



Technical Assistance Consultant's Report

Project Number: 44152
Regional — Capacity Development Technical Assistance (R-CDTA)
August 2012

Solomon Islands: Updating and Improving the Social Protection Index (Cofinanced by the Republic of Korea e-Asia and Knowledge Partnership Fund)

Prepared by Jean Tafoa

For Asian Development Bank

This consultant's report does not necessarily reflect the views of ADB or the Government concerned, and ADB and the Government cannot be held liable for its contents. (For project preparatory technical assistance: All the views expressed herein may not be incorporated into the proposed project's design.)

Asian Development Bank

ABBREVIATIONS AND ACRONYMS

| | | |
|----------|---|--|
| ADB | – | Asian Development Bank |
| AusAID | – | Australian Agency for International Development |
| BNPL | – | Basic National Poverty Line |
| CBR | – | Community Based Rehabilitation |
| CEDAW | – | Convention on the Elimination and Discrimination Against Women |
| CNURA | – | Coalition for National Unity and Rural Advancement |
| ECE | – | Early Child Education |
| EEZ | – | Exclusive Economic Zone |
| EGC | – | Economic Growth Centre |
| GDP | – | Gross National Product |
| GNI | – | Gross National Income |
| HCC | – | Honiara City Council |
| HDI | – | Human Development Index |
| HIES | – | Household Income and Expenditure Survey |
| HIV/AIDS | – | Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome |
| MCILI | – | Ministry of Commerce, Industry, Labour and Immigration |
| MDG | – | Millennium Development Goals |
| MEHRD | – | Ministry of Education and Human Resource Development |
| MHMS | – | Ministry of Health and Medical Services |
| MOFT | – | Ministry of Finance and Treasury |
| MWYC | – | Ministry of Women, Youth and Children |
| NZAID | – | New Zealand Agency for International Development |
| PAF | – | Performance Assessment Framework |
| PTR | – | Poverty Targeting Rate |
| PWD | – | Persons with Disabilities |
| SINPF | – | Solomon Islands National Provident Fund |
| SINTA | – | Solomon Islands Teachers Association |
| RTC | – | Rural Training Centre |
| SDTC | – | Special Development Training Centre |
| SPI | – | Social Protection Index |
| TVET | – | Technical and Vocational Education Training |
| UNIFEM | – | United Nations Development Fund for Women |
| WDD | – | Women's Development Division |

CONTENTS

| | Page |
|--|------|
| I. INTRODUCTION | 1 |
| A. Background | 1 |
| B. Definition of Social Protection | 1 |
| C. Report Structure | 2 |
| II. COUNTRY OVERVIEW | 3 |
| A. Geography | 3 |
| B. Demographic Profile | 3 |
| C. Economy | 4 |
| D. Poverty Profile | 4 |
| E. Employment and Labor Force | 5 |
| F. Education | 5 |
| G. Health and Disability | 5 |
| III. CURRENT SOCIAL PROTECTION PROGRAMS AND ACTIVITIES | 6 |
| A. Data Collection | 6 |
| B. Social Assistance Programs | 6 |
| C. Social Insurance | 7 |
| D. Labor Market Programs | 8 |
| IV. THE SOCIAL PROTECTION INDEX AND ITS DISAGGREGATION | 10 |
| V. ANALYSIS OF COUNTRY RESULTS | 12 |
| A. Disaggregation by Social Protection Category | 13 |
| B. Disaggregation by 'Depth' and 'Breadth' | 13 |
| C. Disaggregation by Poverty Focus | 14 |
| D. Disaggregation by Gender | 14 |
| VI. CONCLUSION AND RECOMMENDATIONS | 14 |

I. INTRODUCTION

A. Background

1. Asian Development Bank's (ADB) development of the social protection index contributed to the strengthening of social protection programs in developing member countries (DMCs). ADB will continue its work on updating and improving the Social Protection Index (SPI). The SPI's update will address and incorporate lessons learned from two technical assistance projects¹ that developed the SPI for 35 countries in Asia and the Pacific and introduce new components and institutional arrangements to sustain the effective use of social protection indicators in policy analysis and formulation in the DMCs.

2. These initiatives will be implemented under the ADB commissioned regional technical assistance project² that seeks to (i) improve the methodology in defining social protection for each DMC in order to ensure comparability among DMCs; (ii) improve data gathering for statistical analysis on social protection; and (iii) develop capacity of DMCs in monitoring the SPI and allow comparisons between countries and over time on implementation performance.

3. This country study provides updated information and data on social protection arrangements, legislation, and institutions and calculates the SPI for the Solomon Islands in view of the revised SPI methodology. The SPI can be updated periodically to assess progress in social protection arrangements in the country and analyse deeper aspects of targeting, coverage and expenditures on various social protection programs; for example, on the breadth (coverage) of social insurance versus social assistance or labour market programs, or on the depth (size of benefit) of various categories of social protection. The revised SPI methodology also provides scope to measure the gender responsiveness of programs, and poverty targeting of programs.³

4. The primary objective of the Solomon Islands Country Report is to present the results of the research on social protection programs and policies in the Solomon Islands, particularly Social, Health, Education and State Secretariat for Employment and Vocational Training; and, summarize quantitative information on these activities to enable the formulation of a national Social Protection Index (SPI).

B. Definition of Social Protection

5. Social protection is defined as the set of policies and programs designed to reduce poverty and vulnerability by promoting efficient labor markets, diminishing people's exposure to risks, and enhancing their capacity to protect themselves against hazards and interruption/loss of income.

6. This definition categorizes all programs under the traditional components of social protection as social insurance, social assistance, and labour market programs. Microfinance as a form of social protection is excluded from the calculation of SPI since it does not involve a transfer in cash or kind and beneficiaries incur loans or debt instead of transfers. Thus, by

¹ ADB. 2003. *Technical Assistance for Social Protection Index for Committed Poverty Reduction*. Manila (TA 6120-REG); ADB. 2006. *Technical Assistance for Scaling Up of the Social Protection Index for Committed Poverty Reduction*. Manila (TA 6308-REG).

² ADB. 2010. *Technical Assistance for Updating and Improving the Social Protection Index*. Manila (TA 7601-REG).

