised budget for the remaining period of the project.**

**This of course would need to be ratified by the PM and by UNDP and UNIDO.**

**It is quite different from that recommended by the review team.**

**I believe when you see Beverleys report you will agree that it was a serious omission not to include a garment expert.**

**This and other comments on the report have been drafted by the Ministry. They include detailed outputs and activities expected of each expert.**

**I will forward a copy to you when the draft has been approved by the PS and Minister. It will have been reviewed by Ministry personnel and project staff.**

**I believe the training budgets attached for Richard and Vincent are realistic and most necessary.**

**If we could have your agreement for the expenditure before I depart I would at least know that some of our future plans are secure.**

**With Best Wishes to you all for a Happy Christmas and a Healthy and Successful New Year from us all in the Solomons**

**Regards**

  
**John Allen**

→ COPY- UNIDO- C.D- SUVA- FIJI.

**SPECIAL PROJECTS UNIT  
1991 PROPOSED BUSINESS TRAINING PROGRAMME**

<u>TYPE OF TRAINING</u>	<u>FOR</u>	<u>MONTH</u>	<u>\$</u>	<u>FOR</u>
1991 Planning Seminar	8 Senior Business Development Staff	February	0	
Financial Planning	15 Furniture Makers 3 From Provinces x \$430	March	\$300	Books/Materials \$1290.
Site Supervision	15 Contractors 3 From Provinces x \$430	May	\$100	Materials \$1290.
Basic Bookkeeping	15 Selected Business People 3 From Provinces x \$430	June	\$300	Books/Materials \$1290.
Planning Seminar follow-up	8 Senior BDD Officers	July	\$2,000	Air fares/materials
Costing & Pricing	15 Selected Business People 3 From Provinces x \$430	August	\$300	Books/Materials \$1290.
Costing & Pricing	15 Contractors 3 From Provinces x \$430	October	\$300	Books/Materials \$1290.
Financial Planning	15 Selected Business People 3 From Provinces x \$430	December	\$300	Books/Materials \$1290.
<b>TOTAL FUNDS REQUIRED</b>			<b>\$10,050</b>	

Participants from Provinces calculated as follows:  
Per diem at \$20 per day x 6 days - \$180  
Air fare average \$250

\$250  
\$430 per participant

**ALL TRAININGS WILL BE IN HONOLULU**



ESTIMATED BUDGET REQUIREMENTS FOR  
INDUSTRIAL TRAINING IN 1991-Woodworking Industry

Date-April 1991

Location- SICHE- Honiara

Expected No. of Trainees- 15

DSA for Trainees- None

Nature of Training Course- Machinery Operation and Cutting Tool  
Maintenance

Estimated Cost of Training

1. Rental for Venue-	\$240
2. Expendable Materials	
- Timber/Plywood	\$250
- Chemicals (Oil, Caustic Soda etc.,)	\$100
3. Miscellaneous -	\$50
	Total-\$640

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-Date- May 1991

Location- Auki, Malaita

Nature of Training Course- Skill Upgrading in Wood Finishing

Expected No. of Trainees- 15

DSA for 15 Trainees at \$15 per day x 5 days = 15 x 15 x 5 = \$1125

Estimated Cost of Expendable Materials = \$900

Cost of Non-Expendable Materials--- None

Total- \$2025

Date - June 1991

Location - Ministry of Transport, Works and Utilities - Honiara

Expected No. of Trainees - 10

Nature of the Training Course - In-Plant Training in Jig Designs/Fabrication  
and Machinery Operation

DSA of Trainees - None

Estimated Cost of Expendable Materials

-Sawn Timber/Plywood	\$350
-Hardwares	\$120
Miscellaneous	\$60
	Total-\$530

Date - July 1991

Location - Eira-Eira, Makira Province

Expected No. of Trainees - 15

Nature of Training Course - Skill Upgrading in Woodfinishing

DSA for 15 trainees for 5 days at \$15 per day	\$1125
Estimated Cost of Expendable Materials	\$900
	Total-\$2025

Date - August 1991

Location - Gizo, Western Province

Expected No. of Trainees - 15

Nature of the Training Course - Machinery Operation and Cutting Tool  
Maintenance

DSA of 15 Trainees for 5 days at \$15 per day	\$1125
Estimated Cost of Expendable Materials	
- Sawn Timber/Plywood	\$100
-Hardwares	\$50
Miscellaneous	\$70
	Total \$1345

Date- October 1991

Location- Isabel Province, (BUALA)

Nature of Training Course- Skill Upgrading in Wood Finishing

Expected No. of Trainees- 15

DSA of 15 Trainees for 5 days at \$15 per day \$1125

Estimated Cost of Expendable Materials \$900

Est. Cost of Expendable Materials - None

Total-\$2025

---

Date- November 1991

Location- SICHE, Honiara

Nature of Training Course- Advance Wood Finishing

Expected No. of Trainees- 15

---

DSA of Trainees- None

Estimated Cost of Expendable Materials \$900

Rental of Venue \$240

Total- \$1140

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ESTIMATED TOTAL COST OF INDUSTRIAL TRAINING IN 1991 FOR THE WOODWORKING INDUSTRY =SI\$ Nine Thousand Seven Hundred Thirty only(SI\$9730)

EXCEPTED TOTAL No. OF PERSONS TRAINED - 100

1991 WORK PLAN SPECIAL PROJECTS UNIT

ACTIVITY	JAN	FEB	MAR	APR	MAY	JUN
TRAINING	PREPARE MATERIAL FOR BDD SEMINAR	1991 BDD PLANNING SEMINAR PREPARE FURNITURE MAKERS FINANCIAL PLANNING COURSE	FURNITURE MAKERS FINANCIAL PLANNING COURSE	PREPARE CONTRACT ESTIMATE & TENDER COURSE	CONTRACT ESTIMATE & TENDER COURSE PREPARE BASIC BOOKKEEPING COURSE FOR SELECT BUSINESS PEOPLE	BASIC BOOKKEEPING COURSE FOR SELECT BUSINESS PEOPLE PREPARE BDD PLANNING FOLLOW UP SEMINAR
DIRECT ASSISTANCE TO LOCAL INDUSTRIES	ASSIGN COUNTERPART PORTFOLIO OF COMPANIES INCLUDES FURNITURE MAKERS, SOLCANE SOLOMON'S CHOICE HOME BREAD, SHWS, PJ TAILORS.	ASSIST COUNTERPART PREPARE PLAN OF ASSISTANCE FOR COMPANIES	-----PROVIDE ON GOING ASSISTANCE TO COMPANIES-----			
				ASSIGN COUNTERPARTS CONTRACTING COMPANIES THAT COMPLETED THE ESTIMATE & TENDER COURSE FOR FOLLOW UP	ASSIGN COUNTERPARTS PARTICIPANT COMPANIES COMPLETING THE BASIC BOOKKEEPING COURSE FOR FOLLOW UP	
	-----TRAVEL TO PROVINCES TO ASSIST MCPI EXTEN. STAFF AS REQUIRED-----					
REGISTER OF COMPANIES	DEVELOP SYSTEM FOR COLLECTING DATA	UPDATE REGISTER THROUGH BUSINESS EXTENSION STAFF			CONTINUALLY UPDATE REGISTER AND PROVIDE UPDATE TO EXTENSION STAFF	

1991 WORKPLAN SPECIAL PROJECTS UNIT

ACTIVITY	JUL	AUG	SEPT	OCT	NOV	DEC
TRAINING	BOD PLANNING FOLLOW UP SEMINAR -----> PREPARE COSTING & PRICING COURSE FOR SELECTED BUSINESS PEOPLE ----->	COSTING & PRICING COURSE FOR SELECTED BUSINESS PEOPLE ----->	PREPARE CONTRACT PROJECT PLANNING ----->	CONTRACTORS PROJECT PLANNING ----->	PREPARE FINANCIAL PLANNING FOR SELECTED BUSINESS PEOPLE ----->	FINANCIAL PLANNING FOR SELECTED BUSINESS PEOPLE ----->
DIRECT ASSISTANCE TO LOCAL INDUSTRIES	----- PROVIDE ON GOING ASSISTANCE TO COMPANIES ----->  <div style="display: flex; justify-content: space-between;"> <div data-bbox="636 777 959 962">                         ASSIGN COUNTERPARTS                          PARTICIPANT                          COMPANIES COMPLETING                          THE COST &amp; PRICE                          COURSE FOR FOLLOW UP                          -----&gt;                     </div> <div data-bbox="1757 777 2058 962">                         ASSIGN COUNTERPARTS                          PARTICIPANT                          COMPANIES COMPLETING                          THE FINANCIAL PLAN                          COURSE FOR FOLLOW UP                          -----&gt;                     </div> </div> ----- TRAVEL TO PROVINCES TO ASSIST MCPI EXTEN STAFF AS REQUIRED ----->					
REGISTER OF COMPANIES	CONTINUALLY UPDATE REGISTER AND PROVIDE UPDATE TO EXTENSION STAFF ----->					

1991 WORK PLAN SPECIAL PROJECTS UNIT

ACTIVITY	JAN	FEB	MAR	APR	MAY	JUN
<b>ESTABLISHMENT OF NEW BUSINESSES</b>						
PROVIDE ASSISTANCE TO THE FOLLOWING NEW BUSINESS VENTURES						
ISLAND WARRIOR SPICE	---LAUNCH LINE OF--- SPICE PRODUCTS		--DEVELOP AND TEST CURRY POWDER----->			
	-----PROVIDE GENERAL BUSINESS ASSISTANCE AND MONITOR COMPANY PERFORMANCE----->					
DEEL BAKERY	-----GET INFO ON GAS OVENS----->		-----ASSIST WITH LOAN PROPOSAL----->		-----ORDER EQUIP----> ---ARRANGE TRAIN-->	
HERO YOUZA HOME GUARD (COFFIN MAKING)	-----FUNDING PROPOSAL----->		-----ORDER EQUIP----->		-----SET UP AND BEGIN OPERATION----->	
LKP PAINT TIN MFG	---SOURCE EQUIP----->		---PREPARE FUNDING PROPOSAL-->		-----ORDER EQUIP----->	
MAKIRA BAKERY	---RESUBMIT LOAN PROPOSAL--->		---ORDER EQUIPMENT----->		-----ARRANGE TRAIN----->	
HONSIL CO LTD	-----ARRANGE TRAINING IN BUTTON BLANK MFG----->		---SET-UP FACTORY-->		---PROVIDE ASSISTANCE AS REQUESTED----->	
FALURO ISLAND SEACRAFT	-----SECURE FUNDING FOR CONSTRUCTION OF 10 TON CARGO VESSEL-->		-----ORDER EQUIPMENT----->		-----SET-UP----->	
FILUO RATTAN	-----IDENTIFY APPROPRIATE EQUIP FOR RURAL RATTAN FURNITURE MAKING ----->		---WRITE FUNDING PROPOSAL----->		---ORDER EQUIP-----> ---BEGIN OPERATION----->	
JOHN IPO FUNDING (COCOA BUTTER PROCESS)	-----PROVIDE ASSISTANCE IN THE DEVELOPMENT OF COCOA BUTTER PLANT----->					
TCRUSU JOINERY	---SET UP AND BEGIN OPERATION----->		-----PROVIDE GENERAL BUSINESS ASSISTANCE AND MONITOR COMPANY PERFOR----->			
ELCAS LTD (ROOT CROP SNACKS)	---WRITE FUNDING--> PROPOSAL		---SECURE FUNDING----->		--DEVELOP PRODUCT LINE --> WITH OUTSIDE ASSIST IF NECESSARY	
	---ORDER EQUIP----->					

1991 WORKPLAN SPECIAL PROJECTS UNIT

JUL

AUG

SEPT

OCT

NOV

DEC

ACTIVITY

ESTABLISHMENT OF NEW BUSINESSES	
PROVIDE ASSISTANCE TO THE FOLLOWING NEW BUSINESS VENTURES	
ISLAND WARRIOR SPICE	-----PROVIDE GENERAL BUSINESS ASSISTANCE AND MONITOR COMPANY PERFORMANCE-----
CHOISEL BAKERY	----SET UP AND BEGIN OPERATION-->      ----PROVIDE GENERAL BUSINESS ASSISTANCE AND MONITOR COMPANY PERFORMANCE----
HERO YOUZA HOME GUARD (COFFIN MAKING)	-----PROVIDE GENERAL BUSINESS ASSISTANCE AND MONITOR COMPANY PERFORMANCE-----
LEP PAINT TIN MFG	----SET-UP BEGIN OPERATION----->      -----PROVIDE GENERAL BUSINESS ASSISTANCE AND MONITOR COMPANY PERFORMANCE----->
MAK RA BAKERY	----SET UP BAKERY BEGIN OPERATION---->      -----PROVIDE GENERAL BUSINESS ASSISTANCE AND MONITOR COMPANY PERFORMANCE----->
HONS-L CO LTD	
FAURE ISLAND SEACRAFT	-----PROVIDE GENERAL BUSINESS ASSISTANCE AND MONITOR COMPANY PERFORMANCE----->
FILIP BATTAN	-----PROVIDE GENERAL BUSINESS ASSISTANCE AND MONITOR COMPANY PERFORMANCE----->
JERIN BFD FUNDING (COCOA BUTTER PROCESS)	-----PROVIDE ASSISTANCE IN THE DEVELOPMENT OF COCOA BUTTER PLANT----->
ELCAD LTD (ROOT CROP SNACKS)	----SET-UP-->      -----PROVIDE GENERAL BUSINESS ASSISTANCE AND MONITOR COMPANY PERFORMANCE-----

1991 WORK PLAN SPECIAL PROJECTS UNIT

JAN

FEB

MAR

APR

MAY

JUN

ACTIVITY

<p>PROVIDE NECESSARY ASSISTANCE TO THE FOLLOWING NEW BUSINESS VENTURES</p>	
<p>SMALL MECH WORKSHOP</p>	<p>-----CONDUCT FEASIBILITY STUDY FOR WORKSHOP TO BE LOCATED AT:-----&gt;                  NORTH MALAITA                  SOUTH MALAITA                  GUADALCANAL                  NIROVO                  MUNDA                  CHOISEL</p> <p>-----&gt;                  DETERMINE 2 WORKSHOP LOCATION SITES</p> <p>ADVERTISE FOR CANDIDATES                  -----&gt;                  INTERVIEW SELECT                  -----&gt;</p>
<p>FOOD PROCESSING</p>	<p>-----SECURE FUNDS FOR-----&gt;                  DEVELOPMENT OF 2 MORE FOOD PROCESSING BUSINESSES</p> <p>-----IDENTIFY 2 CAPABLE BUSINESS PEOPLE-----&gt;</p> <p>-----WRITE PROPOSAL-----&gt;    ---SECURE FUNDING-----&gt;</p>
<p>SMALL BOAT BUILDING</p>	<p>-----SECURE FUNDS FOR-----&gt;                  DEVELOPMENT OF 2 MORE SMALL BOAT BUILDING BUSINESSES</p> <p>-----IDENTIFY 2 CAPABLE GROUPS-----&gt;</p> <p>-----WRITE PROPOSAL-----&gt;    ---SECURE FUNDING-----&gt;</p>
<p>BUSINESS OPPORTUNITIES</p>	<p>-----INVESTIGATE BUSINESS OPPORTUNITIES FOR VIABILITY AND PROVIDE SET UP ASSISTANCE-----&gt;                  AS REQUIRED</p>



1991 WORKPLAN SPECIAL PROJECTS UNIT

ACTIVITY	JUL	AUG	SEPT	OCT	NOV	DEC
PROVIDE NECESSARY ASSISTANCE TO FOLLOWING NEW BUSINESS VENTURES						
SMALL MECH WORKSHOP	-----SET-UP----- -----TRAIN, ORDER EQUIP-----> -----MONITOR----->					
FOOD PROCESSING	--DEVELOP PRODUCT LINE --> WITH OUTSIDE ASSIST IF NECESSARY -----ORDER EQUIP-----> -----PROVIDE GENERAL BUSINESS ASSISTANCE AND MONITOR COMPANY PERFORMANCE----->					
GENERAL BLDG	-----ARRANGE TRAIN-----> -----BEGIN OPERATION-----> -----ORDER EQUIP/SET-UP-----> -----PROVIDE ONGOING BUSINESS ASSIST----->					
BUSINESS OPPORTUNITIES	-----INVESTIGATE BUSINESS OPPORTUNITIES FOR VIABILITY AND PROVIDE SET UP ASSISTANCE-----> AS REQUIRED 7					

Minutes of the meeting of Industrial Training.

In attendance

PS M Ed H R ( Chairman)

SIPL

Coral Seas

Earth Movers /Pacific Timbers

Levers Solomons

SIEA

Soltai

Ports

US/MTW&amp;U

Isobel Shipping Corporation

MCP&amp;I

MCP&amp;I

MCP&amp;I

MCP&amp;I

Mr James Saliga and members of the  
Ministry

Peter Dixon

Mrs Gordon

Tim Evans

David Friend

Dennis Johnstone

Augustine Manakaka/Ballande

Glyn Joshua

Ken Mackay

Patterson Airish

Tony Malabo

Vincente Palcong

Dick Van Duije

John Allen

The Chairman opened the meeting and explained that at a recent Public Sector/Private Sector meeting he attended it was made clear that the public sector through its various institutions was not meeting private sector trained labour requirements.

He accepted that the country is facing difficulties in education, the first step towards a trained workforce and the Ministry of Education are taking steps to rectify this matter. They now wished to review what training the private sector requires, and how those requirements may be met.

A short paper on areas that Government had been reviewing with respect to industrial training was tabled. The Chairman then invited each private sector group to comment on Industrial training as it affected them.

The following is a summation of the discussions :-

Workers generally have a low level of education. There is a lack of numeracy and literacy so the country has only a small base of people that can be trained. But in general when well selected, the people are keen, enthusiastic, and able to absorb material.

Courses at SICHE in areas such as fitter and turners, welder/fitter, industrial electricians, diesel fitters do not meet industry requirements. There is a shortage in all these fields and for marine

engineers, particularly at the chief engineer level, heavy diesel mechanics, wood machinists, furniture makers, and marine electricians.

The building industry reported that many workers when they start cannot lay blocks, use a ruler or a hand saw.

Modern methods of practise do not exist. Block laying plastering painting decorating are not taught.

Training must be more practically oriented, and cover all aspects of the trade.

There is a lack of qualified workshops. It was suggested that full use in training should be made of the workshops that we have on an organized basis. It was stated that offers to make facilities available had not been taken up.

Some organizations have held their own specialized courses on subjects such as fitting and turning, and offered SICHE instructors to sit in on the courses with no response.

There are no middle level management or supervisory courses. No night school classes available in industrial training nor any courses available in the holiday periods. It was felt that the Colleges facilities could be more effectively utilized.

It may not be practical to hold courses for all trades at the College eg Printing, Garments, but then Government should assist development by arranging for training programmes and development of people within these industries.

Good people are retiring early and the lack of training in the trades over the past years means we are importing welders, fitters and turners, marine engineers and diesel mechanics. Such an exercise is too costly and these are jobs that Solomon Islanders could and should be doing.

A dearth of skilled labour is detrimental to governments investment aspirations. Unqualified personnel means maintenance is lacking and work inefficient. It holds back investment

The emphasis must be on quality not quantity both in manpower training and the products produced.

There is a need to train trainers in the private sector government assistance was requested in this area.

Need to get training to the Provinces..

We train people as apprentices. What after that ? Where are the other courses for the bright, ambitious and hard working?

There is a need for more vocational schools, but with the subjects taught handled in more depth.

The trades taught, content and examinations set and grades are all determined by SICHE/NTTT. Although there is an apprenticeship training board it was felt that there should a Board with much wider representation and the board should include people professional qualified in each area from the private sector.

Assistance is needed to help the private sector develop their own training programmes. They need advice on suitable training material and programmes.

A 10 year comprehensive industrial training programme needs to be drawn up.

Need to train trainers.. why haven't we set up a board that helps private sector train.

Quality of trainers. If trainers are not top class and up to date how can they adequately train others?

It was clear that we need a comprehensive industrial training policy on a national level in collaboration with the private sector. If the government provides training that is not suitable for the private sector then it is a waste of a valuable resource.

For specialized training for the few let this be done out of the country on recognized schemes. There are ample aid funds available if we have a proper policy and programme.

It would appear that training has been on an ad hoc basis. We must determine our priorities, have a policy and a long term plan.

