POVERTY ANALYSIS (SUMMARY)\(^1\)

A. Poverty Status

1. About 85% of the estimated 528,000 (2010) people living in Solomon Islands are located in rural areas. The country is also experiencing rapid population growth, at a rate of about 3.1% annually since 1990. This has resulted in a youthful population structure, with about 40% of the country’s population below the age of 15.\(^2\)

2. During the years of conflict from 1999 to 2003, the country’s economy collapsed and the delivery of many basic services was disrupted, resulting in a significant increase in poverty. Although progress has been made in restoring many basic services with substantial external assistance, levels of coverage and quality are generally inadequate outside of urban areas.

3. Solomon Islands has the second lowest average income in the region, with an estimated gross domestic product (GDP) per capita of $1,347 in 2010 (current prices).\(^3\) Income distribution in Solomon Islands is inequitable, particularly geographically, with rural expenditure levels significantly below urban expenditure levels. Similarly, social indicators in Solomon Islands, although improving, are among the worst in the region, falling short of the targets set for the Millennium Development Goals (Table 1). Gains that have been made have been underpinned by substantial external financial and technical assistance. Official development assistance rose from 22% of GDP in 1990 to 66% of GDP in 2005. In 2009, 80% of total aid was allocated to the social sector. Aid per capita reached $450 in the same year.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2005–2006</th>
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<tbody>
<tr>
<td>Share below the food poverty line (%)</td>
<td>11</td>
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<tr>
<td>Share below the poverty line (%)</td>
<td>32</td>
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<tr>
<td>Life expectancy at birth (years)</td>
<td>63</td>
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<tr>
<td>Infant mortality rate (per 1,000 live births)</td>
<td>55</td>
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<tr>
<td>Under 5 mortality rate (per 1,000)</td>
<td>73</td>
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<tr>
<td>Fertility rate (average number of children per women)</td>
<td>4.6</td>
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<tr>
<td>Maternal mortality rate (per 100,000 live births)</td>
<td>220</td>
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<tr>
<td>Births in hospital facility (%)</td>
<td>84.5</td>
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<tr>
<td>Incidence of malaria (per 1,000)</td>
<td>196</td>
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<tr>
<td>Access to an improved water source (%)</td>
<td>70</td>
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<tr>
<td>Access to improved sanitation (%)</td>
<td>31</td>
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<tr>
<td>Adult literacy rate (%)</td>
<td>77</td>
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</tbody>
</table>


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1 This summary is based on existing ADB knowledge products and the government’s National Development Strategy 2011–2020.


B. Poverty Causes and Challenges

1. Income Poverty Determinants

4. The nature of poverty in Solomon Islands, like other Pacific developing member countries, relates more to a lack of access to quality essential services (such as water and sanitation or health and education) and lack of income-earning opportunities, rather than widespread hunger or destitution. In urban areas, there is a higher level of access to cash income but lower access to own-produced food and higher cash requirements for food and nonfood expenditures.

5. According to the most recent census, only 46% of the total labor force (or 17% of the working population) was employed in the formal sector in 1999. In addition, two-thirds of all formal sector workers were male. Most formal sector employment opportunities are concentrated in Honiara. However, a large proportion of Honiara's population is employed in the informal sector, working as providers of domestic services or engaged in small-scale trade-related activities.

6. More than 80% of the population of Solomon Islands relies on subsistence or semi-subsistence agriculture and fishing for their livelihoods. Small-scale income-generating activities include the sale of copra, cocoa, fruits, vegetables, and marine products. However, opportunities to earn cash income to meet nonfood basic needs in rural areas are limited as a result of the lack of reliable transport arrangements. This has resulted in growing rural–urban migration. In 2008, 48% of households surveyed across the country reported having a family member working elsewhere in the country. 4

7. Youth unemployment is a major problem. It is reported that just one in every six school leavers has found paid employment, and that the youth unemployment rate is as high as 45%. 5

8. A study carried out by the Solomon Islands Statistics Office and the United Nations Development Programme (UNDP) in 2008, which analyzed data from the 2005–2006 national household income and expenditure survey, estimated that about 11% of the population of Solomon Islands lived below the food poverty line, while almost one-third of the population lived below the basic needs poverty line. 6 That study found that while food poverty was greatest in rural areas (8.7% of the population compared with 2.3% in Honiara), nonfood poverty was highest in Honiara (32.2% compared with 18.8% in rural areas). However, an analysis of the survey data in 2009 suggests that the incidence of basic needs poverty is significantly higher in rural areas than urban areas including Honiara. 7 That study reported large differences in poverty between provinces, with Malaita accounting for over one-third of all rural people living in poverty in Solomon Islands, followed by Makira-Ulawa (14%–17%) and Guadalcanal (11%–13%).