³ To be able to calculate with relative accuracy the poverty-targeting rate of programs, household surveys need to contain a social protection data. However, the data of the survey was not available at the time of writing this report.

eliminating microfinance from the coverage of social protection programs, three major programs are left: (i) social insurance (i.e., the categories of old-age insurance, programs for the disabled, and health expenditure on insurance and pensions; (ii) social assistance (i.e., the categories of non-contributory health insurance, conditional cash transfers, child protection, and unconditional cash transfers; and (iii) labour market programs as shown in Table 1.

Table 1: Social Protection Categories and Types of Programs

| Social Protection Category | Type of Program |
|-----------------------------------|--|
| Social Insurance Programs | Pensions Unemployment Benefits Health Insurance - but not universal health insurance Other social insurance (maternity, disability benefits) |
| Social Assistance | Assistance for the elderly (e.g., non-contributory basic allowances for the elderly, old-age allowances) Health assistance (e.g., reduced medical fees for vulnerable groups) Child protection (school feeding, scholarships, fee waivers, allowances for orphans, street children initiatives) Family allowances (e.g., in-kind or cash transfers to assist families with young children to meet part of their basic needs) – excluding any transfers through the tax system Welfare and social services targeted at the sick, the poor, the disabled, and other vulnerable groups Disaster relief and assistance Cash/in-kind transfer (e.g., food stamps, food aid) Temporary subsidies for utilities and staple foods - only if imposed in times of crisis and if targeted at particular vulnerable groups. General subsidies are excluded even if their rationale is to assist the poor Land tax exemptions |
| Labor Market Programs | Direct employment generation through public works programs – including food for work programs Direct employment generation through loan-based programs – included if loans are subsidized and/or job creation is an explicit objective of the program Labor exchanges and other employment services – if distinct from social insurance and including retrenchment programs Unemployment benefits – if distinct from social insurance and including retrenchment programs Skills development and training – included if targeted at particular groups (e.g., the unemployed or disadvantaged children. General vocational training is excluded). |

Source: ADB. 2011. *The Revised Social Protection Index: Methodology and Handbook*. Manila.

7. There is no formal definition for social protection in Solomon Islands. The Social Welfare Division within the Ministry of Health and Medical Division is acting on the Social Welfare Act of 1978 to provide assistance during times of disaster.

C. Report Structure

8. The Solomon Islands Country Report is structured as follows:

- Chapter II contains a brief overview of the social and economic development in the Solomon Islands.
- Chapter III describes current social protection activities and programs in the country using ADB's typology.
- Chapter IV provides an overview of the derivation of SPI and its disaggregation.
- Chapter V presents the analysis of the country results.
- Chapter VI discusses the conclusion and recommendations.

II. COUNTRY OVERVIEW

9. This chapter provides a brief overview of the socio-economic characteristics of Solomon Islands, main features of the country's current developmental situation and recent trends.

A. Geography

10. The Solomon Islands is composed of 992 islands with six main islands and a total land area of 28,446 km. The country is a scattered archipelago of mountainous volcanic islands and low-lying atolls. The vast ocean between the islands creates high costs in terms of transport and basic services provision.

11. The spread of the islands enables Solomon Islands to have an Exclusive Economic Zone (EEZ) of 1.3 km². The Solomon Islands is endowed with natural resources including fish, forests, gold, bauxite, phosphates, lead, zinc and nickel. The islands are vulnerable to a variety of natural disasters, including cyclones, tsunamis and geological activity, with frequent earthquakes, tremors and volcanic activity.

B. Demographic Profile

12. The population of Solomon Islands is 515,870 according to the 2009 National Census; 264,455 (51.3%) are males and 251,415 (48.7%) are females. About 80% of the population is rural dwellers and 19.7% compose the urban population. The rural population livelihood is based on subsistence farming through traditional land ownership.

13. The current population growth rate is 2.3%. The Solomon Islands has a high youth population with a median age of 19.7. About 41% of the population is under 15 years of age. The population age group between 15 and 29 years old is 54% of the total population.

14. A large proportion of the youth within this age group migrate from the rural areas to the capital, Honiara, to find jobs. During the first year, new migrants would reside with *wantoks*⁴ but would eventually move to temporary occupational land such as dormitory settlements on the outskirts of Honiara, where they perform menial work in the city or trade food by the roadside. This marginalized group has a lot of potential for positive contribution to the country's

⁴ A *wantok* system is an unwritten social contract between people who speak the same language to provide assistance in time of need such as offering a job, or a contract to a person because they are a 'wantok'.

development given the right skills and assistance in their place of origin. Urban growth rate is 4.7%, with 12.5% of the total population found in Honiara itself.

C. Economy

15. The GDP of Solomon Islands is SBD 4.55 billion in 2009. The economy had a strong recovery in the year following the slight decline of 2009. This recovery is primarily due to strong performance from primary commodities in forestry, agriculture and fisheries. The real gross domestic product (GDP) for the country is estimated to have grown by 7.1% in 2010 as a result of the strong performance in these sectors.⁵ However, the current growth rate is not sustainable for long-term growth of the economy since it is highly dependent on logging that is depleting forest resources. The re-opening of the gold mine and export of gold has contributed to the economy.

16. The Solomon Islands has a narrow economic base. Primary commodities continue to remain as significant contributors to national economic growth. Logs are the single highest export item, accounting for 66% of exports.

17. The country has a traditional social safety net to receive assistance in times of hardship. Citizens share food and responsibilities such as marriage expenses, death expenses, school fees, cash, and other services. Assistance is often acquired through a reciprocal relationship in the traditional social network. However, this system is threatened by new values in the wake of industrialization and urbanization.

D. Poverty and Inequality

18. The Solomon Islands Human Development Index (HDI) value for 2010 is 0.494, falling in the medium human development category and positioning the country at 123 out of 169 countries⁶. According to the Household Income and Expenditure Survey (HIES) of 2005-2006, 23% of the population of Solomon Islands is living below basic national poverty line (BNPL). The basic national poverty line represents the level of income required to meet a minimum standard of living in a country. It measures the population that does not have sufficient cash income or access to subsistence production to meet the minimum dietary requirement.

19. Rural Solomon Islands lack infrastructure and the 80% of rural dwellers⁷ are experiencing hardship without electricity and running water in homes or proper sanitation; inadequate access to the nearest clinic or school; and, lack of infrastructure and market resources in rural areas. Poverty in the islands means lack of basic services, and limited opportunity to access needed resources including cash, to meet the basic needs and obligations of the household, wider kin network, land owning unit, and the church. One of the flagship policies of the ruling Coalition for National Unity and Rural Advancement (CNURA) in 2007-2010 is focused on developing rural infrastructure, farming and skills enhancement programs.