Technical training should replicate the facilities available in industry. If possible be a little in advance.

There is a need to upgrade workers already in employment who have the aptitude and are willing to put in the effort with a proper programme. Industry should say what skills it wants.

Introduce a levy training scheme on all employers so that the cost of training is equally shared.

Industrial training must be geared towards employment. The hands on job image is wrong. We need to stress the importance of such jobs.

Several people mentioned that the Pearson report covered most of the problem areas discussed and highlighted the need to get away from an academic driven model to a practically driven model. His basic recommendations have been echoed in other reports. His findings were discussed with all sectors whilst he was here and agreed Cabinet. Why have they not been followed up?

**Papers on Industrial Development**

- 1) Covering letter to Permanent Secretaries**
- 2) The Economy, Macro Economic framework, Macro Planning and Forecasting**
- 3) Forestry**
- 4) Agro Related Industries, Food and Related Industries, Agriculture**
- 5) Education, Industrial Training**
- 6) Fisheries**
- 7) Infrastructure, Road, Hendersen, Water Sewage, Electricity.**
- 8) Industrial Policy**

To Permanent Secretaries

18/11/90

Subject Industrial Development in the Solomons

Gentlemen,

We are all concerned with the question of how to improve our economic performance and development.

Earlier this year with each of the relevant Ministries, MCP&I produced a series of sectoral papers. Our basis was to set out the prerequisites for Industrial Development.

Industrial Development requires the interlinking of a range of activities which at present are not provided thus making such development very difficult.

Nor does it appear that in our overall planning we have really detailed our aims and measured the available resources by which we can achieve those aims.

There are many opportunities for us to develop.

For example should we be planning for the establishment of a can making factory? This would make it more viable to can tuna and agricultural products.

Should we have an animal feed mill which could not only supply all Solomon needs at a greatly reduced price thus reducing our import bills but develop an export market?

We have the potential to export rice and earn considerable foreign exchange yet we seem unable to decide as a government whether we want this.

As you read through the attached papers I believe you will see that we really do have potential.

But we have to create the conditions through which we can fully exploit that potential.

Given what we understand to be governments serious financial position, it will be increasingly difficult for the private sector to play the vigorous part in economy expected of them in the short term.

Some of the major issues as we see them are:-

i) Although these and other papers have been produced many necessary actions are still outstanding. Failure to react to some of the situations illustrated has led us into the current economic difficulties.

ii) If we are really serious about long term development we have to tackle the internal problem of management and efficiency.

We spend a lot of money on government yet we are not producing the required results.

Agreed priority aims need to be actioned within a required time scale.

We should have data available on a regular basis so that appropriate and timely remedial steps, if necessary, may be taken.

Overall planning and co-ordination needs to be consolidated and tightened.

iii) Our current economic situation is not conducive to investment.

We have an incentive package before Parliament, which we believe is attractive to investors.

But the Commercial Banks still have tight liquidity positions, with 30% of their deposits tied up in funding government or held by the CBSI in cash.

We believe that Government has reached the limit under law by which CBSI can continue to provide SIG with funds.

In fact by law SIG will be required to make a rebate CBSI in January 1991.

This will necessitate SIG reverting to the Commercial Banks for their funds.

In order to meet this requirement the nett effect could well be a withdrawal of funds from the private sector by the Commercial Banks in order to meet SIG needs.

With a high demand for limited funds we would not be surprised to see interest rates climb a few more points.

We therefore expect increasingly difficult conditions of operation for the investors in the coming year.

iv) Our biggest potential lies with our people yet the statistics for education tell a sorry story.

Out of every 100 that start primary school only 15 start secondary school.

Out of that 15, 7 attend National Secondary school and 8 Provincial Secondary school.

From the 8 that attend Provincial Secondary school only 0.8 go past form three.

SICHE report that they are having to take more from 3 leavers because there are insufficient form 5 leavers to fill their classes.

The situation with teachers is equally depressing



Of 2305 teachers at Primary school 1171 are trained, 247 part trained and 887 totally untrained.

Although we have started a Secondary school programme the intake into these schools is likely to get progressively worse because of the situation in the primary sector.

We are told that much needs to be done to improve the effectiveness and discipline of staff in the schools.

v) Industrial Training is required to meet the needs of Industry and potential investors.

We have a lack of skilled and semi skilled personnel.

For example SIPL are again going to Malaysia to recruit tradesmen.

Many of the chief marine engineers are expatriate.

There is little training for furnitufe/cabinet makers, even the building sector needs assistance.

This is not because we do not have the ability but because we have not provided the correct training.

If we are to attract investment we must have a trained workforce. We have to be competitive with other Asian countries that have high skill and educational levels combined with high productivity.

This is to be partly addressed by developing a relevant curriculum at SICHE.

But there are many other issues that have been raised and not actioned that need our attention.

vi) We have enormous potential with our timber but have to come to terms with the basic requirements of being competitive in the quality and type of the product that we offer, in our marketing and in the optimal use of our resource.

There are steps recognized by forestry and ourselves as essential in the development of this sector and are listed in the relevant paper attached.

Again action that we know is imperative for development has been outstanding for years.

vii) Unemployment, particularly that of people seeking wage employment will take on a greater significance in the next two years.

In order to defuse this potential social grenade, we need to see the agricultural as well as the forestry sector develop.

There are some steps being take but few of the ideas mentioned in earlier discussions seem to have been followed through.

vi) Infrastructure

We have made another start!

We are assessing the viability of upgrading Kanadi and establishing a new estate at Hendersen with the assistance of ADB. We find that much of the internal ministry activity needs to be upgraded.

We must urgently tackle the problems of shipping and port handling facilities.

These situations have been continually brought up over a period of years but incurred little action.

There are of course other areas some of which are covered by the attached papers, some which we hope you will raise.

Gentlemen, I believe if we study these papers and reach agreement on actions to be taken we can turn our economy around within a relatively short period.

I see us in 1991 being able actively go abroad to offer investment packages in which the problems of land and factory space, tourist areas, have already been resolved.

I want us to be able to invite joint ventures in sectors such as the manufacture of wooden mouldings, quality furniture, rattan. To develop if possible a cultured pearl industry. The export of cut flowers, prawns, to encourage tourists in areas such as big game fishing (another area of which we have talked for years but in which nothing has eventuated)

But such development will only occur if we act in consort to meet set and agreed objectives backed by the necessary funds and personnel.

I understand that you are heavily committed but ask you to kindly read the attached precis of the papers that were produced, so that we may discuss the issues involved and agree on a priority listing of activities that will put us on the path to growth.

Allan Arafoa

PS MC&PI

### The Economy

In the paper that was distributed in March of this year it was suggested that:-

The deficit being run by government if left unchecked would have deleterious effects on the private sector. The sector which we expected to be the engine of our economic development.

The commercial banks had a low level of liquidity. A contributing factor to this was the high level of government borrowings (Liquidity fluctuated around 90-96% for much of the year but has fallen since the middle of the year to around 80%. The prudential ratio for bank lending in the Solomons ( Loans/ deposits) is considered to be 70% thus Banks still remain reticent to lend. These figures are averages and do not tell the actual liquidity of each bank. In fact we understand that only one bank has any real liquidity.)

If we are to regain investment impetus we must take tough, positive action. If we do not there appears to be a good chance that we may arrive at a crisis situation that could require punitive economic measures.

We have seen that this lack of funds made it difficult for businesses to operate.

Nevertheless breakthroughs were made made in new industry sectors, particularly garments where we are now producing good quality clothes, and the local furniture industry where the recent "furniture show" enabled the local producers to show their wares. Significant orders were taken at this show.

But for continued expansion and development we need funds. We ask you to consider those concerns expressed earlier in the year. Could it be that we did not take the needed corrective steps and are we now to be placed in a punitive position?

If as it is our understanding government has over extended its borrowings from the CBSI and by law will be due to reduce those borrowings in January 1991 then the loans to deposit ratios in the commercial banks will again rise. The banks do not like to borrow funds from the CBSI as their margins are too slim. The natural reaction will be

to reduce their commitments to the private sector thus making 1991 a much more difficult year for the private sector than 1990. The demand for funds could trigger an interest rate rise, which coupled with decreased liquidity may cause many marginal and over committed businesses to fail.

It will also effect foreign investors who may not see the economic stability, activity or working capital resource that they would wish

The current situation on the world commodity market where prices are near their lowest ever in real terms has not assisted governments plans, and the shock of increased oil prices has still to take its toll.

What measures we can take domestically to more effectively utilize available funds, to ensure that productive industries and businesses receive the necessary capital?

It was suggested that some such measures to arrest this decline and regain investor confidence could be :-

- a) That SIG carefully review its current guarantee position and place a moratorium on any such further guarantees for the present.
- b) We undertake with urgency appraisals to ascertain exactly what are our total commitments, when they are/or could be due and our ability to finance those commitments.
- c) We review the fiscal and monetary alternatives and develop strategies showing how our current economic situation may be alleviated but in a manner which leaves us in a good position for medium and long term growth. These strategies must have clear recommendations and highlight both the positive and the negative effects of the proposed policies.

d) We look carefully at divisions that are not meeting their commitments and see how the organizations or relevant parts of them can be better organized or privatized or are dispensable.

e) We review our total budget to ensure we are placing funds where the country will derive sustained and long term benefit and that the budget is being effectively and properly used. Funds should be directed towards essential infrastructure and to productive enterprises that will generate increased economic activity. We need to generate wealth to sustain growth.

For example we want to increase our exports.

We can do this.

We have the potential to market 2500 M3 of sawn timber per month.

But how do we get this timber kiln dried?

Where do we get the International shipping,

We have the potential to export 60,000 tonne of rice and 5000 tonne of flour earning us a net \$12 million per year. How do we ensure that this huge benefit accrues to us?

These two elements are half as much again as we handle in total at the moment. How do we handle this volume on the docks?

Currently we could not.

What about Noro. A new port and already we lack adequate storage space for the cannery at Taiyo which is only operating at half capacity.

These and many other issues are the interlinkage patterns that must be addressed if we are to go ahead.

f) Government reduce the level of civil service cost by providing a leaner and more efficient civil service whilst at the same time ensuring that necessary facilities are available.

g) We try to resolve, and find effective ways of mediating land issues.

g) We try to resolve, and find effective ways of mediating land issues.

As you will see in the plans developed one of the major obstacles to growth, not only for the foreign investor but for the Solomon Islander, is land tenure.

MAL are working on this subject.

It is without doubt one of the greatest drawbacks to material development.

The situation is difficult, we need to place emphasis on the development of the people through education and training to meet employment needs and the countries potential.

Our discussions with major employers have suggested that this area has regressed over the years.

We have the potential and the resources to do well.

But it requires a long term agreed plan with detailed interlinkages, showing the resources required, the responsibilities given, the tasks to be accomplished and the time scale for implementation.

Investors need to see the signals that we are prepared to take the necessary measures to put the economy back into a healthy situation. That we will reduce the cost of government. That we are committed to operational efficiency.

It will be tough, some of the measures may be unpopular and some people maybe upset.

But in the longer term the country will be stronger economically, and in its sovereignty.

DRAFT MOFEP CHAPTER FOR INDUSTRIAL PLAN SUBJECT TO APPROVAL  
BY P.S. MOFEP

MACROECONOMIC FRAMEWORK

1. Introduction - The Current Situation

At the moment there is not, and has not been, a satisfactory model of the Solomon Island economy and this severely limits the macroeconomic forecasting process. Two alternative sources of such data exist viz:

- (i) A set of forecasts produced by the IMF mission of 1988. These however make an arbitrary assumption of 5% a year growth in real GDP and do not reflect the radical changes in the Government's plans and aspirations.
- (ii) The Statistics Division of the M.O.F. & E.P. produced figures for the report of the revenue committee for the 1990 budget. These used outside estimates for the export industries and Government and combined them with simple economic assumptions to produce estimates of total employment, disposable income, real GDP and imports.

Such one off ad-hoc analyses are unsatisfactory since it is not possible to experiment with alternative assumptions to forecast the effects of possible changes in policy or assess the macroeconomic affects of a programme of development plans. In the absence of the latter procedure plans will remain merely collections of projects without any analysis of their interlinkages or the overall costs and benefits of the programme as a whole. Investing the effort necessary to construct a proper economic model would not only provide such information but would allow economic and fiscal forecasts to be made with some confidence for periods more than a year ahead.

As a preliminary step towards building such a model the Statistics Office are now developing the Solomon Islands' first set of Input/Output tables. This essential planning tool, which will present a broad picture of the country's inter industry flows and intermediate import demands, must be speedily produced and this approach extended to include the economic behaviour of households and thus move towards developing a full Social Accounting Matrix for the Solomon Islands. The database provided by the SAM will be taken as a statement of initial conditions in the economy and will form

the starting point for the subsequent development of a model for the SI economy (similar to those possessed by Fiji & Vanuatu) that will simulate, for example, the effects of policy interventions.

This approach is in-line with the growing recognition that economic growth cannot be achieved merely by an increase in material capital investment. The importance of human capital, particularly when resources are so limited, is becoming increasingly apparent as a major contributing factor to the growth process. In addition there is now a much greater awareness of the problems associated with the inequality of income, distribution of wealth and in the distribution of the benefits of public expenditure.

## 2. Problems caused by this situation

In constructing a programme for the future development of the Nation questions must be round concerning the nature of the processes of investment, its present financing and consideration give to possible future directions. eg

- (i) What is the level of saving in the economy? Who saves and what proportion of savings are channeled into profitable investment?
- (ii) What are the public and private rates of return in the different sectors of the economy, both government and private? How does the rate of return differ between sectors and how does it compare with the rate of interest?
- (iii) What are the effects of the tax structure on different sectors of the economy and on saving and investment and, if taxation were changed to favour import substitution, could domestic producers provide goods of a high enough quality.
- (iv) In what order should projects be undertaken? Are there some areas that need to be dealt with before others can be implemented? e.g. Infrastructure projects such as improvements to inter-island shipping might need to be completed before commercial development in the provinces could take place? What, therefore, are the infrastructure needs of various projected investments?
- (v) To what extent should the country use overseas borrowing to finance investment? What are the present levels of commitment of government and the private sector to overseas lenders, how much of the debt of the latter is guaranteed by the former, and what are the rates of interest on the various different loans? Will the investments made with money borrowed overseas generate the export earnings necessary to repay the interest and principal?



being met by the skills provided by the current education system or is there a mismatch between the output of the system and the needs of the market? Is industry still plagued by lack of skilled workers and importing expatriates while a stagnant pool of unemployed job seekers whose skills do not match the jobs available stand idle? What return are we getting on our investment in education?

- (vii) Any investment not financed by outside sources or increased production necessitates sacrifices of immediate consumption. Are, therefore, such sacrifices necessary to produce a high enough rate of investment in the Solomon Islands? Where are such sacrifices to be made and who will make them?

Answers to some of these questions are available today, though rarely used in project assessment. However answering them all and incorporating the answers into a socio-economic model of the Solomon Islands that could be used to derive the profile of an optimum investment plan is a matter that will take years rather than months.

It is vital therefore that a start is made immediately to develop such a model. Although the full benefits of this work will not be available for some time the initial steps in themselves will pay valuable and immediate dividends.

Failure to implement such a programme will leave development a haphazard affair of compiling collections of projects with success dependent largely on luck.

### 3. Steps to Improve the Situation

#### Phase 1. The Restoration of Budgetary Discipline.

No economic policy or plan can be implemented, and therefore no planning can be worthwhile, unless the government first achieves firm control over its own expenditure and programmes. This can only be gained if :

- (i) Indications of mismanagement and incompetence such as overspending, supplementary appropriations, contingency warrants and the initiation of new projects between development budgets are strongly discouraged and erring accounting officers reprimanded and fined. This in turn is only reasonable if..
- (ii) A fair and reasonable Budget is drawn up which takes full account of the tasks to be undertaken by each Ministry and the amount of money available and if necessary reduces those tasks to fit the available resources.

In order for the fair and reasonable budget called for in (ii) to be drawn up three changes are necessary.

- (a) Ministries must stick to the Budget Guidelines . Any Ministries which are late with their submissions for either the recurrent or the development Budget should face sanctions.
- (b) The work of considering and collating these individual plans and assessing their overall impact must be controlled by MoF&EP without outside interference.
- (c) It is important that the political leaders are not presented with a fait accompli by officials just before the Budget goes to parliament but are enabled to exercise their legitimate Constitutional Powers . In order to facilitate this Senior Ministers should meet to discuss the progress of the Budget with officials of MoF&EP at intervals throughout the budgetry cycle. This will ensure that officials are acting in accordance with Government Policies and will keep all the parties informed of important economic and political details of the budget discussions.

Time Frame: By October 1990

Since this step involves only changes to the Governments own procedures work can begin immediately. At the very least the Buget guidelines ought to be passed and circulated throughout the public service to ensure a wide awareness of the deadlines to be met. At the same time a schedule for the Ministerial Consultations outlined above should be drawn up. The first objective of these deliberations should be to set a suitable preliminary target for 1991 government borrowing.

#### Resources Needs

No new resources are needed for this phase. (Though an experienced project economist would greatly facilitate the analysis of projects proposed for the development budget).

#### Phase 2. Short Run Macroeconomic Planning

This involves formalising the analyses of expected growth, revenue, imports, exports, employment and savings at present carried out in preperation for the budget into a formal model to allow government to easily check at regular intervals that its proposals were not overstretching the country's physical or f nancial resources.

This would give the government the freedom to implement its plans without worrying about precipitating a foreign exchange crisis and allow for the projects to be assessed continously rather than just at the time of the development budget.

Time Frame: By October 1991

The process of identifying financial flows and integrating them into a social accounting matrix based model of the kind possessed by Vanuatu and Fiji has in other developing countries been completed in 9-12 man-months. Most of the data for this development work is available but requires collecting. Up to date information on household behaviour however is lacking. Information for Honiara will be available from the Income and Expenditure Survey planned for later this year. Information for the rural areas, the third phase of this survey will probably not be available until late 1991 and therefore estimates will have to be derived from the old 1982 survey as an interim measure.

### Resource Needs

A full time Economist/Statistician will be needed to work on this project and outside assistance will have to be sought for this within the next few months.

### Phase 3. Long Run Integrated Development Planning

This involves measuring longer run needs of various sectors for physical, financial and labour inputs and looking at the capacity available to supply these. This would enable the government.

- (i) To anticipate future constraints on development
- (ii) Take action to eliminate them before they become problems
- (iii) Direct investment to areas that promise the maximum social rate of return.

Integrating results from household surveys into the model would allow estimation of the effects of plans on different ethnic or provincial groups within the country to be more accurately assessed.

Eventually the social and environmental effects of economic change will be included in the model to allow the government to assess the impact of its plans upon its social goals for the country.

Time Frame: By End 1992

To meet this target detailed information on household behaviour will be needed and the results of the Income and Expenditure Survey for the Provincial Centres and Rural Areas planned for 1991 are a vital source of information. Without this it will be impossible to target policy effectively to benefit the vast majority of Solomon Islanders who live in the provinces and rural areas.

### Resources Needs

Although resources for the modelling would be the same as in Phase 2 (12 man-months) money would have to be available in 1991 for the provincial centres and rural areas Income and Expenditure Surveys.

## Macro Planning and Forecasting

As noted in the format of the paper on Industrial Development it is usual to review the macro economic plan and forecast for the country and then compare it with the development aims.

There was an "IMF model" produced in 1988 ( although not for financial planning) but it is suggested that the 5% growth rate in GDP which they utilized is unrealistic. Also the plans, needs, and aspirations of Government have radically altered since that time.

Statistics have produced figures for 1990 budget purposes but essentially we do not know the criteria that caused the previous growths or declines on which those figures were based as we have not yet developed models that at least give indications of the probable effects of flows to and from particular sectors.

Without such a model of the Solomon Island economy, forecasting becomes merely a process of estimating likely effects without having sufficient data on which to base those projections.

Without an overall macro economic plan, it is difficult to plan and budget as many important linkages may be missed.

Current plans therefore tend to be a series of projects and may miss necessary interlinkages and the related costs / benefits that would accrue. (eg Ports/Shipping)

At the moment objectives and expenditures are not compared within an overall framework, nor do we appear to have a programme of producing expenditure and income data on a monthly and cumulative basis.

Without care we could enter commitments that we cannot fulfil, or undertake projects that will fail because other areas of development necessary for the effective operation have not been considered or undertaken.