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7 W. Narsey. 2009. The Incidence of Poverty in the Solomon Islands, the UNDP 2008 Results, Some Questions about Methodology and Data and some Preliminary Alternative Perspectives. Presentation given at the USP Development Dialogue, 17 September, Honiara, Solomon Islands.
2. Non-Income Poverty Determinants

9. Poverty in Solomon Islands is primarily manifested in a lack of access to essential social and economic services. The Human Development Index for Solomon Islands was lower than the average (with an index of 0.61 compared to a Pacific mean of 0.67) for the Pacific developing member countries in 2007, and variation between provinces is considerable. While the index is highest in Honiara, the Western Province, and Choiseul, it is substantially lower in Tarmotu, Guadalcanal, and Malaita. Bilateral donors are an important source of financing to health and education through sector-wide support programs. A high degree of reliance on aid to meet routine social service expenditure requirements cannot, however, be sustained indefinitely.

a. Education

10. Lack of access and poor quality of basic education is an important poverty determinant. In rural areas, long distances and poor transport systems limit access to education. Likewise, there are not enough schools in Solomon Islands for every child to receive education for 10 years. Existing facilities are often inadequate, being in poor physical condition and lacking essential equipment. According to the 2008 People’s Survey, Honiara had the best access to primary school facilities, with 72% of households reporting having a primary school located in their community compared with only 16% in Malaita and Renbel. In addition, 30% of households in Malaita and 50% in Guadalcanal reported that accessing a primary school required a travel time ranging from at least an hour to half a day, compared with only 1.8% of households in Honiara (footnote 4).

11. Honiara also has the highest primary (72.1%) and secondary school (47.1%) net attendance rates, with attendance rates falling off sharply in other provinces. After age 13, the attendance rate (particularly for girls) begins to decline as a result of social barriers, which prevent girls from seeking further education—the shortage of places, lack of dorm facilities, high dropout rates, adolescent pregnancy, and households taking children out of school to provide farm labor. At the senior secondary level, enrollment rates are only 60% of the target population, of which 60% are male and 40% are female.

12. Under the existing education sector funding scheme, the central government pays for teachers’ salaries and provides an operating grant that covers 60% of total operating costs at the primary and junior secondary levels. Provincial and other educational authorities are expected to fund 30% of operating costs, while parents and communities are expected to fund the remaining 10%. However, in reality many provinces do not contribute to school operation grants because of revenue constraints.

b. Health

13. Sharp disparities in health care services result in some of the highest infant and maternal mortality rates in the Pacific. The health care delivery system remains highly centralized, with the bulk of the resources concentrated on the National Referral Hospital in Honiara and on health administration. As a result, the quality of primary health care outside of Honiara and provincial urban centers tends to be poor. Rural health clinics often have no access to electricity or running water and suffer from shortages of essential medical supplies.

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14. Long transport distances also contribute to poor health outcomes. For example, according to the 2008 People’s Survey, 65% of households in Guadalcanal and 42% in Malaita reported that it required one hour to half a day in travel time to access health care facilities. In Honiara, 80% of residents surveyed reported being able to access medical facilities in less than one hour (footnote 4).

15. Primary public health care services are provided free of charge to the population. The central government pays the wages of medical staff, including doctors and nurses. Provincial health services are funded through operating grants provided by the central government. However, on average less than half of the grant is spent on goods and services in many provinces, while about 55% of the grant is used to pay the wages of staff such as custodians and casual workers. The distribution of grants to different provinces is made on the basis of population size rather than needs. A sector-wide assistance approach has been adopted for health care. Australia remains the largest donor in this area, and provided about 25% (SI$61 million) of the total funding for health care in 2009.

c. Infrastructure

16. Supplying basic infrastructure to isolated communities spread over a wide geographic area remains a challenge, and as a result electricity, water, transportation, and communication services are not available to a large percentage of the population. Only 16% of the total population has access to electricity and reliable power supplies are limited to the main urban areas (footnote 6). Similarly, access to adequate water and sanitation facilities in rural areas is low. For example, the percentage of the population with access to safe or improved water supplies in Honiara was estimated to be 95% in 2000 compared with only 65% in rural areas.9

17. Outside of the capital city, all-weather roads, which only reach 23% of villages, are either nonexistent or in disrepair, and shipping and air services are unreliable and expensive. Intra-island transport is particularly expensive and currently very limited. These constraints pose considerable barriers to market access in rural areas and impede the growth of rural production. Poor transport systems also make it difficult for the rural population to access basic services.

d. Social Safety Nets

18. Natural disasters and health-related shocks cast many families into extreme poverty. Solomon Islands lacks formal social safety nets, but in rural areas, informal social safety nets are strong. Strong communities and the wantok system of ethnic ties serve as an important informal safeguard. Under the wantok system, those that speak the same language (or “one talk”) traditionally “look out” for each other. The informal social safety nets are still strong, and are critical to limiting the most extreme forms of poverty in Solomon Islands. However, the relevance of the traditional sources of support is declining as more families move to urban areas and away from their land, and as communities monetize.

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