20. Communities in sinking low-lying islands are highly vulnerable as sea-level rises destroy gardening sites, homes and livelihood. The resettlement scheme for displaced communities of sinking islands is a concern for the Solomon Islands Government.

⁵ Central bank of Solomon islands (CBSI). Annual Report 2010.

⁶ UNDP. 2010. HDI report 2010

⁷ National Census Report. 2009.

E. Employment and Labor Force

21. There are 188,350 (36.5%) employed and 47,087 (9.1%) unemployed or under-employed in Solomon Islands. Geographically remote communities and low-lying atolls are highly vulnerable to poverty due to limited access to employment and income generating opportunities. These communities suffer from poor health and education facilities and are exposed to natural disasters.

22. There are vulnerable groups such as women, youth and children. About 80% of the rural population face hardships with no access to employment or income-generating opportunities. Majority of the population depends on agriculture, fishing and forestry as their main source of livelihood. Labor market data suggest that three-fourths of the population is engaged in agriculture and largely on a subsistence level. Other members of the population are employed in the public sector, or work as a single self-employed entrepreneur engaged in small or micro-businesses.

F. Education

23. According to the Ministry of Education, 175,218 (34.0%) students from 3 to 19 years old are enrolled in formal education (ECE to Form 6) in 2009, showing a marked increase in comparison to previous years. With this trend of increasing enrollment in formal education in response to the Fee Free Basic Education policy implemented since 2009, Solomon Islands is likely to achieve universal primary education by 2015⁸.

24. Enrollment at the rural training centers (RTC) registered 2,729 pupils in 2009. The RTC provides skills training in carpentry, mechanics, home economics, agriculture, and bookkeeping. Graduates from RTC still need additional trainings aside from the construction industry in order to compete for jobs in the labor market. There is no National Qualification Framework in Solomon Islands and each training centre produces its own certificate⁹. All these RTCs are run by the Church Education Authorities and tailor their own curriculum. The RTCs were initially established to provide skills training to school dropouts.

G. Health and Disability

25. The Solomon Islands spends about 15% of the total Government budget in 2009 on health in comparison to the 22% spent on education¹⁰. The Government has one national referral hospital in Honiara, 10 hospitals in the provinces, 24 area health clinics, and 86 rural health clinics in the country. The Government provides free medication through its hospitals and clinics to all sick patients regardless of citizenship.

26. The 2009 census recorded that 8,573 people have a disability, which is 1.6% of the total population. The only assistance given to people with disability is the supply of medicine and adaptive equipment.

⁸ Performance Assessment Framework - MEHRD

⁹ Decent work country program report 2009

¹⁰ Budget Unit, Ministry of Finance & Treasury

III. CURRENT SOCIAL PROTECTION PROGRAMS AND ACTIVITIES

27. This chapter presents an overview of the data collection process, objectives, and current social protection activities in Solomon Islands including challenges and difficulties encountered during the course of the study. The two-fold objective of this chapter is to present the main features of the social protection programs in the country and provide quantitative information that will serve as the basis for the formulation of the Social Protection Index.

A. Data Collection

28. The data collection exercise has been undertaken by identifying relevant ministries. Close links were made with ministry divisions to acquire information. Interviews with the Ministry of Women, Youth and Children's Affairs and other government ministries are included in data collection.

29. Challenges in data collection include lack of data availability and identification of government programs that can be classified as social protection for those below the poverty line. Even if social assistance was given to destitute people under the Social Welfare Act, the assistance was minimal and data was not readily available. Data management and record keeping in the Government Ministries is one of the biggest challenges in data collection.

B. Social Assistance Programs

30. Table 2 gives a brief overview of the social protection programs in Solomon Islands.

Table 2: Social Protection Programs, 2009

| Social Protection Category/Types of Program | Comments |
|--|--|
| Skills Training Program for Women | Figures represented here are only for skills training. Women without formal jobs received these trainings. |
| Food Health and Basic Nutrition Training | Initially, the training is focused on health in handling food sold to the public. The women can only sell food at the market when they are given certificates after this training. |
| Rapid Employment Project | The Honiara City Council houses this project for employment of the urban poor, which only started in 2010. |
| Fee Free Education | Universal for all Children from Prep Class to Form 3 in the junior secondary level. |
| Technical and Vocational Education Training | Targeting school drop-outs from class 6 to Form 3. Form 5 drop-outs now enroll in these schools to receive skills training. |
| Recipients of Disability Benefits | Assistance given to leprosy patients is only the housing and school fees paid to their children. |
| Social Assistance | Assistance given to destitute people by the Social Welfare Division |
| Workers Compensation | Benefits paid to employees who were injured while on duty |
| Disaster Relief in Food and Equipment National Provident Fund | Affected population estimated Figures represented people who withdrew and received their payment |

31. Social assistance programs in Solomon Islands are in the form of benefits for the disabled, fee free basic education, and disaster assistance. Disaster relief and assistance accounts for almost one-fifth of social protection expenditure and constitutes majority of social assistance programs. Disaster assistance programs are implemented under the National Disaster Management Division within the Ministry of Environment and Conservation. Other NGOs like the Red Cross also distribute goods in kind.

32. The Social Welfare Division was first established by the government in the 1970's to provide social welfare services to areas not covered by the existing traditional social safety nets within Solomon Islands. Most elderly, orphans and destitute receive care from their relatives. Minor family or community disputes are also settled by traditional methods involving chiefs and community leaders¹¹. Social work still needs to be recognized as a profession in Solomon Islands¹².

1. Fee Free Education

33. The Fee Free Education program targets all children in Solomon Islands to attend preparatory class until Form 3 at the junior secondary level regardless of gender, ethnicity, religion, location and disability. The Fee Free Education has been implemented since 2009.

34. All schools in the country receive grants to encourage student enrollment including girls, without having to pay school fees. There is an increase in enrolment because payment of school fees has been minimized at the primary and junior secondary level. The implementation of the Fee Free Education helped poor families send their children to school. However, in the allocation of the grants, each primary student in urban schools receives 62%; while a primary student in rural schools receives 28%. The Fee Free Education grant, however, is not enough to develop school infrastructure. A lot of these schools are still ill equipped and have poor classrooms.