This then leads to the following queries :-

### Capital Investment

Is our current capital investment allocation being utilized in a way that will launch our aims of a semi independent mechanism for industrial expansion and rising agricultural productivity?

Or is it an addition of Ministry proposals edited to best fit in with our manifesto?

Are the technicalities of proposals/ negotiations fully researched and alternative strategies considered before commitments made?

### Local Funds

In order to have local funds available for private sector investment and development it is necessary to have a good savings base, a clear financial policy and plan.

We have been in a crucial situation with regard to liquidity in the commercial banking sector for sometime, have we considered :-

The level of funds needed to develop the private sector?

Where are those funds to come from?

Where are they to be invested?

What are our current capital / output ratios?

Should we increase the flow of external funds? Do we have the necessary conditions to attract the flow of external funds?

What is our ability to pay back international loans no matter how soft?

Should we use deficit financing to finance development? Will it produce inflation? How are the deficit funds being utilized, for productive ends or social purposes?

(Deficits as a means of raising the rate of capital formation can be risky, for if inflation occurs this tends to destroy the confidence in saving. Within bounds deficits can produce incentives for employers to increase their investment and production. ( eg reduction of import and

export tariffs). It depends in which sector the funds so produced are used.)

An important funding source is savings. What are the level of savings and the reason for the existing level ?

What proportion of the savings are channeled into productive investment?

What prevents them being channeled into productive investment etc.?

**Ability to provide basic foodstuff at an affordable price**

If we are to change the basis of indirect taxation to favour the manufacturer and the producer, thus increasing the price of imported food, the need to produce locally grown produce at a price, quantity and quality, that meets the needs of the urban population is of prime importance.

Are we planning to increase the availability of locally grown produce? In what areas? Are there the funds available? Have the transport and marketing sector been fully studied to see if it meets these needs.

What is the efficiency of our agricultural sector the source of much of our employment and revenue? Can it be improved? Are we in the right crops?

Government rightly requires development to occur in the rural areas so that a dual society of urban rich and rural poor is combatted. This requires projects that are suitable and and sustainable in the rural areas. Investment in this area should be well thought out and long term. Our work in the shipping area suggests that a majority of the cocoa in the small holder project is not being picked because of lack of transport. The problem of internal shipping was pointed out two years ago yet we still have not been able to get the funds necessary in order to help the rural population help themselves in this area despite the project receiving PM approval and the Minister of P.G. himself highlighting this problem.

In planning investment the central concern is the placement and availability of capital. On what projects are funds to be utilized. The timeliness of the investment. (Before or after sites are ready? Before or after we have an adequate inter island shipping service etc?)

**Human Capital:**

Human capital investment is the investment affecting the quantity, quality, and distribution of human resources.

It is the most important sector in the development of such a country as ours. How well are we monitoring it, how much in depth thought and effort are we putting into it?

How are we measuring the inputs and outputs of capital already spent in this area?

Is there an adequate supply of of skilled, semi skilled and unskilled labour to provide the human capital needed to sustain planned development?

How are we distributing resources between human and tangible capital?

Without a trained and efficient work force the costs of production are high and are not attractive to the industrial investor.

Without an educated, professional and experienced workforce of Solomon Islanders we are always going to need outside manpower in the professional and technical fields.

This is something we wish to prevent.

Have we longer term plans that not only get our people educated but provide for necessary commercial experience for them overseas so that they came back into our society both trained and experienced?

Are we spending sufficient on education, industrial and commercial training?

How effectively is the money allocated spent?

Is it spent in the areas to which it was allocated etc.

Is the training meeting the needs of the market? What are the needs of the market in X Y Z years?

Tangible capital comprises houses, public buildings, industrial estates, industrial plants, rural improvements, energy needs, transportation and communication. Our discussions so far see important areas in need of such investment.

It is a hard fact of economic development that a sustained rise in human and tangible capital per unit of population is a fundamental requisite.

Let us not underestimate our internal human resource problems. Economic development is an inter disciplinary growth of capital investment, trade, culture, status, achievement motivation, political systems, political awareness, and will; it has as its focal point the human factor.

We suggest that consideration be given to the development of a macro plan, looking at all the factors of both human and tangible capital having as its base the ideological aspirations of government.

From this plan and with the development of a realistic forecasting model for the Solomon Islands we should have an overview of :- the likely effects of various plans both positive and negative, their urgency and time scale together with the funds required.

Without such a plan and realistic forecasts, development planning and thus growth can be an unrelated series of projects with little idea of how the total economic development of the country will be affected.

Indeed without proper forecasting and planning investment of capital, aid and assistance may have a negative rather than a positive effect.

Statistics are now starting to work on such an economic model for forecasting but we have no indication that an overall economic plan for say five years reviewing all sectors and the necessary interlinkages has or will be developed.

The basic work undertaken on the Industrial Development Plan suggests that it would pay dividends to produce such a plan as many areas necessary to achieve Governments ideals have not been considered .



## Industrial Development Plan

### Summary of Actions recommended

#### Short Term

#### Forestry and Related Industries

**Forestry Inventory to be undertaken in order that we know the resource base accurately. ( Starting November 90 includes Rattan )**

**Study to be undertaken to determine the size, number, location, type, of mills and the equipment they should have for operation in the Solomons. (January 1991?)**

**Decision to be taken on what species of log can be exported from the Solomons. (Regulations passed, Forestry Bill in preparation).**

**The Timber inspectorate brought up to strength. (1991?)**

**Malaysian Grading Rules adapted for export timber. (December 1990)**

**All export timber to be graded and stamped before shipment.  
(licensing of sawn timber last quarter 1990)**

**Forestry to have a cadre of trained graders. (1st Quarter 1991)**

**Timber Specification Booklet to be produced which shows the species, their physical and mechanical strengths, and its comparisons to other world known species.**

**Timber samples specially prepared as an adjunct to the booklet so that buyers actually have a sample of Solomon timbers. (1st Quarter 1991)**

**Develop the local furniture industry by training in situ, assisting with designs, setting up workshops in the Provinces, assisting in the purchase of the necessary equipment. Operate a revolving fund whereby the local company gets continued funds and assistance.  
(MCP&I) (Underway December 1989. Need funds and kiln dried timber.**

**Improve international shipping capabilities for sawn timber. (Problem of irregular and expensive domestic shipping)**

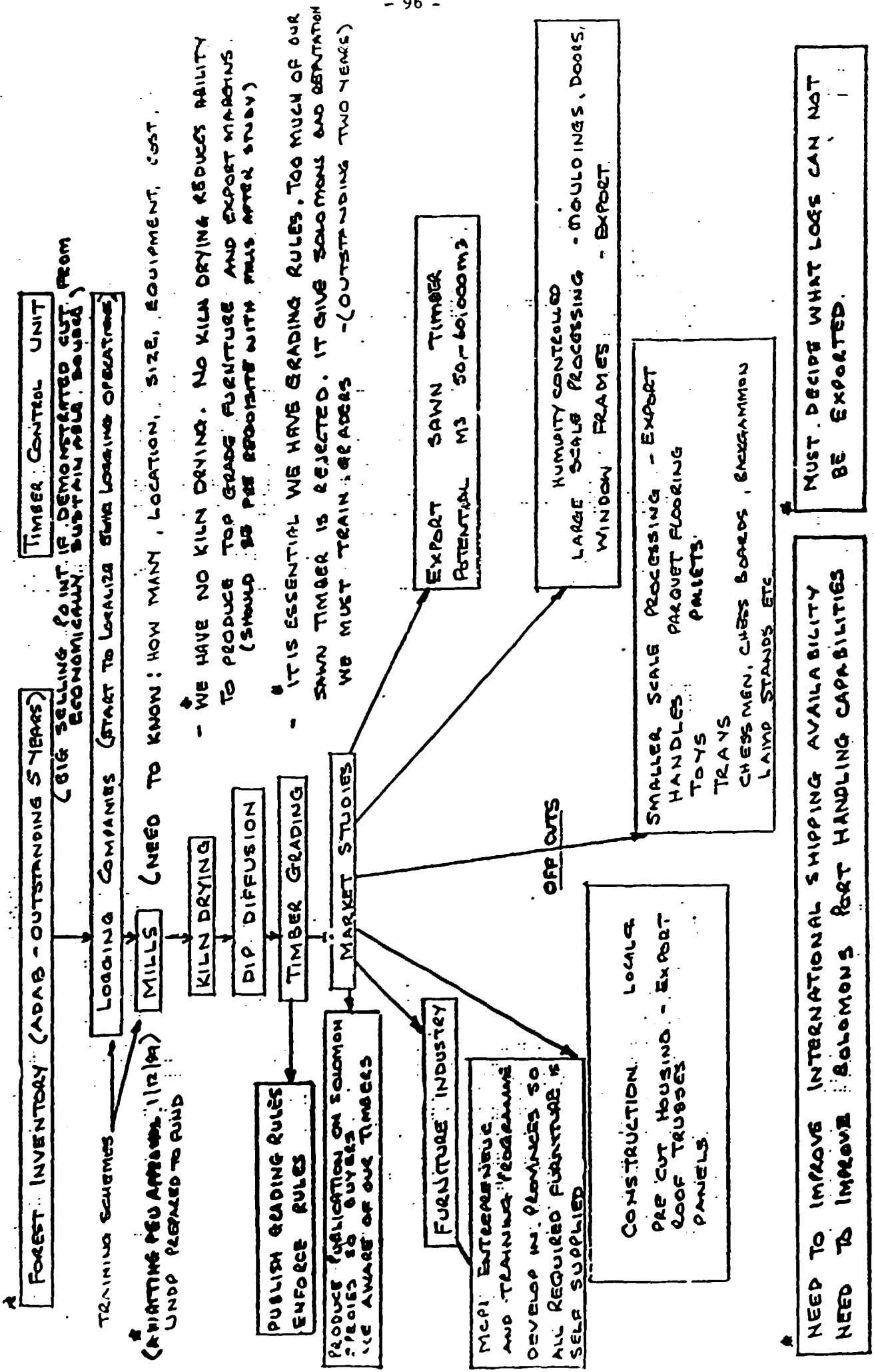
**Improve Port handling capabilities. (MCP&I)  
(Awaiting P.E.V. decision - nearly one year)**

**Discuss the need for kilns and large processing units for mouldings doors frames etc. (MNR/MCP&I)**

**Forest Policy (Completed)**

**Forest Legislation (Completed)**

FORESTRY AND RELATED INDUSTRIES



TIMBER CONTROL UNIT

(BIG SELLING POINT IS DEMONSTRATED CUT FROM ECONOMICALLY SUSTAINABLE SOURCES)

LOADING COMPANIES (START TO LOCALIZE SOME LOADING OPERATIONS)

(INITIATING PGU APPROVAL 1/12/94) UNDP PREPARED TO FUND

(NEED TO KNOW: HOW MANY, LOCATION, SIZE, EQUIPMENT, COST)

- WE HAVE NO KILN DRYING. NO KILN DRYING REDUCES ABILITY TO PRODUCE TOP GRADE FURNITURE AND EXPORT MARGINS. (SHOULD BE PER PRODUCE WITH MILLS AFTER STUDY)

- IT IS ESSENTIAL WE HAVE GRADING RULES. TOO MUCH OF OUR SAWN TIMBER IS REJECTED. IT GIVE SOLOMONS BAD REPUTATION WE MUST TRAIN GRADERS - (OUTSTANDING TWO YEARS)

EXPORT SAWN TIMBER POTENTIAL M3 50-60,000

HUMIDITY CONTROLLED LARGE SCALE PROCESSING - MOULDINGS, DOORS, WINDOW FRAMES - EXPORT

SMALLER SCALE PROCESSING - EXPORT HANDLES, PARQUET FLOORING, TOYS, TRAYS, CHESS MEN, CHESS BOARDS, BASKETBALL LAMP STANDS, ETC.

CONSTRUCTION LOCAL PRE CUT HOUSING - EXPORT COOF TRUSSES PANELS

MUST DECIDE WHAT LOGS CAN NOT BE EXPORTED.

NEED TO IMPROVE INTERNATIONAL SHIPPING AVAILABILITY  
NEED TO IMPROVE SOLOMONS PORT HANDLING CAPABILITIES

## Forestry

### Forest Industry Objectives:

To quantify the available resource, thus having a basis on which to plan optimal timber industry structure.

To create an environment that will encourage investment by simplifying the current licensing procedures. These procedures to be replaced with new legislation that will also provide greater security of tenure over the resource once a licence is issued. Currently there are delays of over two years before a licence is issued.

To discourage log exports unless they can contribute more to the National Economy than can be obtained through processing. Currently timber accounts for 29% of exports (logs 27% and sawn timber 2%).

To encourage as far as practical the down stream processing of timber.

To encourage end products of as high a quality as possible.

To add as much value as possible eg -logs - quality sawn timber- kiln dried.  
- furniture - mouldings etc.

To tailor the industrial capacity realistically to available resource flows.

To evolve a reliable and effective marketing services network.

The industries developed should be export drivers with a network of small industries for the markets throughout the Provinces.

### Activities

#### i) Policy and Legislation

We note that the Forest Policy has been accepted by Cabinet but not the Legislation.

We understand the Governments drive for Provincial involvement but would urge national standards when it comes to quality control.

This is reflected in the type of mill that is accepted, the quality of timber that it produces, and the way that the timber is packed and presented. Although in the end the market will be its own regulator there has to be some insistence on what we want as a country. Many companies could for example, merely saw fitches, and send them abroad for further processing. With the pressure on the economy to provide both export earnings and jobs, surely it would be prudent to work together with the Provinces on a National Policy for the benefit of all?

**ii) Undertake a National Forest Resource Inventory.**

To encourage large scale and long term investment, we must be able to accurately identify the resource available for utilization.

**iii) Timber Inspectorate**

To monitor logs produced from the stump, loading paid etc.

To determine a fair price to landowners and Government for logs. This needs to be done at a national level.

**iv) Grading Rules**

This is most urgent. If we are to export, it is essential that timber marketed is to strict quality standards.

Recently we had a visit from a buyer from the UK ( PETALS). They currently import into the UK 60.000m<sup>3</sup> of Maranti from Malaysia per year. Malaysia are increasing the price of Maranti and also Indonesia has banned anything but processed articles in wood. This has further reduced the market supply of sawn timber. The signs are therefore favourable for the programme to start.

This buyer alone has said that they are prepared to purchase 2500 m<sup>3</sup> per month.

We have also had other buyers such as Tenaru from Australia who have developed markets in the UK for our sawn timber.

However the ability of some of our suppliers to fulfil contracts is abysmal and these same suppliers have a reject rate of over 35%.

Thus although we try to create a market we end up giving Solomons a bad name.

It is therefore essential that timber is graded before it leaves the country. Companies that do not have trained graders should have 100% inspection by Forestry before shipping and be charged for the service.

Australian buyers have said that they will increase their orders by 5 to 10 times if we get our industry organized.

We have just begun to tap the USA market.

We haven't really started on the European market and this could prove to be the largest.

Obviously we will not saw 100% of the current log volume, but go from say 20% to 50% then 100% as our ability to market and obtain investment in further processing develops.

We have therefore time to develop the necessary markets and to organize the industry so that it meets the quality standards of the export market.

In association with the sawn timber exporters it was agreed that the Malaysian Rules which are the internationally accepted rules would be used to grade export timber.

For timber going to the USA their rules would be used and for structural timber Australian 2082 standards.

It is suggested whilst the mills are being set up that species that have a high demand as sawn timber are not allowed to be exported as logs but only in the sawn form. This will increase the value added in the Solomons although making it harder to sell the mixed batches of logs. The species referred to are Pometia, Callaphylum, Palaquim, ( Pencil Cedar) and Vitex, Rosewood and Ironwood. There may of course be others that Forestry wish to designate. Statistics for 1989 indicate that there was 260,000m<sup>3</sup> of logs from which 21000 m<sup>3</sup> of sawn timber produced. Of this 3600m<sup>3</sup> was exported.

#### v) Logging

In order to be able to sell to Europe and possibly Japan in the near future it will be necessary to be able to demonstrate that such produce is being taken at a sustainable rate.

There are of course financial costs to the Solomons in such a policy but:-

- a) There is the possibility of the World Bank making contributions to cover such losses ( As in PNG)
- b) It conserves the forests for future generations.

It is suggested that consideration be given to the following :-

No new logging companies are allowed licences.

That all logging companies currently operating are carefully vetted and inefficient companies closed.

That a certain number of companies are allowed to operate and consolidate under agreed conditions to ensure an effective, efficient and sustainable cut in the Solomons.

#### vi) Development of Saw mills

As requested by forestry in January 1989, study the existing milling industry and identify the need for additional capacity, the type of mill, the optimal locations, and further processing and markets.

The potential for sawn timber is certainly there and recent low log prices have made the logging companies aware of the need to diversify into processing, as has Forestry's insistence on 20% of logs felled to be sawn. 260,000 m<sup>3</sup> of logs converts into about 120, - 130,000 m<sup>3</sup> of sawn timber of which about 60,000 m<sup>3</sup> will be of export quality leaving the local market to absorb a further 60-65,000 m<sup>3</sup>.

The local market absorbs about 8-10,000 m<sup>3</sup> per annum at the moment leaving a short fall of 40-50,000 m<sup>3</sup>. It can be seen therefore that the development of sawmilling and the local industries in wood products need to grow apace.

#### vi) Kiln Drying

In order to develop the export market to its fullest potential in sawn and processed timber we need to develop our ability to dry the timber. The moisture content of timber should be about 10 -15% for export shipping depending on the country receiving the goods and 9% for sale to the local furniture industry. ( What is the normal humidity and how long before it reabsorbs to this level?)

In order for this sector to be developed we need to discuss incentives such as preferential interest rates through the DBSI, and the ability of these mills to produce their own electricity outside of the normal grid system in order to produce a competitive product.

vi) Further Processing

If we can get to the stage where we are cutting quality timber for the export market and there are secure supplies of sawn timber, and we have well graded timber kiln dried, we may then also develop investment into the moulding industry.

Most of the hardwoods imported by the industrialized countries are utilized for mouldings, door frames, window sills, cladding, edging, door linings window sections etc.

PETALS have said that if we can produce quality mouldings they would be happy to buy these rather than sawn timber.

vii) Local Furniture Industry

This is being supported by MCPI through project SOI /88/002. We see a large potential for local furniture of good quality and design. We would expect to be able to provide furniture and some fittings for institutions, the work place and households including blackboards, fitted units for kitchens bathrooms, desks, chairs, beds, etc to compliment the building contracting sector.

We must try to get into the situation where in the second phase of the primary school programme school furniture is purchased locally not imported. To do this we need to have kiln dried timber, acceptable designs and a good standard of workmanship.

Opening new workshops

Already we have seen the opening of new furniture workshops in Honiara, using new designs. The prototypes of these designs has been produced in the MTWU workshops with assistance from MCP&I and approved by the government architects. This activity is to be expanded to the Provinces starting February 1990.

For this programme really to take off enterprises will need financial assistance. We hope to secure aid funds that will be used as interest free loans with commercial and technical assistance provided by the MCP&I

Existing Workshops

The upgrading of existing workshops has taken place, including the works operation where they have been very interested, active and co-operative. There is a need for more machinery in the form of saws, lathes, mortising.

multiple planers. As with new workshops we should secure interest free loans under the same scheme

#### viii) Training

There is a lack of people properly trained in this sector.

At the moment there is no formal training available in the various sectors of the Industry.

The training content of carpentry at SICHE needs to be reviewed and proper furniture training courses conducted.

Proposals have already been submitted to Works for the central servicing of cutting tools

We need to teach: product development, machine production, machinery maintenance, ergonomics, joinery, furniture design, saw doctoring, equipment, the elements of wood drying, selecting timber, timber engineering etc. through organized training at MTWU or SICHE in collaboration with private companies.

(A proper tool room would cost about 50-100,000 US \$)

#### ix) Timber Engineering.

To develop this sector we would require properly stress graded timber.

Given this we can then produce pre-cut :-

Housing, schools, garages, warehouses, portal frames for buildings.

Assembly then takes place on site .

We would need a programme to set up plans, cutting lists, designs, markets etc.

This had been a protected industry( SIHA). It is felt that this should now be a free market.

#### x) Other possibilities

Coffins (Local and Export?)

Broom handles for export. (This is already underway.)

Roof trusses This is already underway.

Parquet flooring , Chessmen, Chess Boards, Back Gammon Sets, Solitaire, diனர் trays, cutting boards, all products that can utilize the offcuts from the industry.



Interlinkage problems

We need to resolve Ports ability to handle the volume of sawn timber that we are discussing. Currently they have no holding/consolidating areas nor physically the area needed.

Shipping.

We have had great trouble getting international shipping to take timber in the sawn form

a) Because it takes up more volume than the exporters want to pay.

b) Because the shipping companies look at their overall loadings.

At the moment we negotiate with shipping companies for part of the national freight, eg copra without taking into account the effect this had on other products.

This is further discussed under the paper on shipping.

The above paper has been drawn up together with Forestry and with industry involvement for which we are very appreciative. It indicates the steps that must be taken if we are quickly to capture these market opportunities. To do so we need overall agreement and action.

Project	J	Forestry	A	S	O
1) National Forest Resource Inventory Responsible Officer E Dollano					
	----- TO BE UNDERTAKEN BY AIDAB -----				
THIS IS VERY IMPORTANT TO ENCOURAGE LARGE SCALE AND LONG TERM INVESTMENT WE MUST BE ABLE TO IDENTIFY OUR RESOURCES AVAILABLE FOR UTILIZATION					
TIMBER INSPECTORATE Responsible Officer E Dollano					
	AIDAB FUNDED? TO MONITOR LOGS PRODUCED FROM THE STUMP LOADING WHAT AMOUNTS PAID ETC.				
( Units to be established in all provinces to monitor and control activities of logging companies)					
	TO DETERMINE A FAIR PRICE TO LANDOWNERS AND FOR THE LOGS. THIS NEEDS TO BE DONE AT A NATIONAL LEVEL				
GRADING RULES Responsible Officer MALI					
	WITH AIDAB ASSISTANCE.				
PREPARATION AND IMPLEMENTATION OF GRADING RULES AND PRESERVATION STANDARDS FOR SAWN TIMBER					
a) Production of booklet on all the species of timber available in the Solomon Islands, together with their characteristics so that buyers know what we have available ( see also marketing)					
					NO DONOR YET
b) Decisions on kiln drying of timber in order to increase the profitability of exporting by being able to ship in containers in discussion with the commercial sector					
	----->				
c) Preparation of grading standards in discussion with the commercial sector.					
	IT HAS NOW BEEN AGREED TO USE MALAYSIAN GRADING RULES FOR EXPORT N.H.L.A. RULES FOR TIMBER FOR THE USA MARKET AUSTRALIAN 2082 FOR STRUCTURAL TIMBER				
d) Training of Forestry personnel in grading in order that exports timber in particular is always to the quality stated. ( permits should not be granted to exporters not meeting the standards)					
	----->				
INVESTIGATE EXISTING SAWMILL INDUSTRY AND IDENTIFY THE NEED FOR ADDITIONAL CAPACITY AND THE OPTIMAL LOCATION, TYPE, AND SIZE					
	THIS ACTIVITY WAS PLANNED TO BE STARTED LAST QUARTER 1989 IT IS SOMETHING ON WHICH WE SHOULD HAVE A CLEAR POLICY				

N	D	J	F	forestry	A	M	J
				←----- Source of F			
				←----- Installation of Kilns-----			
TIMBER							
AIDAB?				----->			
FUNDING BY FAO							



Responsible Officer M. ALI	SHOULD WE <del>FEEL</del> LOOK AT ONE LARGE PROCESSING PLANT IN ORDER THAT WE ARE ABLE TO PROCESS TO WORLD STANDARDS AND AT A MOISTURE CONTENT OF FINISHED GOODS THAT ENABLES IT TO BE UTILIZED IN CLIMATES THAT ARE LESS HUMID?			
FISCAL INCENTIVES	SEE THE PACKAGE ALREADY PREPARED			
Responsible Officer M. ALI				
IDENTIFY THE NEED FOR TRAINING AND TECHNICAL /MANGERIAL SUPPORT TO THE EXISTING INDUSTRY. IMPLIMENT A TRAINING PROGRAMME	NOTE THIS WAS REQUESTED OVER THREE YEARS AGO AND HAS GOT BOGGED D. MEANWHILE THE INDUSTRY HAS NOT PROGRESSED WITH NECESSARY TRAINING OF LOCAL PERSONNEL			
	FUNDING PROPOSED BY AIDAB			
MARKETING				
Responsible Officer M. ALI				
a) Review existing information on native species.				←-----
b) Carry out laboratory and commercial tests as required				←-----→
c) Produce timber Marketing Brochures				←-----
COMPILE MARKET INFORMATION FOR LOGS AND SAWN TIMBER. DISTRIBUTE TO COMPANIES AND RESOURCE OWNERS	PART OF PROPOSED UNDP PROJECT			Funding ?????
FORESTRY SECTOR PLAN	PART OF UNDP PROJECT			
Preparation of a plan for the development and management of the forest sector	SHOULD HAVE BEEN STARTED LAST QUARTER			
Identifying the type and scale of operation suitable for particular areas.	1989 IS IMPORTANT THAT THIS IS DEVELOPED AS SOON AS POSSIBLE FOR THE ORDERLY DEVELOPMENT OF THE SECONDARY AND TERTIARY SECTORS OF THIS INDUSTRY			
TESTING OF PLANTATION TIMBERS				
Carry out a series of laboratory and commercial tests on major plantation species to determine their market potential				
POLICY		AGREED		
LEGISLATION		NOT YET PASSED		

forestry

DOWN IN THE PLANNING / FUNDING.

-this is needed urgently----->

?

Funding FAO

## Agriculture

### Objectives

To move local preference from imported food items to locally produced items.

To move from a subsistence to a market oriented system that will provide the necessary food for the population and excess produce for processing.

In order to reduce the import bill for foodstuffs it will be necessary to provide local produce in quantity, quality and at a cheaper price than is currently available.

To provide the produce we will need for the Schools, Tourism.

To review the plantation crops and their further processing in order to be clear where development monies are to be spent

To look at the commercial viability of alternative produce such as cut flowers, yangona, soursop etc that could provide both a good return to the producer and export earnings to the country.

### Activities

Agriculture has an important role to play in the overall industrial development of the Solomons and the employment of its population.

Given this role and its importance in the production of crops for consumption and for exports, it would be useful to see the objectives agriculture sets, its ability to met those objectives, and the plans that are underway.

Staff of Agriculture have been very helpful. There has obviously been a lot of research work undertaken. But it may be time that the emphasis is laid on other crops than cocoa, and coconuts.

To look at areas where we can improve on the value of crops by further processing.

To look at what imports we can substitute

To look for other crops that we can export that have a higher value, and a less competitive market.

To improve our ability to provide crops on the market at a price that local people can afford.

If we are to move the burden of indirect taxation from the producer toward the consumer, particularly by the increase of tariffs on imported items then it is essential to improve food production particularly to the urban areas.

Even without this change we need to be able to provide local produce at a affordable price for socio-economic reasons:-

Because it is our responsibility that our people should eat good nourishing food.

People who are well nourished are in a better frame of mind to work well and enthusiastically.

We need to improve the distribution of produce. This requires an improvement in our shipping services.

We should look for more variety of food available. To move the consumer away from imports and also so that as the Tourist Industry gets underway we can provide the majority of the food.

To produce quality produce, in the quantity calculated to be demanded by the market and at a price that is affordable to the community at large and not to a select sector.

### Employment

85% of the population is involved in agriculture.

With 7500 school leavers entering the job market each year but only 1400 jobs in the formal market, there is a need to develop agriculture to absorb this influx. ( see also Birk /Marau report)

Agriculture accounts for 35 % of GDP but only takes 3.5% of recurrent budget.

### Principle restraints

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i Data from P Mullards Intensification and Diversification of Smallholder and Plantation Crops



Insecure tenure of land and disputes over ownership.

A dispersed and isolated population

Poor marketing and transport infrastructure

A lack of technical personnel

Structure and Supervision

A lack of Government co-ordination along the production to marketing continuum.

A tax and investment regime not conducive to investment. (The incentive package suggested that we review the system of export taxes. The Public/Private Sector meeting requested changes in indirect taxation to relieve the burden on the producer. We have ambivalent decisions on this)

### Infrastructure

Stabex funded CEMA. 38 buying centres in rural areas. To buy copra and to sell inputs such as fertilizer and tools.

What planning has gone into the manning and recurrent costs of operating this programme? Is it self funding or will it need subsidies in one form or other?

Stabex E.D.F. Small holder development fund is to increase marketed production. One of its major components is to intensify cocoa and coconut production. Do we get the best return from these two products?

When reviewing the prices paid for these two crops over the years the prices in nominal terms is low and in real terms (ie taking into account inflation etc ) is the lowest ever. See graphs attached.

### Savings and investment bodies in the Rural areas

Include the Solomon Islands Credit Union League, and some Bank branches. Commercial banks will not be attracted to the rural areas unless there is a critical level of savings to tap and they can secure their loans.

Infrastructure and support projects are aimed at raising the level of savings. It may well be worth considering opening of branches at the CEMA buying centres where cash transactions occur.

In order to develop agriculture marketing constraints must be lifted.

i) The national shipping service is over stretched and many rural areas are not receiving regular shipping for the collection of their goods.

Thus we need to revitalize our marine shipping or make it attractive for private ships to make regular calls.  
( See the sector on shipping)

ii) A major investment programme for shipping, wharf development, and roads is required.

a) Shipping is a less costly way of reaching all the rural areas in the shorter term to transport both produce and passengers and,

b) Whilst there is a programme for road construction we already have insufficient funds in our recurrent budget to maintain the roads constructed.

iii) These problems will be exacerbated by the S.D.P. and C.E.M.A. projects.

S.D.P. is creating a demand for purchased inputs and C.E.M.A. is allowing price responsive small holders to market their own production.

( What about supplying to Mills?)

Any future crop project not including components to alleviate the above will only be increasing the current problems and thus reducing its economic effect.

### Quality

World market prices for oils, copra, cocoa, and coffee, have fallen and are likely to continue to fall in real terms. To minimize risks a national programme is required to increase productivity and reduce costs.

Value must be added to crops and a strategy along the lines proposed by MCPI is required.( See charts attached)

### Lands

It is necessary to establish effective administrative procedures to secure tenure of customary land.

This will entail:

Land surveys showing accurately the extent and measurement of every field and plot of land

Cadastral surveys (i.e. To provide a public register of the quantity, value, and ownership of the real property of the country.  
Land registration on customary lines under the Lands and Titles Act.

Profit oriented sections to be set up as separate entities

At present a number of training centres are so badly managed that the small holders level of productivity and management is far in excess of those at the training centres!

Bad management and no incentive to produce, mean that most concerns do not make a profit.

If they cannot be operated profitably they should be shut.

A reduction on import and export tariffs for agricultural goods

A reduction on import of necessary inputs for agricultural production and a reduction on export tariffs for agricultural goods?  
( This is in line with the CBSI thinking of redistribution of indirect taxation)

C.E.M.A. becoming a buyer in the cocoa market to increase competition.

There is evidence that the producer is being vastly exploited by some buyers.

MAL to integrate its outlined production plan strategies into MCPI Industrial Development Plan

A start on this has been done as will be seen in the chart.

We should pursue the very productive start made and see how we can branch into further Agro industrial operations.

Particularly we need to produce some condensed strategies that will be understandable to both the implementers, the managers and the politicians.  
We then come up with plans that are achievable because they are understood.

\*\*\*An investment programme in agriculture to develop Agriculture Opportunity Areas

Pineapples

### Note

If we get the Feed Mill in operation by the end of this year we will be looking for 1000 tonne of cassava to be grown by people in the Provinces. If we agree on the increase on imported goods then we must reduce the price of basic items such as Kumara in the market by producing it as a small holder or semi plantation crop.

### Rice

Rice should grow well in the Solomons.

It is felt that an analysis should be undertaken

- i) to gather up the past information on small holder attempts to grow rice.
- ii) to consult IRRI with respect to the economic potential for rice production in the Solomons in the face of cheap imported rice and the relative self sufficiency and the lack of need of Solomon Islanders to undertake tedious work by the Solomon Islander.
- iii) Consultation to include post harvesting processing needs
- iv) Implementation of a pilot scheme
- v) With Fielders polishing rice in this country they should be approached with respect to growing the product in the Solomon Islands.  
( Note Fielders have already given their tacit support to such a programme with assistance to producers in 15 acre plots. They have suggested the growing of the long grain crop)

### Bean Sprouts

There is a small but reliable market for Mung bean sprouts in Honiara. This is perhaps something that BDD/ Co-ops can pursue.

### Tree Crops

Bleak prospects for world market prices for Cocoa and Coconuts.  
So why are we pursuing a policy of development in these areas?

### Coffee

Identification of areas that have potential for Arabica varieties and the development of quality Robusta. There is immediately a local market and production should begin next year of a locally roasted bean.

We need to assess the size of the market. There is a greater value for Arabica (Currently about 60 %).

there is local import substitution potential

Is there potential for a commercial enterprise for the export market?

Areas for development potential have been identified.

Work that will be undertaken by MAI/ NATI

- i) An appraisal study for peanut roasting and production of peanut butter. 1990
- ii) \*\*\*Appraisal study 1990 of a pineapple cannery. Note if this is not underway it may be already undertaken by MCPI
- iii) Pawpaw and other fruit juice production.

Feed mill

What are the estimates of needs for animal feeds over 3 5 7 years?

What are our plans to develop the livestock industry?

LDA will be producing about 300 tonne of feed meal at Mamara by end 1989.

Indications are that we can reduce the price of feed meal to the local producer by 40% .

We should soon start a larger commercial mill as 1200 - 1400 tonnes of feed is imported pa.

A major proportion of the output from the plant proposed by Fielders would be for export and it would utilize the by product from the oil mill and the fish canning plant.

Here we see further interlinkage possibilities. If we increase the amount of fish we process from 15,000 tonnes to 50,000 tonnes, we increase the number or output of the coconut oil mills three fold. We increase the amount of cassava that we grow then, we increase the amount of exports in not only the prime commodities involves but create further export markets and local production.

We have the by -products available and can grow additional root crops if required. We should have a joint venture in operation with export potential during 1990.

## Notes

### English Potatoes.

We have seen that the trials for English potatoes have gone well. We should pursue with vigour the cultivation of this crop after making sure it gives a viable return to the grower.

On the growing of cassava it has been suggested that this could be intercropped with coconuts. Cassava would need fertilizing, but the fertilization would also increase the coconut yield. It would also serve to keep the plantation in better shape and thus improve the recovery of coconuts.

There seems to be no priority to any of these plans?

What about Bamboo, Nali nuts ( Now a developing programme) Soursop.

What about the possibility of growing flowers for the Australian export market? Gingers ( Heliconias) Anthiriums, Croton Leaves?

### Yagona( Kava)

Grows easily in the Solomons and has an export market in Fiji and Europe where it is bought by pharmaceutical companies.

### Cocoa

Look at the viability of processing the bean into liquor. About 40% of the Cocoa is now sold in this manner. We are facing a time when there is little margin in growing cocoa. This may be one way of increasing that margin.

At the same time it :

Reduces shipping costs as there is less volume and it can be shipped in containers.

Provides more employment

Adds value to the product in the Solomon Islands

Can also be test marketed to see if the liquor when mixed with honey or sugar is an acceptable substitution to Milo style imports.

### Sweet corn

What are the possibilities of exporting potatoes and sweet potatoes to PNG?

BASIC INDUSTRIES PLAN AGRICULTURE

	A	B	C	D	E	F	G	H
1	AGRICULTURE							
2								
3	PROJECT	J	F	M	A	M	J	J
4								
5	YANGONA							
6								
7		FEASIBILITY INCLUDING MARKETS, VARIETY OF PLANT, COLLECTION AND SHIPPING						
8								
9								
10	CJT FLOWERS FOR EXPORT	FEASIBILITY OF GROWING FLOWERS SUCH AS GINGERS( HELICONIAS), ANTH. RIUMS, CRITCH LEAVES. HERE						
11								
12								
13	COCOA							
14	i)	COCOA SUBSTITUTE FOR MILK AND CHOCOLATE TYPE DRINKS.						
15								
16	i	MARKET SURVEYS WITH SOLOMON PRODUCT TO GET CONSUMER REACTION						
17								
18	ii	ROASTING AND GRINDING OF SOLOMON BEANS TO MEET CONSUMER TASTE. POSSIBLE PRODUCTION USING THE						
19								
20	iii)	PRODUCTION OF GOOD ADVERTISING TO SELL A GOOD PRODUCT MADE IN SOLOMONS TO THE PUBLIC						
21								
22	iv)	DEMONSTRATING TO VILLAGES HOW TO PRODUCE THEIR OWN CHOCOLATE DRINK						
23								
24	2)	PRODUCTION OF COCOA LIQUOR FOR EXPORT TO REPLACE THE EXPORT OF BEAN						
25								
26								
27	A	FEASIBILITY TO BE UNDERTAKEN TO SEE IF THIS IS A PROFITABLE OPERATION. FIRST INDICATIONS ARE THAT						
28		AND SHIPPED IN CONTAINERS. WE SHOULD BE ABLE TO SAVE ON FREIGHT RATES.						
29		IF THIS PROCESSING IS VIABLE, IT ADDS VALUE LOCALLY, ADDS EMPLOYMENT AND LETS US LATER LOCK AT THE						
30								
31		SINCE WE'RE TO LOOK AT THIS, THEY HAVE EXCESS ENERGY AND THE SPACE. STRICT QUALITY CONTROL OF INPUT						
32								
33	B	IF VIABILITY POSITIVE THEN PLANNING SHOULD BE TAKEN FOR THE EARLY ESTABLISHMENT OF A FACTORY						
34								
35	SWEET POTATOES							
36		WE ARE IMPORTING MUCH OF OUR BASIC STAPLE DIET BECAUSE THE TRADITIONAL CROP IS TOO EXPENSIVE.						
37		WE ARE TOLD THAT YIELDS OF 12/14 TONNES PER ACRE CAN BE OBTAINED. THE EFFICIENT WAY TO PRODUCE						

	I	J	K	L	M	N	O
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9							
10	S APPARANTLY GOOD STOCK AND INFORMATION THAT CAN BE OBTAINED FROM HAWAII.						
11							
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16							
17							
18	COFFEE MACHINERY, OR PURCHASE OF A McINTYRE REFINER/CONCHER						
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20							
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24							
25							
26							
27	IT COULD BE WITH A DIFFERENTIAL OF ABOUT US\$ 400 BETWEEN THE BEAN AND THE LIQUOR. "HERE ARE A						
28							
29	SEPARATION OF COCOA BUTTER AND FURTHER PROCESSING.						
30							
31	IT BEANS WOULD BE NECESSARY.						
32							
33							
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35							
36							
37	IF THIS CROP IS ON A LARGE SCALE USING MECHANIZED EQUIPMENT.						



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44	CASSAVA							
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48	TARO							
49								
50								
51	COCONUT OIL MILL							
52	WESTERN PROVINCE							
53								
54								
55	COCONUT CREAM							
56								
57								
58	COCONUT FIBRE							
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64								
65	COFFEE							
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67								
68								
69	NALI NUTS							
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74								

THESE CAN BE UTILIZED IN THE FEED PLANT TO BE ERECTED THIS YEAR AS WELL

IF WE GET A FEED MILL ERECTED THIS YEAR WHAT IS THE POTENTIAL FOR CASSAVA TO BE UTILIZED AS AN

WHAT IS THE POTENTIAL OF PRODUCING CASSAVA "POTATOE CHIPS" AS AN IMPORT SUBSTITUTE

WHAT IS THE MARKET FOR TARO ON IRRIGATED FIELDS AS DEVELOPED IN HAWAII?

THERE ARE INVESTORS ALREADY LOOKING AT THE DEVELOPMENT OF A FURTHER MILL AT NORO. WE SHOULD

A VIABILITY STUDY HAS BEEN CARRIED OUT.

HOWEVER THIS WAS NOT MATCHED BY MARKET STUDIES. THESE ARE TO BE UNDERTAKEN BY CEMA THIS YEAR

THERE IS A MARKET FOR RUBBERIZED COCONUT FIBRE FOR USE IN MATTRESSES

THERE IS ALSO A MARKET FOR THE FIBRE TO BE INCORPORATED INTO ENVIRONMENTAL SHEETING TO PREVENT

CEMA AND LEYERS ARE TRYING TO OBTAIN INFORMATION ON THESE PRODUCTS

WHEN INFORMATION IS OBTAINED WE WILL HAVE TO PRODUCE VIABILITIES TO SEE IF IT IS PRACTICAL

EQUIPMENT IS BEING OBTAINED VIA UK FUNDS TO PRODUCE OUR OWN GROUND COFFEE.