2. Disability Benefits

35. The Community Based Rehabilitation (CBR) Department is one of the five departments that compose the Rehabilitation Division of the Ministry of Health. Their main objective is to expand services for Persons with Disabilities (PWD) in rural areas and train communities in preventing disability by improving their living standards. The department manages blind services, provides Braille training, assists schoolchildren with low vision, provides adaptive equipment to PWD, coordinates housing projects for leprosy patients, and provides CBR services upon referral.

C. Social Insurance Programs

1. Solomon Islands National Provident Fund (SINPF)

36. There are two social insurance programs, the Solomon Islands National Provident Fund (SINPF), which is an obligatory contribution by employees and employers as required by the SINPF Act, and unemployment benefits in the form of workmen's compensation as implemented by the Ministry of Labour. The SINPF covers formal sector employees while membership for the

¹¹ Ministry of Health and Medical Services, Health Sector Program – mid 2009; Progress report Vol. iv - 2009

¹² UNICEF, 2009.

fund is optional for the self-employed. The SINPF can be withdrawn upon reaching the age of 50 or upon death, incapacity, or permanent job separation.

37. The SINPF is a social protection program that covers formal sector employees wherein both employees and employers are obliged to contribute. Membership of the fund is optional for the self-employed. The SINPF benefit can be withdrawn upon reaching the age of 50, during death or incapacity, and on evidence of permanent job separation. In 2009, a total of 5,197 members applied to withdraw from NPF and were paid the total amount of SBD \$46,000,000.

38. The SINPF recorded a total of 135,960 members with credit balance in 2008¹³. The SINPF Act will be reviewed to include a microfinance scheme to support economic growth centers in the Provinces, saving scheme for non-employed members, pension scheme for members, and a limited universal health insurance scheme.

2. Workers Compensation

39. Workmen's compensation is an Act of Solomon Island Law to create provisions for compensation to injured workmen. In 2009, 73% of the 187 cases reported were addressed with an expenditure of SBD \$1.23 million. According to the Chief Labour Officer, due to lack of funding, a lot of potential beneficiaries were not able to receive their unemployment benefit payment.

D. Labor Market Programs

40. The labor market programs in Solomon Islands include the Skills Training Program for Women, Food Health and Basic Nutrition Training, and the Rapid Employment Project. The Women's Development Division (WDD) within the Ministry of Women, Youth and Children runs skills trainings for women in fabric art and tailoring and awareness in human rights. The Food Health and Basic Nutrition training is implemented by the Health Inspectorate Division within the Honiara City Council Authority. It targets women wanting to sell food to the public, initially for health reasons. Eventually, obtaining a training certificate empowered them to sell food to the public. The Rapid Employment Project targets unemployed and disadvantaged youth; implemented with the Honiara City Council and Ministry of Infrastructure.

41. Another major labor market program is the Technical and Vocational Education Training (TVET). Grants are given to TVET under the fee free education policy from the Ministry of Education and Human Resource Development.

1. Skills Training Program for Women

42. The Women's Development Division (WDD) within the Ministry of Women, Youth and Children runs skills trainings to empower women in life skills and grant access to knowledge; resulting in improved health, economic status, and equal participation of women and men in decision making and leadership. WDD is likely to conduct more awareness workshops on Human Rights and the Convention on the Elimination and Discrimination Against Women (CEDAW) funded by UNIFEM.

43. Trainings are sporadically implemented without a development plan to balance skills and awareness training, since there is no planning done in alignment with the ministry's policy. Since

¹³ CBSI Annual Report, 2009.

there is currently no specific training plan implemented, there is also no assigned training budget or targeted segment of women within the country. Beneficiaries of the skills training are interested women without jobs who have requested skills training from WDD. Women who have attended trainings with WDD are now utilizing their acquired skills, in printing and dyeing fabrics and selling homemade dresses to earn an income for their families.

2. Food Health and Basic Nutrition Training

44. The Health Inspectorate Division within the Honiara City Council Authority implements the Food Health and Basic Nutrition Training program. There are no specific criteria for enrolment in this training since the training aims to generate awareness of healthy foods to the public in accordance with the Pure Food Act. The enrolment pattern shows that most women in squatter settlements, including a few housewives in the city, attend this training to receive a certificate that allows them to sell food in the market for public consumption.

45. About 79% of the expenditure is paid by the beneficiaries while 29%, including the use of training venue is under the responsibility of the Honiara City Council Authority. Enrollment has increased yearly since this training started in 2008.

3. Rapid Employment Project

46. The Rapid Employment Project was launched in 2010 and targets the unemployed youth. It is currently only operational in Honiara, targeting the disadvantaged youth. The program has two components – working with Honiara City Council and the Ministry of Infrastructure to clean drains, brush roadsides, maintain roads, create Jacob's ladder in communities, clean coastline and streams, and attend a 5 day pre-training in attitude, life skills, and financial management.

47. There is a lot of interest in the project and the applicants showed commitment in working on the project. The activities implemented in this project have a great impact in the areas covered. It provides assistance to the urban poor by offering jobs. The job not only helps the poor but also creates a clean environment for the town as a result of the road cleaning and maintenance program.

4. Technical and Vocational Education Training (TVET)

48. The main objective of the TVET program is to provide skills training to students that have dropped out of school at class 6 and Form 3, and ensuring that the training is linked to labor demand in the work force. All Rural Training Centers (RTC) operating under TVET are operated by Church Education Authorities. The Government also gives a grant of SBD \$400 per student per year to the Church Authorities.

49. A few of the RTCs have upgraded their training program and attracted Form 5 leavers to enroll. RTC enrolment is open to all students. There is a trend that mostly students with poorer academic standing enroll here while the brighter students with finances would opt to enroll at the University of the South Pacific (USP) Extension Services or the University of Papua New Guinea (UPNG) Open Campus, which operates from the Solomon Island College of Higher Education, Kukum Campus.

50. The Special Development Training Centre (SDTC) which trains students with disabilities is also grouped under TVET. There is only one SDTC in the country and has an enrolment of 100 students ranging from pre-school to junior secondary school level.