OTHER TEST BEDS HAVE BEEN PLANTED WITH ARIBCA. IF SUCCESSFUL WE SHOULD BE ABLE TO PRODUCE AN

THIS VERY POPULAR NUT HAS COMMERCIAL POTENTIAL.

DOMESTICALLY IF SUFFICIENT OF THE PRODUCE CAN BE COLLECTED AT A FAIR PRICE, ROASTED AND SOLD IN

WHAT IS THE POTENTIAL FOR GROWING THESE NUTS ON PLANTATIONS?

Basic Industrial Plan AGRICULTURE

	I	J	K	L	M	N	O
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51	RY TO KEEP ABREAST OF DEVELOPMENTS AND THE VIABILITIES AT LEVERS						
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56	USING CFTC PERSONNEL						
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59	PERCISE						
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63	FOR THIS COUNTRY						
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67	ERY GOOD BLEND AND AT LEAST SUBSTITUTE FOR ALL IMPORTED COFFEE						
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70	TE SHOPS THUS SUBSTITUTING FOR IMPORTED NUTS.						
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Basic Industrial Plan AGRICULTURE

	A	B	C	D	E	F	G	H
75	COPPOUT	NO WORK HAS BEEN UNDERTAKEN ON THESE NUTS AT PRESENT BUT THEY WOULD SEEM TO HAVE SIMILAR POTENTIAL						
76								
77								
78	SOURSOP	THIS FRUIT THAT GROWS PROLIFERICALLY IN THE SOLOMONS MAKES AN EXCELLENT DESERT AND ICE CREAM						
79								
80		WHAT STEPS ARE TO BE TAKEN TO LOOK AT THIS FRUIT'S COMMERCIAL VIABILITY?						
81								
82	BAMBOO	SOLOMONS HAS VERY GOOD SPECIES OF BAMBOO THAT IS EASILY GROWN						
83		THIS CAN BE MADE INTO AN INEXPENSIVE FURNITURE.						
84		ALTHOUGH THERE IS A NATURAL SUPPLY, IF WE CAN START AN COTTAGE INDUSTRY, THEN SMALL HOLDERS						
85								
86	LIVESTOCK	GIVEN THAT WE CAN HAVE A FEED PLANT OPERATING BY THE END OF THE YEAR WHAT STEPS CAN WE TAKE						
87		IF LIVESTOCK PRODUCTION INCREASES SO DOES THE AMOUNT OF HIDES AND FAT. THIS THEN LEADS US INTO						
88								
89		THE FAT CAN BE UTILIZED IN THE SOAP PLANT AND THE HIDES EITHER FOR EXPORT AFTER SALTING						
90		OR FOR LOCAL TANNING AND PRODUCTION OF LEATHER GOODS.						
91								
92	RICE	WE NOW HAVE A RICE MILL SET UP IN HONIARA. WE ARE TOLD THAT THE COMPANY WILL BE EXPORTING RICE						
93		AGRICULTURE SAY WE SHOULD BE ABLE TO GROW RICE. THE COMPANY SAY THEY WOULD HANDLE LOCAL RICE						
94								
95								
96	FRUIT JUICE PRODUCTION	WE CAN GROW EASILY PINEAPPLE (ALTHOUGH PERHAPS NOT THE RIGHT VARIETY AT THE MOMENT FOR PRODUCTION)						
97		PAPAYA, PASSION FRUIT, SOUR SOP, TO ENABLE A FACTORY TO OPERATE IT NEEDS TO BE ASSURED OF SUPPLY						
98		THE BASIC PROCESS IS NOT DIFFICULT TO MANAGE.						
99		LOCAL PEOPLE ARE INTERESTED IN PROCESSING FRUIT. IN ORDER TO DECIDE ON THE VIABILITY WE NEED						
100		A TO BRING IN A FOOD TECHNOLOGIST.						
101		TO DECIDE IF WE CAN GROW IN SUFFICIENT QUANTITY TO PROVIDE THE PRODUCE TO THE FACTORY AT A PROFITABLE						
102								
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	I	J	K	L	M	N	O
75	POTENTIAL TO THE NALI NUT						
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83							
84	CROWING OF THE BAMBOO COULD BE REQUIRED.						
85							
86	BE MADE TO MAKE THE COUNTRY SELF SUFFICIENT IN MEAT AT AN AFFORDABLE PRICE.						
87	OTHER INDUSTRIAL POTENTIAL						
88							
89							
90							
91							
92	PRODUCTS						
93	WHAT STEPS HAVE TO BE TAKEN TO MAKE THIS A REALITY. HOW PRACTICAL IS IT?						
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96	ESSING)						
97	LY.						
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101	ICAL PRICE						
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## Agro and Related Industries

Production of peanuts ( processed as roasted whole nuts, peanut butter etc.) to satisfy the local market needs for nuts.

Production of roasted and ground coffee for the local market. (completed)

Continued development of the ngali nut processing for export.

Development of Soursop as an export potential (?)

Development of a small fruit processing plant in Malaita (study to be undertaken)

Further development of English potatoes, onions, sweet corn, to replace imports.

Production of spices.

Liaison with Hawaii for the seeds of cut flowers that could be exported to Australia and New Zealand.

Development of Bamboo as both a furniture material and a foodstuff.

Feasibility of growing sweet potatoe, cassava, sorghum, as an animal foodstuff. We need to produce at about 40 cents a kilo dried to be competitive. If we go ahead with the feed mill we could need up to 6000 tonne.

Review the viability of producing cocoa liquor in the Solomons. If viable this would enhance margins and produce considerably more employment among peripheral industries.

Review the viability of a Tropical Essence Distillation Plant ( citronella, frangipani etc.).

Review the market for the use of local produce coconut oil as a body oil

(a) with essence and a sun screen,

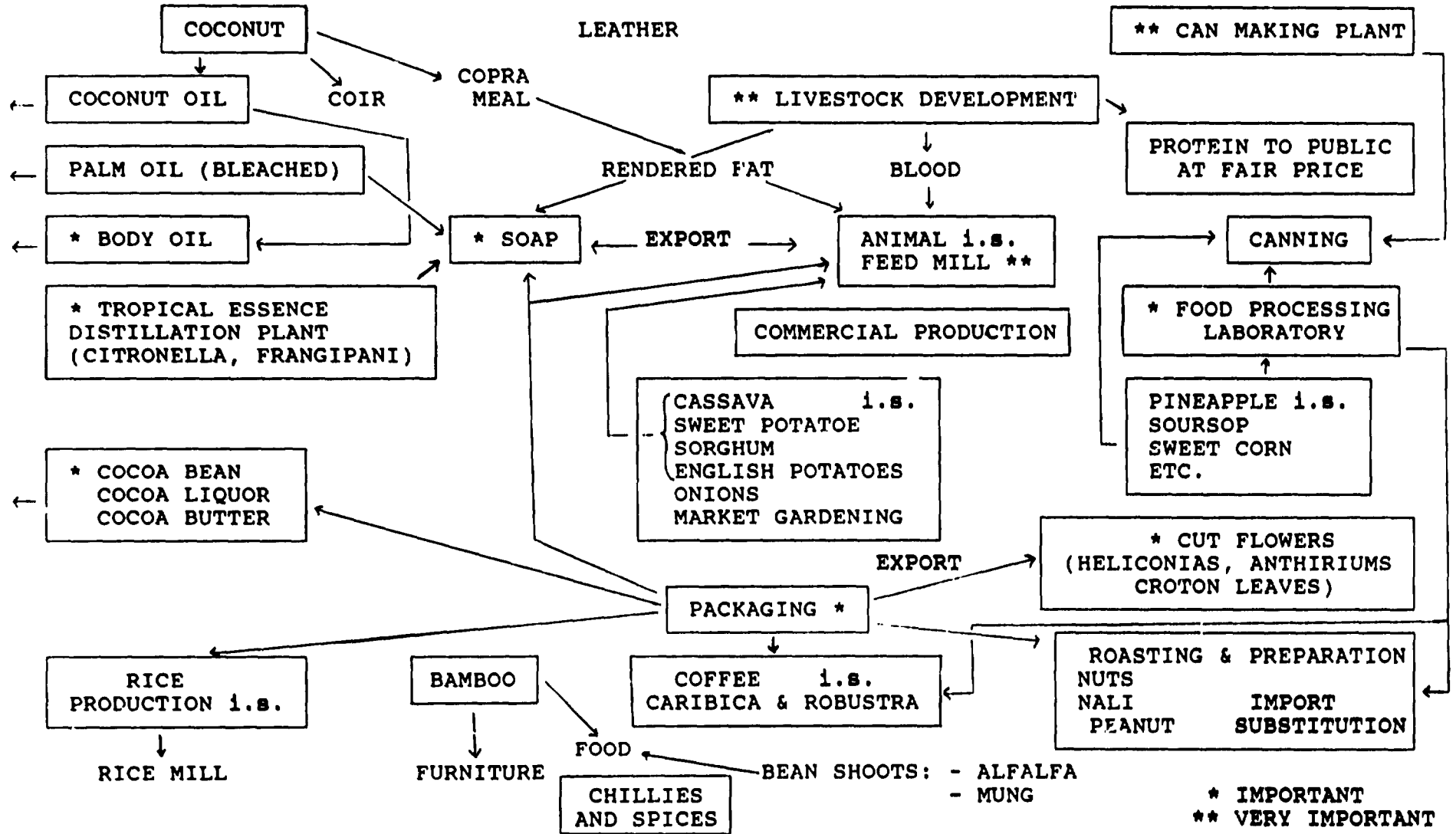
(b) with essence as a pure body oil.

It may be necessary to deodorize the oil.

Palm Oil. Review the possibility of producing a bleached palm oil that could be used in the Soap Industry and as a substitute for imported

Palm Oil for cooking.( It may need a basic winterizing process, the "winterized" residue the stearines could be used in the soap plant.  
Review need for a food processing pilot plant at Dodo Creek

**AGRO AND RELATED INDUSTRIES**



## Food and Related Industries

Provide assistance to develop export markets. There is potential for Rice 45,000 tonne p.a. Flour 5000 tonne p.a. Coconut biscuits, Noodles.

Assist where possible Levers/Fielders in the development of the coconut biscuit and its export.

Start the building of a 14,000 p.a. Animal Feed Plant. This is very important as it will reduce feed costs by as much as 40 % and allow the development of the livestock and prawn industries. Reducing considerably the cost of these protein items to the consumer and allowing the producer to make a reasonable return.

Given that the Feed Mill is in operation in one year plan how the livestock industry will be developed.

Review the viability of the Levers coconut oil mill with the view to opening a similar mill at Noro.

Tuna. If we are to develop a canning industry it is essential that we can as much Tuna as possible in the Solomons. With little extra capital expenditure Noro could be developed from 15,000 tonne per annum to 50,000 t.p.a.

Another alternative would be to look at the feasibility of developing BINA. If the area can be turned into a good port it may be worth while considering a second tuna canning plant at Bina. Currently it is stated that it is not viable to operate canning plants, but Solomons labour rates are competitive and the productivity is improving all the time. From discussions we should look to the future and increase our canning capacity. In the Bina area it is felt that other crops could be grown for canning such as Pineapple, and possibly soursop, which has a unique flavour and is easily grown.

We also understand that there is the possibility of canning subsidized beef from the EEC. Thus we should be looking at the establishment of a multi purpose canning plant in Malaita.

This would make the installation of a can making plant more viable and hence the canning of fruit, meat and other products because the price per tin would be lower. It would also then benefit other industries such as Paint.

If the can making plant goes into operation what are the fruits that should be canned? What are the markets for them. What size and type of operation would be viable?

If the development of food processing and the beer factory is to meet planned targets then the packaging industry should be developed to meet their needs. Training on colour printing is requested. With sufficient volume cardboard can be brought in rolls and formed. At the moment they are brought in already cut and folded and it is cheaper for each company to import their own needs.

We are looking at the developments of Levers and Fielders to develop coconut biscuits for the export market. Levers have already produced samples of frozen shredded coconut, which Fielders have then utilized in coconut biscuits instead of the imported flavours.

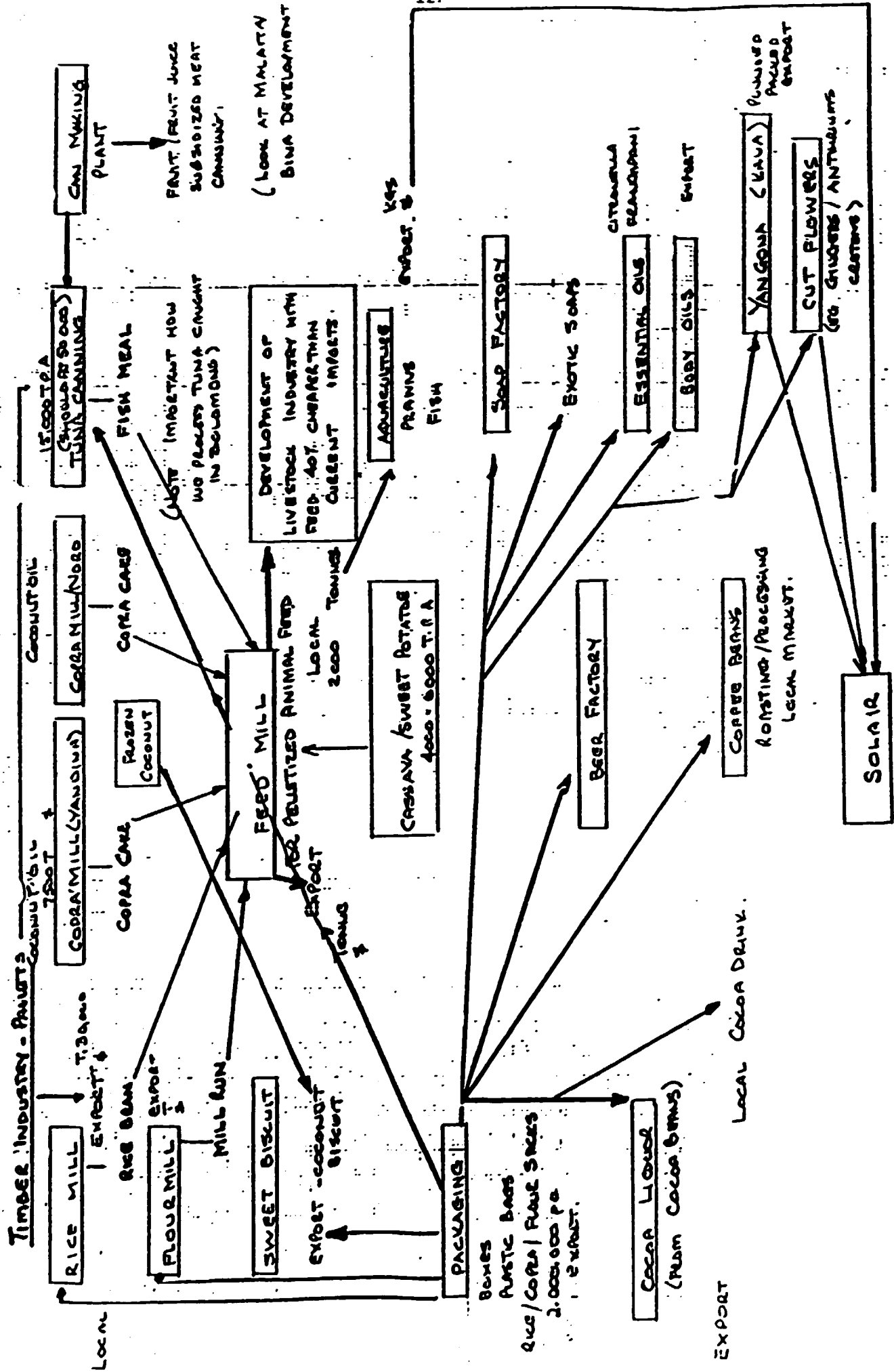
Initial results are very encouraging. Fielders have been given the go-ahead by their parent company to spend S12 million on a new biscuit line.

Levers are now gearing up to go from the laboratory stage into production.

This would mean much increased value added for our coconut products and a good potential export market, both for the frozen shredded coconut and the biscuits.



FOOD AND ASSOCIATE INTERLINKAGE PROCESS AND PRODUCTION



## Education and Development

### Education and Production

Economic growth is hindered if workers are uneducated, possess little incentive to raise their productivity and lack the critical skills needed for modernizing the economy.

To produce competitive goods we need to have a competitive cost of production. High costs of production caused by inefficiency are not due to a lack of innate capacity of people, but rather to a lack of education, training, and opportunities.

Education and training provided must be enforced by good work practices, and training and standards at the work place must be raised if we are to successfully develop an industrial base.

There is no doubting the intelligence of the workforce, the problem is not the incapacity to learn but rather the opportunity and desire to learn.

The best techniques to stimulate this desire need to be found, that sufficient food is available to give healthy bodies capable of making the learning effort in an education system that balances what is taught with the opportunities for employment.

(Is nutrition a problem in the Solomon Islands? It has been said that the last two or three days of the fortnight many families find it hard to make ends meet in the urban areas.)

Good work practices demand better supervision and motivation in the work place. Government is encouraging this by offering incentives to train.

### The Manpower Plan

In developing the manpower plan we need to maintain a balance between the development of human resources and the economic plan. To ensure as education rises there are the places available, and that the upward mobility of wages due to the rise in educational standards is met with increased productivity. If we do not we create further unemployment.

The manpower plan to be effective must be dynamic and managed, have an input in capital planning, and the capital plans be flexible so that they can reflect changes in manpower needs and so reduce unemployment.

Education then is a cyclical process dependent on and a contributor to economic growth. It cannot be dormant if we are to progress.

What is our situation?

80% of the people live in the rural areas and are sustained by the land.

The rural economy is underdeveloped.

The majority of people lack skill and experience outside of subsistence activities.

Land and Labour are abundant, but the use and development of land is hindered by dispute, the length and frequency of which discourage development.

Does the primary education provide a basis to enhance the majority of its pupils lives?

Does the secondary education prepare youth for a life in the rural areas?

Do we stream the brightest or the most advantaged?

Does the education system have an adequate force of trained and capable teachers in all the sectors?

We have 7500 school leavers a year entering the job market, but only 1400 jobs in the formal market. There is a need therefore to develop agriculture (and other rural sectors) to absorb this influx<sup>1</sup>.

Is the education system geared to fit the pupils for this situation?

This is one of our most important interlinkage areas.

The inability to develop agriculture will inhibit our economic expansion.

About a balance between the levels and type of education we provide and the growth of our main economic sectors we will continue to increase unemployment and the potential for social unrest. Our neighbours PNG already have this problem.

Education must be developed sensibly and seriously within the circumstances that prevail in the Solomon Islands

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<sup>1</sup> See Mullord and the Birk /Marau report.

Given that agrarian backwardness inhibits economic expansion would it not be rational to employ our resources to improve the economic outputs of the agriculture sector ( see paper on agriculture which addresses this subject) and to gear our educational system to educating the majority of the youth to meet these demands?

We are not going to industrialize at a fast rate.

We are going to depend on our forests, sea land to provide much of the needed employment.

How are we educating our youth at primary and secondary school to meet these factors?

We are at the moment dependent on a few crops subject to cyclical market rises and falls. The basic trend with these crops is a downward spiral in prices. We need new initiatives. The problem is how to increase the productivity of the land and how to educate youth so that their education fits the majority of them to earn their living in the rural areas?

How do we structure the education system, curriculum and teaching methods to meet the Solomon unique needs?

It is suggested that we should review the relevance of the current system and curriculum, the ratio of educational and vocational training content and our ability to staff these institutions.

G Coyne's paper<sup>2</sup> on provincial secondary school leavers presents a sad picture of the employment of form three leavers. Their education has trained them for what? A sense of failure when they are unable to secure a decent job in Honiara? ( see basic data annex 2)

What is the feeling of the village people when these people return. Can they easily fit back into village life, do they want to do their share of the work? Their education then has fitted them for nothing.

What of the children who do not even finish primary school?

The labour potential in terms of human capital is great. In terms of what we are achieving and the dignity of the youth we are training it is poor.

The answer may not lie in merely expanding the schools or to provide more of a particular type of education. It must lie in educating in relation to the job opportunities available.

That requires us to have an educational plan that fits the workforce for useful employment.

If we know that most of the job opportunities must be created in the rural areas utilizing the rural resources we should be biasing our education in this direction.

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<sup>2</sup> See G Coyne PPS

Yet in education and other fields it would appear that we continue to employ our resources in areas that do not marry needs to training and funding. Nor are our resources employed as yet to provide the infrastructure to engender development we lack e.g

- shipping, wharfs, port space,
- marketing,
- new crop ideas, research and implementation
- failure to resolve land issues both for Solomon Islanders and foreign investors.

Education will not provide the jobs. Education and development, employment, must evolve hand in hand.

Given these infrastructure deficiencies and :-

- the drop out rate of children from the system, ( see annex )
- how many poorly educated and trained teachers there are in the primary schools

- the inadequacy of the pay to attract top people into the profession
- the low level set for pass rates???

- the inadequacy of non academic post primary and secondary school vocational training,

it is no wonder that we find ourselves in this difficult social and economic situation:

Let us review the position at the various levels .

### Primary Teachers

Numbers 2305 of which 1171 are trained and 1134 are part or untrained.

Of the 1134 part or untrained, 887 are totally untrained.

This leads to more and more children receiving an inadequate primary school education

The Ministry is developing a coherent policy in education but there is a lack of text books and there needs to be more control over primary education, for example no more untrained teachers to be employed, courses to be provided to train the untrained teachers(?after deciding on their suitability?)

The major problem is quality. To improve this immediately would mean either fewer children taken into the system or more long term teachers are brought in from outside.

If fewer children are taken into the system this may lead to social problems.

If the quality is not upgraded we will have economic problems

### Secondary Schools

#### Problems

Insufficient qualified teachers.

25% of the teachers are expatriates and these tend to be in the N.S.S system. There is a mismatch between the qualifications of the teachers and the subjects that they teach.

There is an unreliable supply of teachers (Voluntary teachers)

Provincial schools have poor equipment.

Funds that are allocated for the schools get misdirected.

As the Public service review stated there is a paucity of management capacity at all levels in managing funds, planning and human resource management

#### General:

The national education Board which should by law meet four times a year has only met twice in three years. This is an example of Government not complying with its own laws, which are designed to ensure that the system is properly managed.

The problems can be summarized as those of

Quantity, Quality, Equity, ( Places per population not by group) and Efficiency (Not just funds but the way that the funds are utilized)

Starting with the number of children of the correct age ( eligible cohort) to start school = 100%

75% actually go to primary school and 60 % complete primary school.

25% of the 60% i.e. 15% of the original intake go from Primary School to Secondary school.

Of the 15% left from the original intake :-

8% from the original intake go to Provincial Secondary schools and

7% from the original intake go to National Secondary schools.

Only 10% at Provincial Secondary school go beyond form 3 i.e. 0.8%

Of the form 3 leavers that go to Foundation year at SICHE most go into teaching afterwards.

SICHE say that the quality of form three leavers applying to take up trades courses is inadequate.

### WHAT HAPPENS TO ALL THE PROVINCIAL SECONDARY SCHOOL LEAVERS?

Aren't they the students that we should be trying to get into the various trades, farming, forestry?

Is the secondary syllabus set to enable those students to take on work other than clerical?

What is the level of Maths, Physics, Chemistry, Biology, Technical Drawing, Woodworking, Agriculture and Forestry skills? Are they taught at all?

Given that the Birk report stated that we have insufficient skilled and semi skilled workers and the need for skilled and professionally qualified staff it would appear that our current curriculum system is not meeting the development needs of the country.

## RECOMMENDATIONS

- i) Manpower planning needs to maintain a balance between the development of human resources and the economic plan. To ensure as education rises there are the places available. That as wages rise due to the rise in educational standards this is balanced with increased productivity ,
- ii) Manpower planning have an input in capital planning. That our longer term capital plans are dynamic so that they can reflect changes in manpower needs and so reduce unemployment.
- iii) An overhaul of the curriculum system to meet the social and economic needs of the country. Employment will have to be found in the rural areas. Our system should be fitting the majority of the youth to be able to find such employment and should be at pace with economic developments in the fields of forestry, agriculture, marine, and associated skills.
- iv) Agreed and consistent policies,
- v) Sufficient money allocated to education to undertake a major overhaul of the system and the proper utilization of the money allocated.
- vi) A programme started to increase the quality of teaching and thus pupil educational levels. If necessary to get the system moving bring in teachers to work with local counterparts training one on one if necessary.
- vii) The streaming of children into the more academic institutions and classes by ability and not advantage. Solomons will advance by fitting its funds to its human resources. To promote less able people in any field is self defeating.

This is a long term programme.

Its importance cannot be over stressed.

Without embarking on such a programme investors in 10 years time will be asking for more expatriate labour and not less, expatriate staff will still be employed in the educational system, investment in industry will continue to go to those countries having similar conditions but a more literate and trained work force as the cost of further specialized training and the unit cost of production will be far less.



## Education and Training

If the Solomons is to replace expatriate labour thus making it more attractive for foreign investment, it is essential that the quality and applicability of education and training at all levels be greatly improved.

Education realize the seriousness of the decline in educational standards. Given this it would seem necessary that :-

The National Education Board meets regularly as legislated.

Education and Training take nearly 33% of the budget. Review how this money is being utilized. Is it being used effectively and efficiently.

With such a high drop out rate of school children starting at Primary School how do we go about further training to ensure that these children contribute most effectively to their own, the communities and the countries well being?

We should ascertain how people are employed that fall out at the other levels, what training is available/needed to enable them to earn a living other than as unskilled labourers or as subsistence farmers? This then must be linked to developments in fields such as agriculture and forestry that can employ the skills learned.

How can education be structured to make wider use of existing insitutions especially those offering vocational training

A review is needed of the Industrial Training provided in the Solomons both formally and informally.

In a recent meetings with employers they have complained that training has regressed. It is a major stumbling block to development.

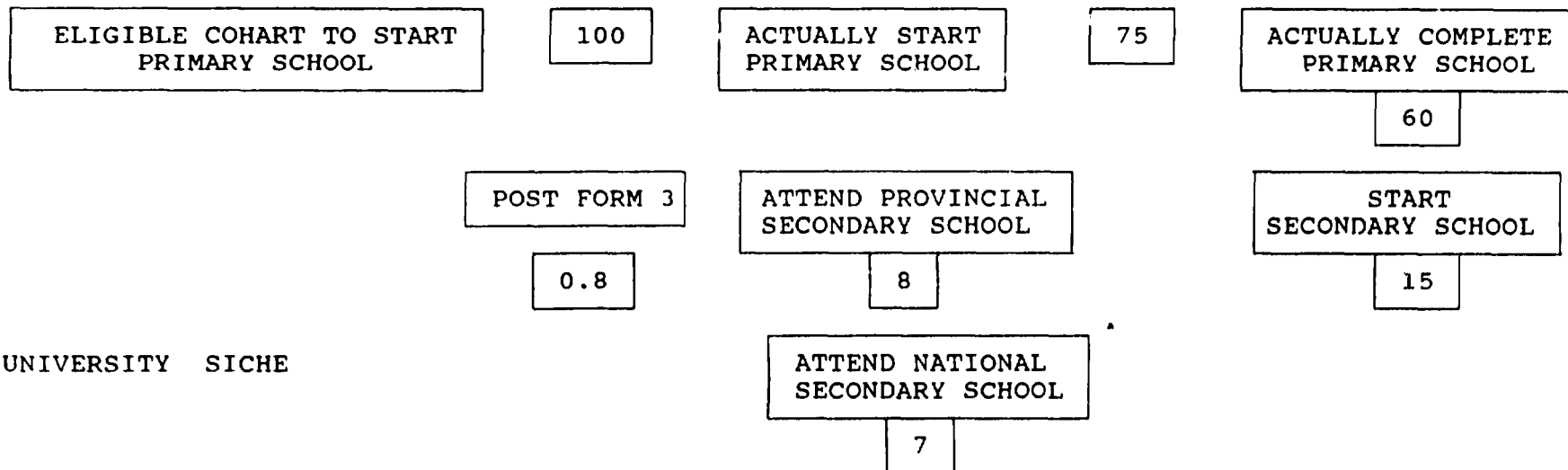
It was felt that an Industrial Standards and Training Board comprised of professional people from the private sector and Ministry staff should be formed. The Board would have inputs into the subject matter taught examinations and standards at SICHE. It would also be responsible for standards of material and goods which are used in the various trades and professions, and for developing training in te Provinces and at individual sites.

Private companies are going abroad for tradesman such as fitters and turners, welders, and we have no formal system of training furniture makers, or builders, etc. This is a situation that needs to be reversed.

Short term courses that have been run by the College School of Finance in conjunction with MCPI have proven succesful. Further short courses should be developed for the industrial sector at trade, supervisor and management levels. (What manpower requirements for the future? In order to plan it is suggested some figures are evolved)

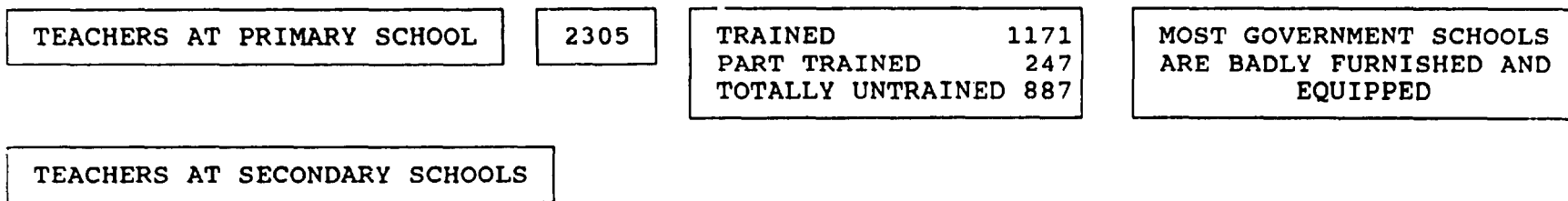
E D U C A T I O N

FLOW OF CHILDREN THROUGH PRIMARY AND SECONDARY SCHOOL



UNIVERSITY SICHE

TEACHERS



EDUCATION AND TRAINING TAKE UP NEARLY 30% OF THE BUDGET. HOW IS THIS MONEY SPENT?  
 NATIONAL EDUCATION BOARD DOES NOT MEET LAW WITH RESPECT TO MEETINGS.

## INDUSTRIAL TRAINING

### BACKGROUND

- (i) The productive capacity of capital and labour has a direct relationship to industrial development in the country.
- (ii) Industries with a high capital input require a higher proportion of skilled and semi-skilled personnel in the workforce.
- (iii) In order to attract high capital inputs we should try and develop a skilled and technical workforce.
- (iv) Several studies indicate that we in the Solomon Islands are not producing enough skilled and semi-skilled workers. Partly due to our educational system, which by 1994 will produce 80% of children 15 years and under illiterate. In that year 70% of school leavers will not have any secondary school education. 26% will not have completed primary school education and only 11% will have any post secondary education.
- (v) Studies on Industrial Training in the Solomon Islands suggest:-

(a) Solomon Islands College of Higher Education (SICHE) should have a Trade driven rather than an Education driven model for industrial training.

(b) There is a need for more industrially experienced and industrially orientated Trade Instructors at SICHE.

Note: SICHE are aware of the need to develop better and more modern training

They are preparing a development plan over five years to meet the countries needs.

This will require considerable expenditure on structure, equipment, and the development of local staff to man all positions in a ten year programme.

If we do not start now we will be in a worse position in ten years time

(c) Our Clerical standards are unsatisfactory.

### Note

A good idea of the state of the system is to look at the schools at the start of the year.

How many teachers were there on the first day, the first week?

How many schools had the text books that they were issued with

How many schools were clean tidy a good example to students

etc

(v) The unsatisfactory quality in some of the products produced can be said in part to be due to:-lack of workforce motivation, poor management and lack of supervision.

(vi) A study was carried out in 1987 by Dr G. Pearson on our Industrial Training capability with the co-operation of all Ministries and SICHE. The study indicated the need to upgrade Industrial Training and Education in both the formal and informal sectors. It further recommended the establishment of an Industrial Standards and Training Board to ensure that set standards were maintained and developed, and that employees were receiving proper training. The findings were accepted by the previous Government provided that a feasibility study on the recommendations showed it to be economically sustainable

(vii) This has been outstanding for 18 months.

(viii) At a recent meeting with SICHE, and then with National Trade Testing and Training (NTTT) it is clear that for the benefit of the Solomon Islands, its economy and people, Industrial Training should be consolidated, funds made available for up to date equipment and for the proper training of Solomon Island nationals. At the moment there are a multiplicity of training organizations.

SICHE  
NTTT  
MINISTRY OF EDUCATION  
WOMEN'S INTEREST  
FSP  
SIDT  
RSP  
VOCATIONAL SCHOOLS  
ATC  
TOWN COUNCIL TYPING SCHOOL

It was recommended by the Pearson study and agreed by the previous Cabinet that we should look at a Board.

The Industrial Standards and Training Board, would:-

Act as Co-ordinator to these Groups, have trained

people visiting Companies to assist in the development and monitoring of Training Programmes for employers;

Form Committees to draw up material and work standards relevant to the Solomon Islands for all Trades/Professions;

Act as External Adjudicator to Colleges/trade schools for exams, curriculums;

Be a Balanced Board of Private Enterprise/SICHE/relevant Ministry

In order to get this Project up and moving it is suggested we ask Australian TAFE Institute to supply a person well versed in Trade Training, both in Industry and Formal Training Institutes to:-

- review previous studies and recommendations
- put together a draft plan for co-ordinating and improving Industrial Training throughout the Country
- Work with a local Committees at all stages
- put forward recommendations as to how our needs could be best accomplished
- draw up an initial and recurrent cost analysis.

As this programme is essential to our Industrial and Economic Development Cabinet is asked:-

- (i) to assign responsibility for undertaking this programme to a Ministry
- (ii) to agree to the recruitment of Specialist on a short-term basis to review existing papers, visit companies and training bodies, and draw up a viable plans for a co-ordinated Industrial Training programme
- (iii) to agree that the Programme should have top priority.

SICHE.

We have been unable to get any data from SICHU with regard to its Industrial Development Unit

Discussion that has taken place several times elicits the following -

There is not a developed curriculum but each lecturer tends to develop his/her own. As the many lecturers do not stay for longer than two years this means that there is a continuous re direction of interest and topics. In the last five years there has been at least five heads of this school or acting heads.

The Ministry of Works and Industry state that many of the trades are not catered for at all, examples of this would be

Furniture production and design

Fitting and turning

Diesel engineers

Panel besting

Building Industry: Block Laying, Tendering, Costing. See also the System suggested by the former HOS for the Building Trade

The need for SID staff training

in fairness the College recognizes these problems. But at the moment nothing is quantified and no plans have been put forward to alleviate the situation. Meanwhile we are putting people into courses that do not adequately train them for employment.

SIPL for example now operate their own training scheme and send trainees to Australia.

Caterpillar also operate a similar scheme.

We are not going to develop a moderate industrial base until but our educational level and our subsequent trades training improve.

Three years following a study by UNIDO ago it was agreed by Cabinet that further investigation be carried out to look at the recurrent cost and advantages of establishing an Industrial Training and Standards Board. (Support for such an Institution has come from the private sector and the last two US works)

Nothing has happened

The study had shown that nearly all machinery other than in the major companies was in a sad state of disrepair.

The furniture expert recently engaged has confirmed this in this industry. This even applies to Works in Honiara and the Provinces.

How can we let this situation continue and hope to progress?

sipi and others on the quality of NTTI

Sort out basic training

Need of good basic English and Maths  
Define trade skills and tasks required  
Too much time on theory too little time on practical training Alan Inyliss

Focus on educational priorities directed to courses more appropriate to universities and colleges of advanced education.

The Solomon Islands has a requirement for skilled indigenous people who are capable of performing hands on tasks and to provide adequate supervision  
emphasis needs to be placed on education and training need of a localised skilled workforce.

Courses can be conducted in suitable venues outside of the College eg P&T  
Need for detailed curriculum development and specialist workshops. facilities must be relevant to the needs of the College and Industry

SICHE to train students in Unskilled , semi skilled skilled and supervisory classifications

Courses should be Basic Trade Courses Supervisory Courses Escalating Courses.

Courses to be introduced have as much common core component as possible  
Standards control( Australian Study)

## Fisheries

### \* Introduction

#### Tuna

Given the economic situation in the country, the financial problems with NFD and the need to maximize the returns from the natural resources to the Solomon Islands again review with cost benefit analysis the options open to SIG for the continued development of this industry. (NFD now bought by B.C.P.)

#### Trochus

Enforce the max/ min size limitations on the sale of trochus shell in order to preserve this as a sustainable resource. Much of the shell seen is well below size.

Assist in the opening of further shell blank button plants in the Provinces.

Try to persuade a major shell button ( finished product) to open a factory in the Solomons to utilize the resource base of Melanesia who would supply blanks.

#### Gold Lip

Research suitable beds. ( Underway)

#### Big Game Fishing

Invite or get paid for under aid a well known and expert boat or boats to come and catch game fish in Solomon waters.

This is a resource that is not developed and could earn a lot of foreign exchange with little infrastructure cost to the country.

#### Aquarium Fish

With the villagers organize for a certain amount of each species to be collected and exported\*\*\*\* Fisheries

#### Agar Agar

First shipments of agar agar then determine\*\*\*\* Fisheries

#### Prawns

With the availability of local feed at very competitive prices we should then look at establishing further prawn farms. It has been suggested that we could look at the possibility of local groups rearing with one or two fattening centres so that we have consistent high quality prawns available for export.



FISHERIES

TUNA POTENTIAL 75,000 TONNES SUSTAINABLE YIELD CATCH

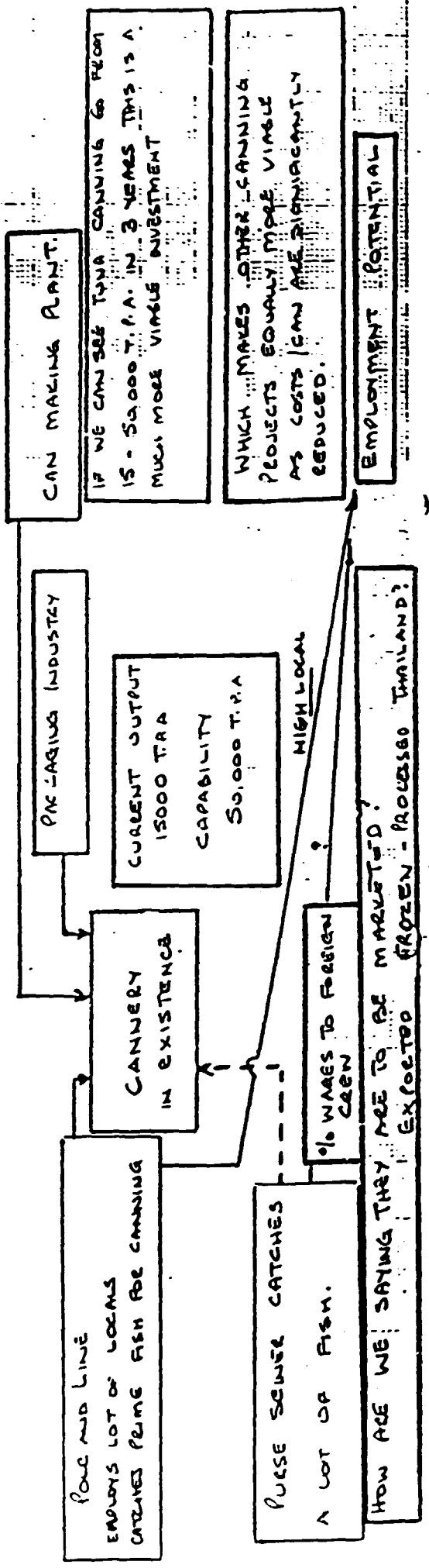
i) SOLOMON TAIYO PURSE SEINERS NO T PROBLEM T SIMOND T CANNED T

Pole & Line

ii) A.N.O (NAB) PURSE SEINERS

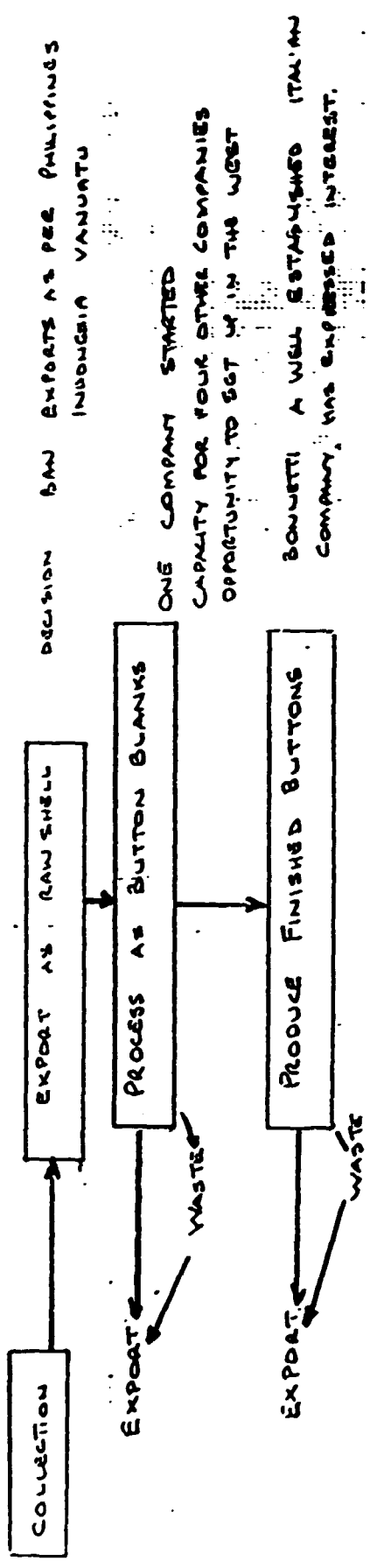
Pole & Line

HAS IT BEEN CAREFULLY ASSESSED AND USED AS PART OF THE OVERALL DEVELOPMENT PLAN ON A COST BENEFIT BASIS WHAT METHOD OF PROCESSING / SALE GIVES THE BEST SOCIO-ECONOMIC RETURN TO THE SOLOMON ISLANDS?