IV. THE SOCIAL PROTECTION INDEX AND ITS DISAGGREGATION

51. The revised Social Protection Index (SPI) has a unitary indicator that can be disaggregated for analytical purposes. The revised SPI is calculated by **Total Social Protection Expenditures per Total Potential Beneficiaries by 25% of the GDP per capita (representing average poverty line expenditures)**. In other words, the total social-protection expenditures spread across all potential beneficiaries are compared to poverty-line expenditures in each country.

52. The revised SPI is calculated by **Total Social Protection Expenditures per Total Potential Beneficiaries by 25% of the GDP per capita (representing average poverty line expenditures)**. In other words, the total social-protection expenditures spread across all potential beneficiaries are compared to poverty-line expenditures in each country.

53. The revised SPI index can be disaggregated into two components, one for the 'depth' of coverage and the other for the 'breadth' of coverage of social protection programs. The first indicator is the **Total Social Protection Expenditures divided by the Total Actual Beneficiaries** (i.e., the average size of benefits actually received or 'depth'). The second indicator is the **Total Actual Beneficiaries divided by the Total Potential Beneficiaries** (i.e., the proportion of potential beneficiaries actually reached or 'breadth').

54. The revised SPI can also be disaggregated by the major categories of social protection programs: social insurance, social assistance and labor market programs. When the total expenditures per total potential beneficiaries for each major program are weighted in population terms, the program SPIs add up to the total SPI.

55. Furthermore, the revised SPI can also be disaggregated by expenditures per potential poor and non-poor beneficiaries. Finally, gender-wise data allows the disaggregation of expenditure by gender.

56. The derivation of SPI poor/non-poor and SPI women/men used poverty and gender targeting rates. The said rates are based on the results of household surveys, administrative reports of social protection implementing agencies and in some instances, on the professional judgment of the compilers.

A. Basic Statistics

Table 3: Solomon Islands Basic Statistics for 2009

| Statistic | Unit | 2009 Value | Source of Data | Notes |
|---------------------------------|----------|------------|---|-------------|
| GDP (current prices) | Millions | 4,550 | Central Bank of Solomon Islands | 2009 Report |
| GDP per capita (current prices) | Units | 8,439 | Central Bank of Solomon Islands | 2009 Report |
| GNI (current prices) | Millions | 1,860 | World Development Indicator Data Base, World Bank | 2009 |

| | | | | |
|--|---------|---------|---|-------------|
| Total Population | Unit | 515,870 | National Census | 2009 |
| Number of unemployed/ underemployed | Unit | 47,087 | Assumption | |
| Population aged 60 years and over | Unit | 27,049 | National Census | 2009 |
| Employed Population | Unit | 188,350 | SIDHS | 2007 |
| Population living below national poverty line | Unit | 119,340 | Analysis of Household Income and Expenditure survey 2005/2006 | 2008 |
| Disabled population | Unit | 15,566 | National Census | 2009 |
| Children aged 0 to 14 years | Unit | 189,388 | National Census | 2009 |
| Disaster affected population | units | 45,000 | Beneficiaries page | |
| Per capita poverty line income (annual) | Units | 1,812 | World Bank Indicator | 2010 report |
| Average household size | persons | 5.5 | Census | 2009 |
| Exchange rate | US\$1= | 8.0 | Central Bank of Solomon Islands | 2009 |

Source: Country Sources, 2011

B. Social Protection Expenditure and Beneficiaries

57. The total social protection expenditure in Solomon Islands is SBD 60.1 million in 2009, amounting to 1.3% of GDP.

Table 4: Social Protection Expenditure by Social Protection Category

| | 2009 Annual Expenditure (million SBD) | Percent (%) |
|---|---|----------------|
| <i>Pensions</i> | 46.0 | 76.6 |
| <i>Health Insurance</i> | | 0.0 |
| <i>Unemployment Benefit</i> | 1.2 | 2.1 |
| <i>Other Social Insurance</i> <i>(e.g. maternity, disability</i> <i>benefits)</i> | | 0.0 |
| ALL Social Insurance | 47.2 | 78.6 |
| <i>Assistance for Elderly</i> | | 0.0 |
| <i>Health Assistance</i> | | 0.0 |
| <i>Child Protection</i> | | 0.0 |
| <i>Disaster Assistance and Relief</i> | 11.5 | 19.1 |
| <i>Other Social Assistance</i> | 0.2 | 0.3 |
| ALL Social Assistance | 11.7 | 19.4 |
| Labor Market Programs | 1.2 | 2.0 |
| Total SP Expenditure | 60.1 | 100 |
| GDP (million SBD) | 4,550 | |
| SP Expenditure Indicator | | 1.3% |

Source: Country Sources, 2011

58. Social insurance expenditure accounts for 78.6%, the highest among expenditures for social protection programs. Pensions dominate the social insurance expenditure at 97%, while 3% is allotted for workers' compensation claims.

59. Table 4 also shows that 19.4% of the social protection expenditure is spent on social assistance programs with a large portion given to disaster assistance. Labor market programs spent SBD 1.2 million in 2009, only 2% of the total social protection expenditure.

Table 5: Expenditures and Beneficiaries of Social Protection Programs, 2009

| Social Assistance Program | Implementing Agency | Detailed Category | Expenditure (SBD) | Beneficiaries |
|--|--|--------------------------|--------------------------|----------------------|
| Skill Training Program for Women | Ministry of Women, Youth and Children Affairs | LMP | 77,000 | 250 |
| Food Health and Basic Nutrition Training | Honiara City Council | LMP | 7,000 | 100 |
| Technical and Vocational Education Training (TVET) | Ministry of Education and Human Resource Development | LMP | 1,091,600 | 2,729 |
| Workmen's Compensation | Ministry of Labour | UB | 1,232,251 | 136 |
| Civil Service Pensions | Solomon Islands National Provident Fund | PEN | 46,000,000 | 5,197 |
| Disaster Assistance and Relief | Ministry of Environment | DA | 11,500,000 | 45,000 |
| Recipients of Disability Benefits | Community Based Rehabilitation Program | OSA | 160,000 | 29 |
| Social Assistance | Social Welfare Division | OSA | 20,000 | 20 |
| Total | | | 60,087,851 | 53,461 |

Note: PEN-Pensions; UB-Unemployment Benefits; DA-Disaster Relief and Assistance; OSA-Other Social Assistance; LMP-Labour Market Programs

Source: Country sources, 2011

60. Table 5 presents the expenditures and beneficiaries of the 8 selected social protection programs in Solomon Islands in 2009. The number of social protection beneficiaries in 2009 is about 53.4 thousands.