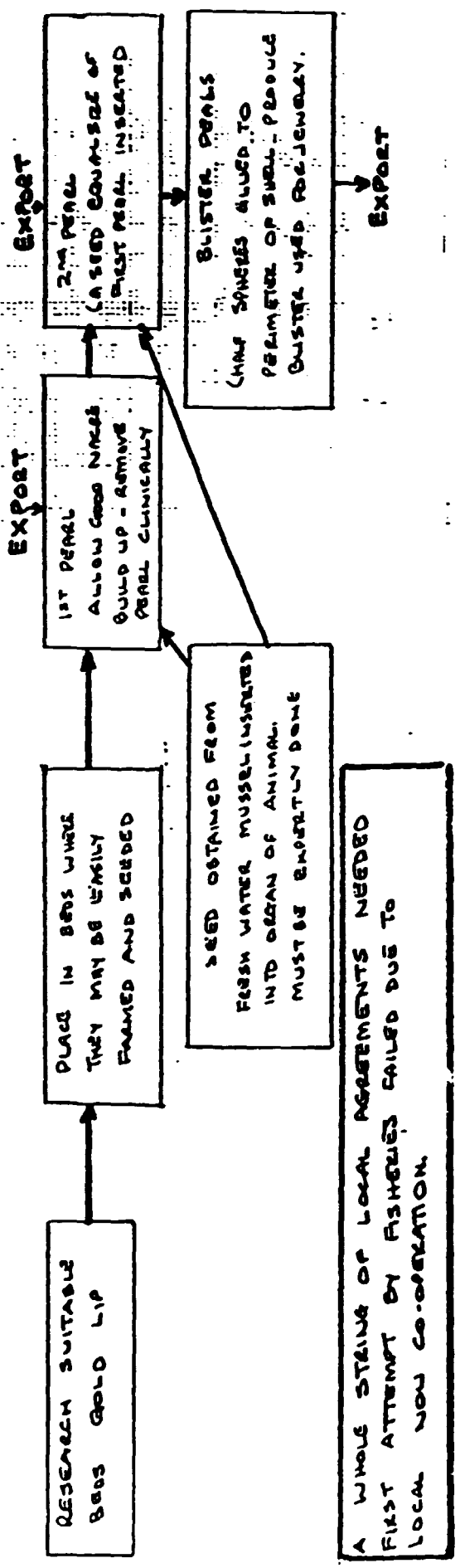
FISHERIES

2 TROCHUS SUSTAINABLE YIELD APPROX. 400 T.P.A.  
(i) NEED STRICT IMPOSITION ON MAX/MIN SIZE LIMITATIONS



GOLD LIP CULTURED PEARL

NOTE CAN BE SET UP IN REMOTE PROVINCIAL AREAS



FISHERIES

3.

a) ALGAE AGAR (SEAWEED)

b) CLAMS ::

c)

BIG GAME FISHING SEE ALSO UNDER TOURISM.

IT IS FELT WE HAVE LARGE POTENTIAL TO DEVELOP WITH RELATIVELY LITTLE INFRASTRUCTURE COST

a) AQUARIUM FISH - EXPORT

## Infrastructure

### Ranandi Estate.

We await the arrival of the ADB economist to see if ADB agree the development is viable. (awaiting completion)

We need to know which land is leased, what is developed and what steps are being taken to develop or repossess the land. (done)

Recommend how the cost of the redevelopment will be recouped. on all sites? (done)  
levying an annual fee for improvements

How will the estate be managed? (done)

Who collects the funds now and can they be utilized for the development of Ranandi? (Recommendations ready)

Recommend how the funds collected in future from the Ranandi estate should be held and utilized.

Assistance to Physical Planning from UNIDO for the drafting and research of Ranandi and Hendersen developments. (completed)

### Hendersen

Undertake surveys of the water table level to see what land if any is suitable for industrial site development. (completed)

If suitable negotiate the sale of land from Levers.

Produce a plan for development for the land in this area already owned by Government. (completed)

Get Civil Aviation to finalize the development plans for the airport expansion. Note also the need for industrial land.

Decide how in future Industrial estates should be developed, managed, rents assessed, how often may they be adjusted and by how much?  
(Recommendations to be made)

### Water

Ascertain whether there is sufficient water available or planned for all the developments. There appears to be severe limitations in the Provinces (eg Noro)

### Sewerage

There is a need to review the current methods of sewerage disposal in Honiara. With increased development this may be a matter of urgency.

### Electricity

This is a potential block to development in the Provinces and until Komarindi is operational in Guadalcanal SIEA will need increased generator capacity if we are to meet processing needs in Honiara in the short term at least.

### Provincial Development

There is little in the Provincial plans on industrial development. As recommended under Ports it is suggested that we review the viability of opening a port at Bina. The viability of this will to an extent rest on activities in other provinces and industries(eg Can making)

IDU to tour the provinces to discuss potential development with relevant officials and to draw up practical plans.

Draft for discussion purposes only

Shipping

Summary of our present situation

Shipping is of prime importance for the socio economic development of the Solomon Islands.

In the development in the Provinces, the ability of the Solomons to convert from a subsistence to a market or cash economy.

In the ability to increase exports and optimize import substitution.

If the development aims of the country are to be met, the ability to move cargo and passengers must receive priority .

The diverse and widely spread production base of the Solomon Islands creates a significant problem for the shipping industry since it requires the collection of numerous small consignments of cargo.

Most villages depend on sea transport for all of their transportation, and for much of their communication. There is therefore a social as well as economic need for the transportation of passengers and small consignments of mixed goods.

Given this premise it is disturbing that every industry sector that we have worked with list shipping, its operation, or its funding as a major problem.

Our ships, shipping services, and repair and maintenance facilities are not able to meet the current let alone development aims of the country.

The Western Province, Guadalcanal and Malaita have the largest populations. The trunk routes between them are the only routes large enough to attract scheduled passenger and cargo services from the private sector.

Much of the population lives by a mixture of subsistence farming and the production of cash crops. Domestic shipping is thus particularly important to development, encouraging cash cropping, and the spread of the cash economy. ( see also agriculture paper "Restraints to growth")

Provision of regular and adequate internal shipping (both inter and intra island) is vital.

Intra island shipping must be improved. A substantial amount of smallholder cocoa remains unpicked on the tree because of the inability of ships to call with any regularity. Therefore what is the situation with copra and other products?

As this sector is receiving large inputs of funds this is a fundamental waste of resources.

MCP&I have without success been trying to obtain acceptance via Economic Planning and MPG for over two years for 10- 15 tonne cargo vessels that would ply around the islands as coastal traders. The goods would then be consolidated in a few major areas that would then receive regular calls from the larger vessels. This is in spite of Ministerial and P.M. approval.

Shipping surveys undertaken and work initiated by MTW&U have not been followed up.

Consequently the internal shipping situation has regressed into a situation where the Marine fleet is in a critical condition. Without the necessary funds allocated to enable it to maintain and repair current ships and without a schedule of replacement vessels Marine will be unable to maintain or improve services. The private sector would be unable to fill the void.

The Marine fleet operates at a loss of about \$1,500,000 a year (receipts \$350,000 and costs \$2,000,000 in 1987 and 1,893,000 and 3,620,000 in 1989, not including rehabilitation costs). Two years ago most of its fleet inoperable due to the lack of proper maintenance and repair programmes and the inabilities of Sasape. Currently only two ships are out of service but without further funds Marine will not be able to keep up with necessary maintenance and repairs.

We are then in danger of the Marine Fleet becoming to all intents and purposes inoperable in the near future.

If this is considered with the fact that there is no long term plan for the Marine Fleet replacement we may arrive soon at a critical state in Marine's ability to provide needed and necessary services.

The operations of Marine need revising, together with attitudes.

It is suggested that to do this Marine be made into a self accounting unit, have its functions and responsibilities clearly defined, and be given the necessary funds to provide the required services.

The private sector carries a majority of sea borne cargo. Cargo vessels operate sporadically on fixed routes which have sufficient trade at that time to operate at a marginal profit.

The larger steel vessels belong in the main to three owners. They are old, second hand, purchased cheaply overseas when they had reached the end of their economic life.

The potential for private owners to invest in new vessels is negligible due to the high cost of such vessels, the exchange rate risks, and the high cost of debt servicing. This is further exacerbated by the rising cost of imported items, such as parts and fuel due to the devaluations of the dollar and the inability of this sector to be able to recover those costs in rate increases.

The larger ships have to go for servicing outside of the country and most have expatriate engineering staff. Our current education and industrial training programmes are not fitting Solomon Islanders for these jobs.

In order to plan it is necessary to have data. There is an insufficient accurate collated data base on the movement of cargo and passengers.

The devolution of government ships to the Provinces has not been a success. It has in fact lessened the ability of the Marine department to provide a National shipping service.

There is no classification of routes. Such classification could decide which routes should be left to private shipping, which might be subsidized by Government and which should be the responsibility of Marine

The responsibility for Navigational Aids needs to be rationalized.

The shipping Act is out of date and a new Act is under preparation.

Better facilities for inter island transport need to be provided at Honiara. Wharves need to be built and rehabilitated in the islands



Get MPG to make a decision on the funding of the 15 tonne wooden boats to be built by the operators in the Provinces. (Note at the moment up to 80% of smallholder cocoa is not being picked because of the lack of coastal shipping. There is also a lot of other produce not grown or picked because of the lack of a regular shipping service).  
(MCPI to take a decision)

Decide whether routes should be licensed.

Review the operations, structure, and financing of Marine

Provide Marine with sufficient funds to rehabilitate the fleet.

Decide on the replacement ships for marine or how such services will be catered for in the future.

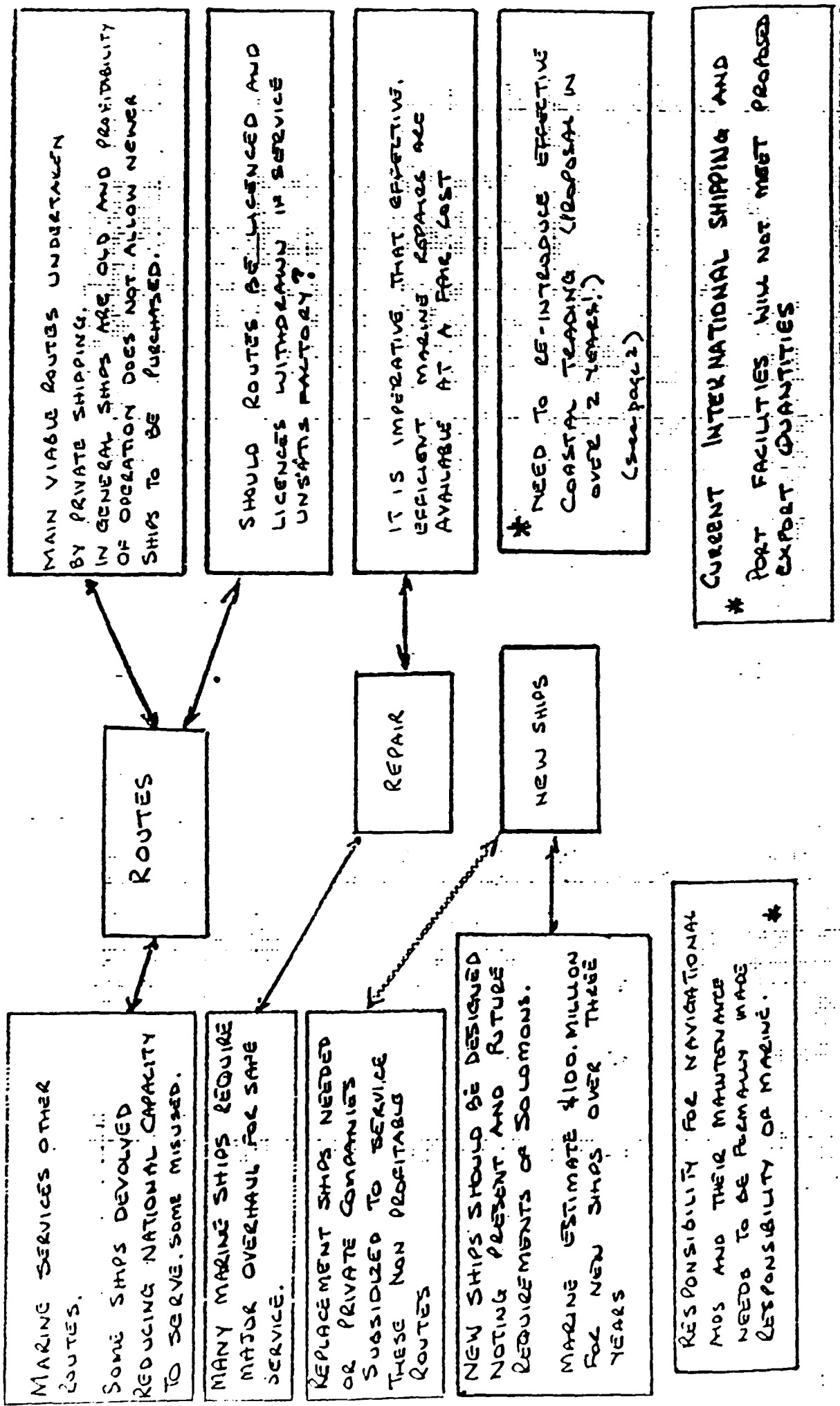
Decide if Marine should be in charge of Navigational Aids.( they are fulfilling the task in practice) and then legislate and make budget provision for this task.

#### Repairs and Maintenance.

It is imperative that effective marine repairs are available at a fair cost. The lack of such a facility over the last five years has had a deleterious effect on the operation of shipping in general including the fishing fleet in the country. We should be attracting repair work from outside not sending ships away for overhaul and repair.

If we are to meet SIG aspirations for exports and we have the potential, then international shipping services have to be improved. In future total shipping of the countries goods must be considered not just one commodity the outcome of which in total can have a net loss effect to the country.

SHIPPING



MARINE SERVICES OTHER ROUTES.  
SOME SHIPS DEVOLVED REDUCING NATIONAL CAPACITY TO SERVE. SOME MISUSED.

MANY MARINE SHIPS REQUIRE MAJOR OVERHAUL FOR SAFE SERVICE.

REPLACEMENT SHIPS NEEDED OR PRIVATE COMPANIES SUBSIDIZED TO SERVICE THESE NON PROFITABLE ROUTES

NEW SHIPS SHOULD BE DESIGNED NOTING PRESENT AND FUTURE REQUIREMENTS OF SOLOMONS.  
MARINE ESTIMATE \$100. MILLION FOR NEW SHIPS OVER THESE YEARS

RESPONSIBILITY FOR NAVIGATIONAL AIDS AND THEIR MAINTENANCE NEEDS TO BE PRIMARILY MADE RESPONSIBILITY OF MARINE. \*

ROUTES

MAIN VIABLE ROUTES UNDERTAKEN BY PRIVATE SHIPPING. IN GENERAL SHIPS ARE OLD AND PROBABILITY OF OPERATION DOES NOT ALLOW NEWER SHIPS TO BE SUBSIDISED.

SHOULD ROUTES BE LICENCED AND LICENCES WITHDRAWN IN SERVICE UNSATISFACTORY?

REPAIR

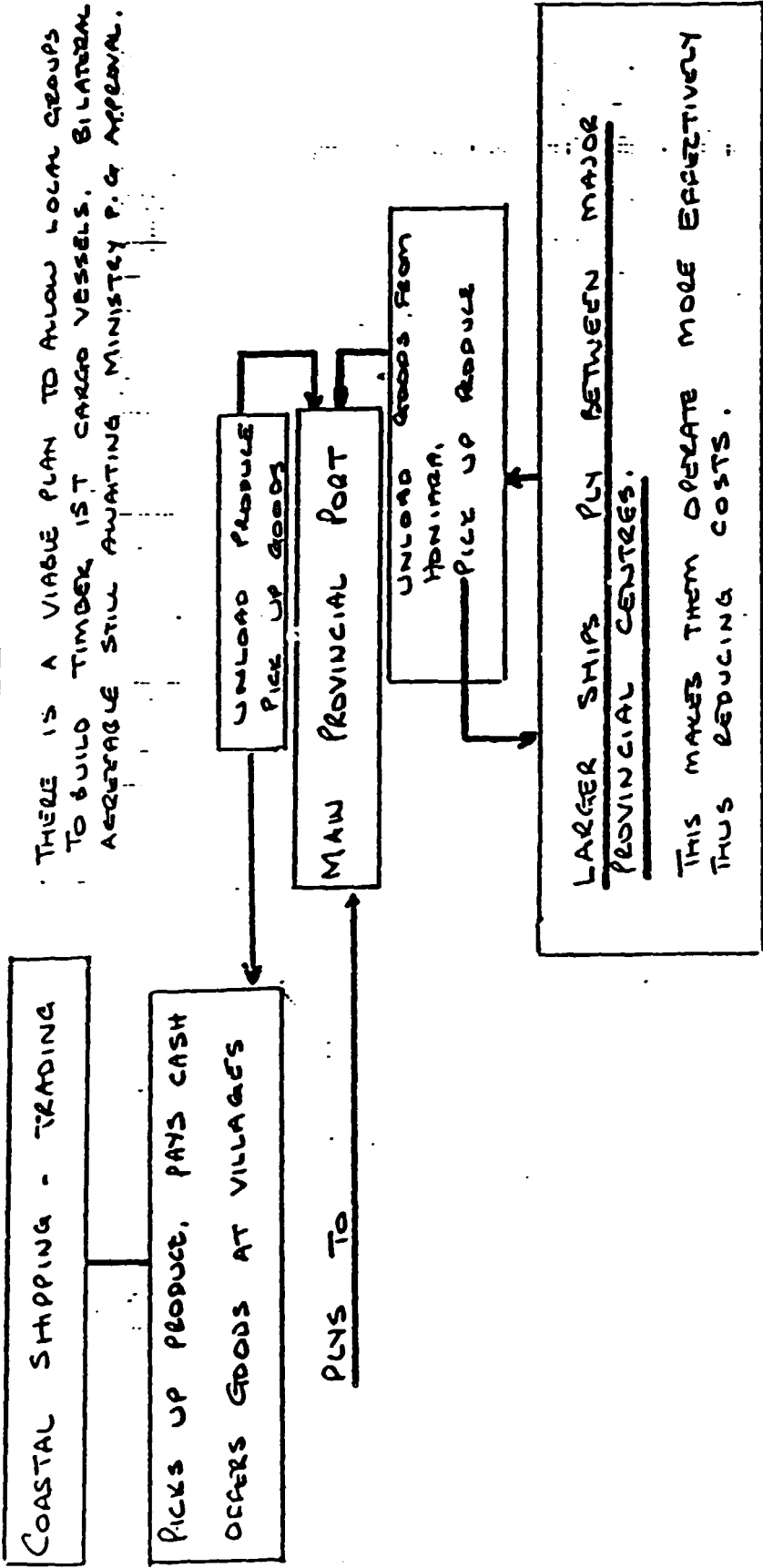
IT IS IMPERATIVE THAT EFFECTIVE, EFFICIENT MAINE REPAIRS ARE AVAILABLE AT A FAIR COST

NEW SHIPS

\* NEED TO RE-INTRODUCE EFFECTIVE COASTAL TRADING (PROPOSAL IN OVER 2 YEARS!)  
(See page 2)

\* CURRENT INTERNATIONAL SHIPPING AND PORT FACILITIES WILL NOT MEET PROPOSED EXPORT QUANTITIES

SHIPPING 2



THERE IS A VIABLE PLAN TO ALLOW LOCAL GROUPS TO BUILD TIMBER IST CARGO VESSELS. BILATERAL AGREEMENT STILL AWAITING MINISTERY P. & APPROVAL.

NOTE: LARGER SHIPS GOING ABOARD FOR MAINTENANCE AND REPAIR CAUSING EXCHANGE LOSS JOB LOSS.

WE SHOULD BE ATTRACTING THIS KIND OF REPAIR WORK

CONCESSIONAL IMPORT TAXES TO BE CONSIDERED FOR ALL SHIPPING EQUIPMENT, FUEL, PARTS, AUXILIARIES ENGINES ETC.

RETURN - INCREASED EFFICIENCY OF SERVICE, TAX ON PROFITS, PRODUCE PAYMENT IN THE PROVINCES.

Suggested objectives for shipping

To have a regular, effective, and organized shipping service throughout the country, providing the necessary transportation of goods and passengers to enable viable development in the Provinces and for the country. To do so will require :-

The improved efficiency of the total shipping services supplied.

The operation of the Government Marine at optimum efficiency.

The Provinces shipping being combined or operating in full co-operation with Marine.

A review of how best the Private sector can operate to fulfil various needs of the Provinces, including the development of intra island shipping.

The ability to maintain, repair, and possibly build ships competently, speedily, and at an economic cost in the Solomon Islands.

Improvement in the supervision, security and storage facilities at Honiara inter island berths.(see under Ports)

The improvement of the infrastructure facilities for international shipping

## Recommendations

Given the critical position we are in it is recommended that:

1) A meeting to take place of all shipping companies, provincial representatives, and principle shippers so that all these issues may be fully discussed.

### 2) Government

Provide sufficient funds to rehabilitate the Marine fleet by reviewing the necessary budget allocation essential to keep the marine fleet safely operational.

Review why it has not assisted with the processing of proposals for aid funding to build intra island vessels. These vessels are to made of local timber and built and operated by their owners. We would have thought a good way to develop private enterprise.

Review the initiative suggested of forming Marine into a self accounting body

With or without this change Marine to:-

Have an internal policy section which can decide on routing, licensing etc

Reorganize, separating its regulatory and operational roles

Have a more appropriate accounting system

Have control of navigational aids. Navigational Aids is legislated as a responsibility of Ports. The previous government had a study undertaken which recommended that navigational aids should remain a government responsibility. At the moment the state of our navigational aids is poor. The main port lights are functioning at Gudscaanal and in Moro, but facilities elsewhere are unreliable with fittings being continually stolen.

Review the Devolution order by which Provinces collects the revenue and Marine incur all costs. This does not make for effective operation

and will in the end mean that some Provinces provide no shipping service.

Marine to have an input into the annual recurrent and capital budget allocated to shipping

Review the Shipping Act. This is underway.

Review the Marine Departments regulatory resources and responsibilities.

Maintain a proper data base on domestic shipping.

Review the need to replace the current marine fleet (See schedule attached)

Review the deployment of ships to the Provinces ( see data in Marine later)

Review and optimize a standard design of government trading ship as data is available so that there is compatibility and availability of parts at a minimum holding cost.

Discuss with Port the needs for the supervision, security and storage facilities at Honiara for inter island berths.

Review the necessary budget to provide for the wharves and their rehabilitation in the Provinces.

#### The Private sector

Review the viability of a few larger groups to provide all scheduled passenger service and most of the cargo services on the trunk routes.

(Note This sector may be in the position where old vessels can only be replaced with older vessels.

For reasons of safety and efficiency government may not wish this to be the case. )

In order that the private sector acquire newer higher class tonnage measures need to be taken to strenghten the shipowners position.

#### General

Look at the feasibility of licensing routes.

Ports

Undertake a feasibility analysis of establishing a port at Binu, Malaita.

Establish a top class training programme.

Develop an overall Ports Master Plan. Under this master plan review the viability of Bina as a port. (awaited without positive response)

Locate grant funds to establish a container holding area and handling facility. ( This is the only way to make our on costs competitive).

Develop the container consolidation area at Burns Creek.

Review the road system to prevent large trucks driving through town.

Establish a bulk handling terminal at Kukum( Fielders expense).

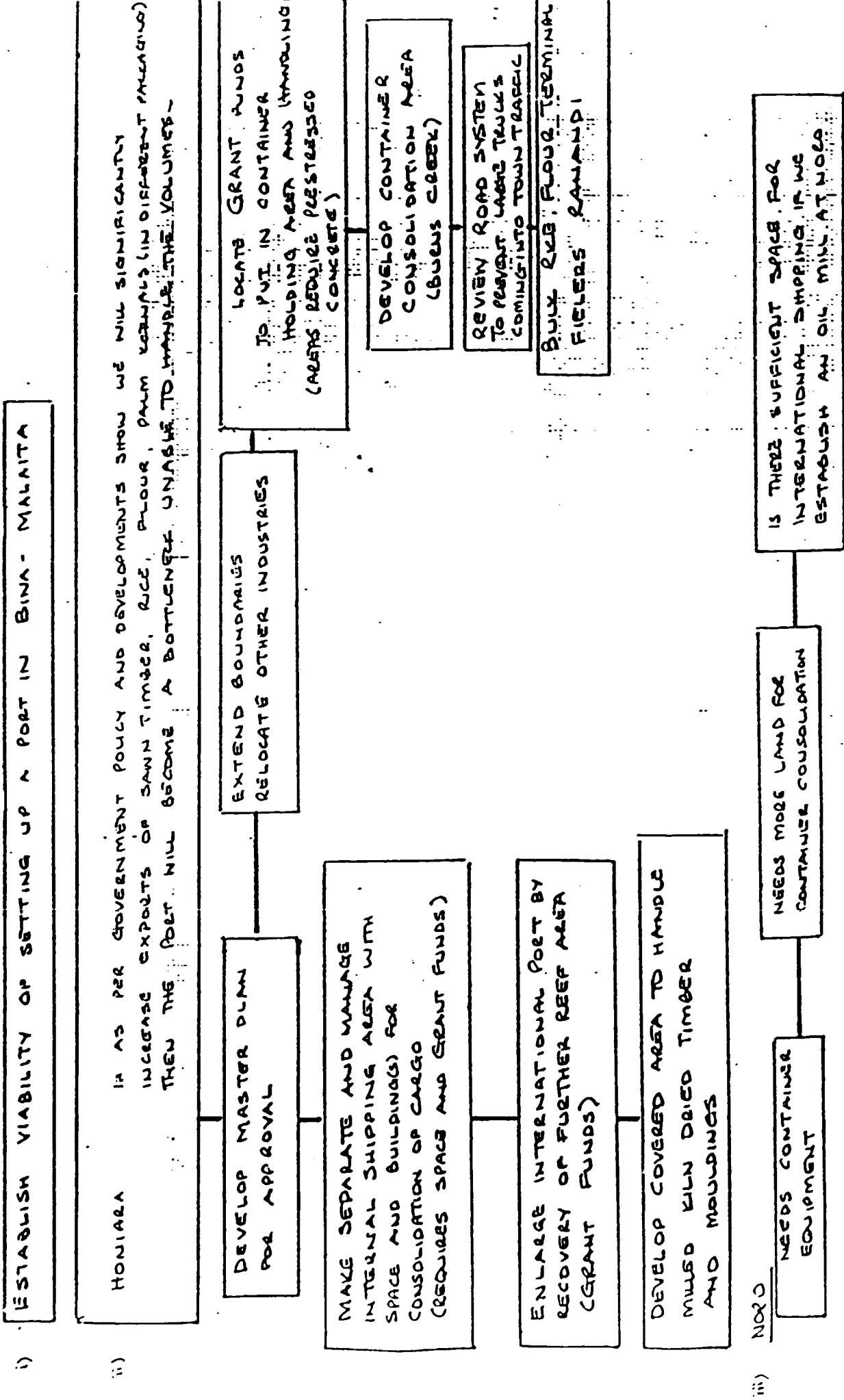
Apply for grant funds to enable a separate internal shipping area for consolidation of cargo.

Obtain grant funds for container equipment at Noro ( Approval obtained from PEU what is the current status)

Review the land available for container consolidation at Noro.

Establish if there is sufficient space at Noro for international shipping if we erect an oil mill at Noro.

POATS:



ESTABLISH VIABILITY OF SETTING UP A PORT IN BINA - MALAITA

HONIARA IS AS PER GOVERNMENT POLICY AND DEVELOPMENTS SHOW WE WILL SIGNIFICANTLY INCREASE EXPORTS OF SAWN TIMBER, RICE, FLOUR, PALM KERNELS (IN DIFFERENT PACKAGING) THEN THE PORT WILL BECOME A BOTTLENECK UNABLE TO HANDLE THE VOLUMES -

DEVELOP MASTER PLAN FOR APPROVAL

EXTEND BOUNDARIES RELOCATE OTHER INDUSTRIES

MAKE SEPARATE AND MANAGE INTERNAL SHIPPING AREA WITH SPACE AND BUILDINGS FOR CONSOLIDATION OF CARGO (REQUIRES SPACE AND GRANT FUNDS)

LOCATE GRANT FUNDS TO PUT IN CONTAINER HOLDING AREA AND HANDLING (AREAS REQUIRE PRESTRESSED CONCRETE)

ENLARGE INTERNATIONAL PORT BY RECOVERY OF FURTHER REEF AREA (GRANT FUNDS)

DEVELOP CONTAINER CONSOLIDATION AREA (BUENS CREEK)

REVIEW ROAD SYSTEM TO PREVENT LARGE TRUCKS COMING INTO TOWN TRAFFIC

BULK REG. FLOUR TERMINAL FIELERS RANANADI

DEVELOP COVERED AREA TO HANDLE MISSED SUN DRIED TIMBER AND MOULDINGS

NEEDS MORE LAND FOR CONTAINER CONSOLIDATION

NEEDS CONTAINER EQUIPMENT

IS THERE SUFFICIENT WATER AT HOLO FOR INDUSTRIAL DEVELOPMENT?



## Industrial Policy

To establish a framework for increasing industrial investment and development in the Solomon Islands.

To develop exports of processed or manufactured goods and to substitute where ever economic, for imported items

### Objectives

i) To have a literate and trained work force.

(By 1994 28% of job seekers will have less than complete primary education, 70% will have less than complete secondary education, and only 11% any form of post secondary education)

ii) To have infrastructure in place that enables investment to occur (shipping services, land, investment procedures, etc)

iii) To work for a maximization of employment. This will mean a particular emphasis on :-

agro-industries with crops grown for market and for processing.  
(coffee, ngali nuts, cocoa, soursop, spices, cassava etc)

(note by 1994 it is currently calculated that about 2500 jobs per year will be available. But we will have about 5800 serious job seekers just from school leavers)

increased processing of raw materials timber, marine products, agro products.

iv) Import substitution to be achieved by developing local companies that can offer substitute goods at an economic price.

v) Development of local enterprises in the industrial process.

## Activities

### Activities for objective (i)

i) It is necessary in the overall economic plan to improve the quality of primary and secondary education and to open it to a wider section of the population. Linkages need to be strengthened between the formal and non formal sectors. Graduates in engineering, science, medicine, economics, accounting, etc. are needed rather than those with general arts degrees.

ii) Industrial training must be developed at all levels, particularly semi skilled and skilled tradesmen, clerical workers and supervisors. All industrial training activity should be co-ordinated. At the moment it is fragmented and making inefficient use of resources.

In order to achieve this, it is suggested that follow up on the industrial training initiatives already started need to be reactivated.

SICHE were to draft their needs for industrial training over five years indicating necessary funds for curriculum development, training of local staff, equipment needed, necessary courses.

MCP&I to review NTTT forward plans

A paper has been prepared on Industrial training, the need for a review, the setting up of an Industrial Standards and Training Board.

The review we suggest should take into consideration papers already submitted, and should prepare a plan, including standards of training, how we train both formally and informally, monitoring methodology, standards of: equipment, materials, buildings, contracts, and work related to the Solomon Islands.

The costs of such an operation over the period of five years, and how will it be funded need to be resolved with some urgency.

## Activities for Objective 2

### Infrastructure

Of equal importance to training the country continues to be fettered by inactivity and changing decisions.

There needs to be unequivocal responsibility given and decisions taken that are binding at all levels, with work schedules agreed completed in time.

### Ports

See the short term sectoral paper. In essence ports are not geared to cope with the development expected in Governments Plan of Action.  
(awaiting P.E.V. approval)

### Shipping

See the short term sectoral paper.

Shipping services need to be improved.

The government marine fleet is ailing and generally provincialization of part of the marine fleet has not met expectations.

i) Decision on what routes the government marine fleet is expected to service.

ii) On this basis a programme devised and funded to refurbish the fleet with the most cost effective ships. This should take into account: initial cost, carrying capacity, life span, maintenance, economic running costs.

iii) Intra island shipping to be developed. (\$A 100,000 approved but this is only 1 boat)  
A programme of building 10 - 15 tonne cargo vessels.  
The vessels will be built in location under a self help project. They are coastal vessels and are designed to bring produce from the rural areas to the main centres for onward transportation by larger ships.  
This is underway although delayed.

iv) Revision of commercial shipping, tonnage available, licensing on routes, conditions of ship etc

v) Survey standards for ships and its enforcement.

vi) Shipyards. It is imperative that we get a shipyard (s) that can effect repairs in a timely and economic fashion. There is business to obtain from PNG and Australia for a well run yard. Thus the development and efficient operation of Sasape is of prime importance

It is understood that a study is to be undertaken by the Japanese with a view to recommending steps to be taken to make Sasape viable.

### Industrial Estates

Where do we put the investors?

There is no institutional back up, improper drainage, roadage and development.

- i) Ranandi needs to be properly managed and a board set up with specific responsibility to manage and develop the site utilizing a paid and active manager.
- ii) Leases must be checked, and those not fulfilling their lease forfeit said lease.
- iii) Leases must be revised to take into consideration new development costs.
- iv) The dump must be resited leveled grassed and allowed to settle
- v) Site must be fully developed and additional site opposite the golf club developed to provide service support. (also service to surrounding residential areas.)
- vi) Technical assistance made available to the Chief Physical Planner to revise i-v and to undertake necessary drafting. (completed)
- vii) Costings obtained for prefabricated factories, both locally and overseas. (completed)
- viii) Factories erected and made available at an economic rent.

## Hendersen

This site must also be developed to take in the increasing need for industrial space.

- i) Site must be procured
- ii) Bomb clearance work undertaken
- iii) Plan of development and cost drawn up.
- iv) Roads and infrastructure built
- v) Factories erected for rent.

To achieve this

- i) TA required to assist CPO in i - v (completed)
- ii) Funds made available to procure the site.
- iii) Viability undertaken to get aid/grant/ funds for full development
- iv) A management committee set up that has the full responsibility to development and manage the site
- v) Decisions for the re development of the airport need to be finalized as many decisions regarding Henderson hinge on this.

## Industrial Estates - Provinces

- i) Visits will be undertaken after discussion with MPG to see which industrial sites should be developed.
- ii) An economic appraisal will be required after selecting sites to assess the viability.

Under the ports programme in developing a master plan it is proposed that the viability of Bina as a harbour is reviewed. It is important that we initiate development in Malaita, which is why we suggest that we carefully consider how various other industries will be developed and located. (eg further canning of tuna)

## Works

The tourist development programme will call for improved roading, bridges, air strips.

## Provinces

Although we have reviewed all of the Provincial plans there is little industrial development indicated.

The various sectoral plans that are in the attached paper show how some industrialization may occur.

It is suggested that MCPI liaise and work with Provincial Governments to devise short term plans particularly those which will enable each Province to be more self sufficient, create more employment, and earn cash.

The manner in which we provide funding is also important. Experience has shown that direct grants may not be the most effective manner of funding. Our experience with setting up the mechanical workshops whereby funds are lent at very low interest rates together with commercial and technical assistance, suggests that this system may produce a far higher success rate.

## Investment

With the investment division draw up a programme for circulation for potential investors.

We should also actively go and seek investors. We believe that there is a potential market to be tapped for example in Big Game fishing, Food /Fruit processing, Yacht Marinas, Joint Venture wooden pleasure boat building etc.  
Development of areas - EG Russels

This should be done after we have agreed each individual Ministries Industrial Development Plan, eg Tourism, Agriculture, Fisheries, Forestry, and agreed timetables set.

Promotional material needs to be assembled.

The plan was to have a four page easy to read attractive bulletin and then to follow this with a detailed investors Guide for the serious investor.

(completed)

We also believe it would be advantageous to have a video available as requested by the Minister of Foreign Affairs that can be used as a promotional tool, by the Ministry at Trade Fairs, and can be shown perhaps on television in those countries from whom we are trying to attract investment.

Now that Cabinet have agreed the Investment Incentives we should try to ensure as far as possible that the One Stop Shop really starts to operate.

### Activities for Output 3

i) Much of the increased employment will have to be developed by the primary sector.

Thus the Agricultural Industrial Development Plan is very important for the growing of cash crops for market to support a growing tourist industry and urban market, and for the production of crops at quantities, qualities, and a price that makes processing viable.

Such crops that have been suggested are coffee, soursop, cocoa, nuts (ngali and cut cut). There is other potential as mentioned in the Agriculture paper.

#### ii) Forestry

A plan developed that goes for example from logging to milling to a central processing plant. (Basics still awaited)

In this way we look at optimizing the fiscal and the employment return to the country.

To do this we need to have a booklet that details all of Solomons Timbers and their properties, accepted grading rules so that buyers know the quality of timber they are purchasing, and staff trained as graders to see that quality requirements are maintained. (still awaited)

We need to look at the number of logging licences and see at what level we can sustain logging

We need to decide the number, location, and type of saw mills that should be in operation. (still waiting)

The viability of a central processing operation to produce mouldings, frames, etc its location and size. Should we veneer, slice or peel, at what level can we do so that we have a continuing industry. (still waiting)

Are some logs such that it is more viable to export them in round form. If so what are they and how will such an operation be policed.

## Fisheries

To develop longer term plans for the tuna industry with cost / benefit analysis in conjunction with those companies now involved in the industry. As noted in the activity under Industrial estates how we develop the tuna industry could have an important bearing on the viability of setting up an industrial centre in Bina

To ascertain the feasibility of pearl farming ( Underway)

To ascertain the potential for Agar Agar

To ascertain the market for reef fish for export, what output level would be sustainable, how would it be organized.

What is the potential for processing shark? We are told that fishing rights problems are stopping this development

How do we develop further to export prawns?

These and other activities are in the short term plan for fisheries.

## Activity 4

i) By introducing new products to the market :- the processing of shell into blank buttons, production of local coffee for the retail markets, cocoa, pearl, animal feed meal, an essential oil distillation plant to form the basis of an export Solomon Soap, packaging, Biscuits incorporating frozen shredded coconut, cold pressed coconut oil as a flavouring etc.

ii) By developing the capabilities of existing industries, eg construction, furniture, sheet metal, garments. This will be undertaken through the UNIDO project in the MC&PI.

Training in the Furniture, Basic Sheet Metal Work, Garment and Construction Industries is already underway with very good results. The plans are to further develop this training.

The full development of the furniture industry depends upon the availability of Kiln Dried timber. The viability of installing such a process is being undertaken.

Other industries to be reviewed are the viability of establishing a further coconut oil mill at Noro, the further down stream processing of coconut by products, Foam Mattress production.