61. About 19.1% of the social assistance expenditure is channeled to disaster assistance and relief, with 0.3% allotted for disability benefits and social assistance. In 2009, beneficiaries of disaster assistance reached 45,000, the biggest among all social protection programs. Disaster assistance varies each year depending on the scale and response of local and international communities to the disaster situation. The National Disaster Management Division within the Ministry of Environment and Conservation distributes disaster assistance relief. Other NGOs like the Red Cross also distribute goods in kind.

62. All labor market programs included are universal and do not necessarily target the poor although the enrolment composition indicates a pattern of unemployed youth and women receiving skills training. The focus is mainly on vulnerable groups. Technical and Vocational Education Training catered to almost 3,000 beneficiaries in 2009.

V. ANALYSIS OF COUNTRY RESULTS

63. This chapter presents the results of the study on the SPI. The index disaggregation into categories, poverty status, and gender are also discussed.

A. Disaggregation by Social Protection Category

64. For this study, we have examined three major categories of social protection programs: labor market programs, social insurance, and social assistance. The SPI can be calculated as the sum of each social protection category.

Table 6: Disaggregation by Category

| | Social Insurance | Social Assistance | Labor Market Programs | All SP Programs |
|------------------------------------|-------------------------|--------------------------|------------------------------|------------------------|
| Total SP Expenditure (Million SBD) | 47 | 12 | 1 | 60 |
| Beneficiaries (000s) | 5 | 45 | 3 | 53 |
| Reference Population (000s) | 215 | 369 | 47 | 632 |
| 25% of GDP per capita | 2,110 | 2,110 | 2,110 | 2,110 |
| SPI | 0.035 | 0.009 | 0.001 | 0.045 |

Source: Consultant estimates, 2011.

65. The overall SPI for Solomon Islands is 0.045. This implies that the average per capita social protection expenditure of the country constitute 4.5% of the poverty line (set at 25% GDP per capita). The highest SPI is social insurance, followed by social assistance, and labor market programs.

B. Disaggregation by 'Depth' and 'Breadth'

66. The first decomposition of SPI is into a measure of 'depth' of coverage and a measure of 'breadth' of coverage. The measure of 'depth' is represented by the first term in the SPI - total expenditures/total actual beneficiaries, which has to be normalized by the value of poverty line expenditures because it is a monetary variable. Hence, it can be interpreted as the average expenditures per actual beneficiaries as a percentage of poverty line expenditures.

Table 7: Disaggregation by Depth and Breadth

| | Social Insurance | Social Assistance | Labor Market Programs | All SP Programs |
|---------|-------------------------|--------------------------|------------------------------|------------------------|
| Depth | 4.198 | 0.123 | 0.181 | 0.533 |
| Breadth | 0.008 | 0.071 | 0.005 | 0.085 |
| SPI | 0.035 | 0.009 | 0.001 | 0.045 |

Source: Consultant estimates, 2011

67. The measure of 'depth' for social insurance is seemingly large because the total expenditure for each beneficiary is high. The social insurance represented in this report only considered the Solomon Islands National Provident Fund and workers compensation claims.

68. The measure of 'breadth' of coverage is represented by the second term in the SPI - total actual beneficiaries/total potential beneficiaries. This is a non-monetary 'coverage' indicator. Thus, it can be expressed as a simple percentage. The low 'breadth' across all social protection categories implies that coverage of target beneficiaries is relatively low at 8.5%.

C. Disaggregation by Poverty Focus

69. Another major disaggregation of the SPI is the disaggregation into two indices – SPI_p , which gauges the total expenditures per poor actual beneficiaries as a ratio to all potential beneficiaries (both poor and non poor), and SPI_{np} which gauges the ratios of total expenditures per non-poor actual beneficiaries as a ratio to all potential beneficiaries (both poor and non-poor).

Table 8: Disaggregation by Poverty Status

| | Poor | Non-Poor |
|------------------------------|-------|----------|
| SP Expenditure (Million SBD) | 8 | 53 |
| Reference Population (000s) | 632 | 632 |
| 25% of GDP per capita | 2,110 | 2,110 |
| SPI | 0.006 | 0.039 |

Source: Consultant estimates, 2011

70. The SPI for non-poor is 0.039, which is higher than the SPI for poor (0.006). This means that the social protection expenditure for the poor is lesser compared to the expenditure on non-poor. This indicates that the non-poor benefit more from the social protection programs.

71. Although 23% of the population lives below the national basic needs poverty line, the Government does not have any specific social protection program to address this group. Analysis of HIES 2005-2006 revealed that higher incidences of poverty exist in Honiara (32%) compared to 14 % in the provincial center and 19% in the rural areas.

D. Disaggregation by Gender

72. The SPI for men is 0.033, which is larger compared to the SPI for women at 0.012. The share of social protection expenditure for men is almost triple the amount allotted for women's programs. This indicates gender disparity in the targeting of social protection programs.

Table 9: Disaggregation by Gender

| | Women | Men |
|------------------------------|-------|-------|
| SP Expenditure (Million SBD) | 16 | 44 |
| Reference Pop (000s) | 632 | 632 |
| 25% of GDP per capita | 2,110 | 2,110 |
| SPI | 0.012 | 0.033 |

Source: Consultant estimates, 2011

VI. CONCLUSION AND RECOMMENDATIONS

73. The derived 2009 SPI in the country is 0.045 implying that on the average the per capita social protection expenditures of the government is about 4.5% of the poverty line expenditures. Social insurance contributes most in the value having an index of 0.035 while social assistance and labor market indices are 0.009 and 0.001, respectively. These figures indicate that the average benefits in social insurance are largest. In terms of depth, the overall average benefits of social protection is about 53.3% of the poverty threshold in the country and these benefits reached about 8.5% of the targeted beneficiaries, having the breadth index of 0.085. In 2009, the poor received less than non-poor with indices for poor and non-poor 0.006 and 0.039, respectively. The index for men is also higher than the index for women in 2009.

74. The Solomon Islands National Provident Fund is the only formal social protection program established by an act of Parliament that caters to obligatory savings from employer and employees in the formal sector and can be withdrawn at the age of 40, resulting in increased financial strength of the SINPF, increased interest rates to members, and the ability to invest on behalf of its members in various private companies.

75. The Solomon Islands Government in its present policy translation and implementation document will reform the SINPF to ensure that its resources directly benefit the members through a saving scheme for non employed members, a pension scheme for members, and a limited universal health scheme. A saving scheme for non-employed members gives more people access to funds, which will improve the traditional value of caring for families.

76. The Social Welfare Act assists people facing hardships due to flooding or loss of houses during fires or accidents. It also provides assistance for repatriation to one's home island. A lot of social assistance is provided through traditional social safety nets and the division operates cautiously, trying not to breakdown this traditional value of caring for neighbors and family. The division assists destitute people who have lost contact with their traditional social network due to migration from their home island to Honiara, and lack of success in either business or employment.

77. One major constraint identified in social welfare programs is the lack of relevant training for staff, which affects the overall performance of the Division. Other problems include lack of capacity and funding to assist additional people and extend activities to the provinces, and provide assistance to the poor. Social welfare work is in its embryonic stage in the country.

78. The Fee Free Education Policy of the Coalition for National Unity and Rural Advancement (CNURA) government creates the safety net for all school age children to attend school from Prep class to Junior Secondary school (Form 3) level. Sustainability of grant payments to schools in this Fee Free Education Policy is a challenge. Donor partners of Solomon Islands Government, particularly NZAID, provide support although sustainability depends largely on the stability of the National Government.

79. The National Children's Policy 2010 states that children with disabilities in all communities are encouraged to integrate into the regular educational system. The National Children's policy and the Solomon Islands National Policy on gender equality and women's development prioritize assistance to vulnerable groups such as children and women. The number of students with special needs enrolled in schools decrease as one progresses to secondary schools. There is no system in place to mainstream students with special needs leaving school to receive child protection assistance.

80. The total 2009 social protection expenditure in Solomon Islands is SBD 60.1 million or 1.3% of GDP. The SPI for Solomon Islands is 0.045. Social insurance has the highest share of social protection expenditure; a majority of which is allotted to pensions.

81. The benefit received per beneficiary of social protection is about 53.3% of regional poverty line (set at 25% of GDP per capita) and social protection expenditure reached 8.5% of targeted beneficiaries. Social protection programs in Solomon Islands benefited more non-poor than poor beneficiaries, with each poor beneficiary receiving a per capita benefit of only 0.6% of the regional poverty line. The total social protection expenditure in Solomon Islands benefited

slightly more men than women with each female beneficiary receiving only 1.2% of the regional poverty line.

REFERENCES

- ADB. 2000. *Regional Technical Assistance for Poverty Assessment in Pacific Developing Member Countries*. Manila.
- ADB. 2011. *The Revised Social Protection Index: Methodology and Handbook*. Manila: Asian Development Bank.
- Central Bank of Solomon Islands. 2008. CBSI Annual Report 2008.
- _____. 2009. CBSI Annual Report 2009.
- _____. 2010. CBSI Annual Report 2010.
- _____. 2011. CBSI Annual Report 2011.
- ILO Country Office for South Pacific Island Countries. 2009. *ILO Decent Work Country Programme: Solomon Islands 2009-2012*. Solomon Islands: ILO.
- Government of Solomon Islands, Ministry of Health and Medical Services. 2009. Health Sector Support Program: Mid-2009 Progress Report, Vol. IV. Honiara.
- Government of Solomon Islands, Ministry of Women, Youth and Children's Affairs. 2010. National Children's Policy. Honiara.
- Government of Solomon Islands, Ministry of Women, Youth and Children's Affairs. 2010. Solomon Islands National Policy on Gender Equality and Women's Development 2010. Honiara.
- Strategic Asia and UNDP. 2010. Millennium Development Goals Report for Solomon Islands 2010. Honiara: Ministry of Development, Planning and Aid Coordination.
- ADB. 2007. *Scaling up of Social Protection Index for Committed Poverty Reduction*. Volume 8: Cook Islands Country Report. Manila.
- Solomon Islands National Statistics Office, Ministry of Finance and Treasury. 2011. Gross Domestic Product Bulletin 2005–2009. Honiara.
- Government of Solomon Islands, Office of the Prime Minister. 2010. Policy Translation and Implementation Document. Honiara.
- ADB. 2007. *Scaling up of Social Protection Index for Committed Poverty Reduction*. Volume 26. Statistics on Social Protection in Four Pacific Islands Countries: Fiji, Marshall Islands, Solomon Islands and Vanuatu. Manila.
- AusAID. 2009. *Tracking Development and Governance in the Pacific*. Canberra: Australian Agency for International Development.

UNICEF and AusAID. 2009. *Protect Me with Love and Care: A Baseline Report for Creating a Future Free from Violence, Abuse and Exploitation of Girls and Boys in the Solomon Islands*. Suva: UNICEF Pacific.

FORMULATION OF THE SOCIAL PROTECTION INDEX AND ITS MAJOR DISAGGREGATION

A. Structure of the SPI

1. Based from the 2011 SPI Handbook by Baulch' and McKinley, the SPI is described as a simple and unitary indicator rather than a composite index. It is not an abstract index and should provide a "normative" reference such as the magnitude of the impact on people.
2. The formulation of the revised SPI, under the present study, refers to the total SP expenditures divided by the total potential beneficiaries, and relative to a quarter of GDP per capita. This is mathematically expressed in the following equation:

$$SPI = \frac{\left[\frac{\sum E}{\sum PB} \right]}{Z}$$

where

E represents the sum of all SP expenditures;
 PB represents the sum of all potential beneficiaries; and
 Z represents poverty-line expenditures which is 25% of GDP per capita.

3. The term "Total Expenditures per Total Potential Beneficiaries" has two parts:
 - (i) Total expenditures per total actual beneficiaries – this represents the Depth of the SPI;
 - (ii) Total actual beneficiaries per total potential beneficiaries – this represents the Breadth.
4. It is noted that 25% of GDP per capita is roughly the average national poverty line across ADB's sample of countries.

B. SPI's Major Disaggregation

1. Disaggregation by Depth and Breadth

5. The SPI can be disaggregated into measuring the depth of coverage and also, the breadth of coverage. Depth represents the average expenditures that the government spends for every actual beneficiary as a percentage of poverty-line expenditures.

a. Depth

6. The index is measured as

(Total Expenditures divided by Total Actual Beneficiaries);
 Divide by Z or the poverty-line expenditure.

7. The index is represented by the following equation:

$$D = \frac{\left[\frac{\sum E}{\sum AB} \right]}{Z}$$

where

D represents Depth

E represents the sum of all SP Expenditures, and

Z represents the poverty-line expenditures.

b. Breadth

8. The breadth of coverage index is simply the proportion of the total actual beneficiaries receiving government benefits over the total potential beneficiaries. This is computed as

Total Actual Beneficiaries divided by Total Potential Beneficiaries.

9. The index is represented by the equation

$$B = \frac{\sum AB}{\sum PB}$$

where

B denotes Breadth,

AB represents the sum of all actual SP beneficiaries

PB represents the sum of all potential SP beneficiaries.

2. Disaggregation by Component

10. The second major disaggregation involves the three-way distinction between components.

11. Each of the three components for Expenditures per Potential Beneficiaries of SI, Potential Beneficiaries of SA, Potential Beneficiaries of LMP is multiplied by its weight. The mathematical relationship between the three components is based on weighted average.

- (i) SPI for Social Insurance (includes pensions, health insurance, and unemployment benefit)
- (ii) SPI for Social Assistance (includes assistance for the elderly, health assistance, poverty programs and child protection)
- (iii) SPI for Labor Market Programs (include training and public works scheme)

12. The formula for the SPI of each of the three categories can be illustrated by the formula for SPI_{si}. Deriving the SPI for Social Insurance proceeds as

(SI Expenditures divided by SI Actual Beneficiaries) multiplied by

(SI Actual Beneficiaries divided by SI Potential Beneficiaries) multiplied by
(SI Potential Beneficiaries divided by All SPI Potential Beneficiaries) multiplied by
1/Poverty-Line Expenditures.

13. The SPI for SI is expressed in the equation

$$SPI_{st} = \frac{\left[\frac{\sum E_{st}}{\sum AB_{st}} \right] \times \left[\frac{AB_{st}}{PB_{st}} \right] \times \left[\frac{PB_{st}}{PB} \right]}{Z}$$

14. The last expression in the numerator represents the proportion of SI, which is the potential SI Beneficiaries divided by the Total SPI Potential Beneficiaries.

Z represents the poverty-line expenditures.

15. After each of the three components' expenditures per potential beneficiaries (SI, SA, LMP) has been multiplied by its weight, all three are added together. The resulting total is the country's SPI. This is shown as

$$SPI = SPI(SI) + SPI(SA) + SPI(LMP)$$

3. Disaggregation of Expenditures on Poor and Non-Poor Beneficiaries

16. The SPI can be disaggregated by expenditures on poor and non-poor beneficiaries.

a. SPI (Poor)

17. The index is derived at as follows:

SPI_p represents the total expenditures per poor actual beneficiaries as a ratio to all potential beneficiaries both poor and non-poor. The index is computed as:

(Total Expenditures on the Poor divided by the Total Poor Actual Beneficiaries)
multiplied by (Total Poor Actual Beneficiaries divided by Total Potential Beneficiaries).

18. The index is represented by the following equation:

$$SPI_p = \left[\frac{\sum E_p}{\sum AB_p} \right] \times \left[\frac{\sum AB_p}{\sum AB} \right]$$

b. SPI (Non-Poor)

19. SPI_{np} represents the total expenditures per non-poor actual beneficiaries as a ratio to all potential beneficiaries, both poor and non-poor.

20. The index is derived as

(Total Expenditures on the Non-poor divided by Total Non-poor Actual Beneficiaries) multiplied by (Total Non-poor Actual Beneficiaries divided by Total Potential beneficiaries).

21. The index is represented by the following equation:

$$SPI_{np} = \left[\frac{E_{np}}{\sum AB_{np}} \right] \times \left[\frac{\sum AB_{np}}{\sum AB} \right]$$

22. When SPI (Poor) is multiplied to SPI (Non-Poor), the product represents the SPI of the country.

LIST OF RESOURCE PERSONS

| No. | Office | Name and Designation |
|-----|--|---|
| 1 | Ministry of Education and Human Resource Development | Maelyn Kuve, Permanent Secretary |
| 2 | | Tim Ngele , Undersecretary |
| 3 | | Noelyn Biliki, Director, Planning Unit |
| 4 | | Sokeni, Chief Accountant |
| 5 | Ministry of Health and Medical Services (MHMS) | Dr. Lestor Ross, Permanent Secretary |
| 6 | | Aaron Olofia, Director Social Welfare Department |
| 7 | | Elsie Taloifiri, Director, Community Based Rehabilitation |
| 8 | | Michael Lalui , Director, Nursing |
| 9 | Ministry of National Planning and Aid Coordination | Ms. Nelita A. Tabbada, Project Development Officer |
| 10 | Department of Environment and Natural Resources | Lyn Legua , Director, Budget Unit |
| 11 | UNDP | Anika Kingmele , Legal Officer, UNICEF |
| 12 | Solomon Islands National Provident Fund | Anne Misite'e , Senior Training Officer |
| 13 | Financial Development Economic Unit | Dalcie Ilala , Director |
| 14 | Ministry of Commerce, Industry, Labour and Immigration | Joshiah Manehia , Commissioner of Labour |
| 15 | | Damie O'Ota , Chief Labour Officer |
| 16 | Ministry of Finance and Treasury, Government Statistics Office | Douglas, Director |
| 17 | | Jochim Galafuna, Chief Statistician |

| | | |
|----|--|--|
| 18 | | Theresa Kia Paikai, Senior Finance Officer |
| 19 | Ministry of Women, Youth and Children (MWYC) | Ethel Sigimanu, Permanent Secretary |
| 20 | | Janet Tuhaika, Director, Women's Development Division |
| 21 | | James Rizzu, Director, Children's Affairs |
| 22 | National Disaster Management Office | Ruth Nalangu, Senior Administration Officer |
| 23 | Bureau of Social and Economic Reforms, Prime Minister's Office | Jenifer Fugui, Director, Public Sector and Social Services |
| 24 | Technical and Vocational Education Training | John Wate, Director |
| 25 | Special Development Training Centre | Joy Kenneth, Teacher |
| 26 | Honiara City Council | Lina Laeta, Health Inspector Officer |
| 27 | Rapid Employment Project | Naelyn John, Coordinator |