

Joint Annual Report 2002

Co-operation between the European Union and Solomon Islands (1st January to 31st December 2002)

**Jointly prepared by the
Office of the National Authorising Officer of the European Development Fund
at the Ministry of National Planning and Human Resources Development
and the EC Office to Solomon Islands,
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1. EXECUTIVE SUMMARY

According to article 5 of Annex IV of the Cotonou Agreement a joint operational review of the indicative programme shall be undertaken annually by the National Authorising Officer and the Head of Delegation (or his representative). Within thirty days of completion of the review a report shall be drawn up and submitted to the Development Finance Committee. The joint annual report for 2002 (hereunder enclosed) fulfils this reporting requirement.

The year 2002 has been a mixture of encouraging events and worrying trends. Overall, the much needed restoration of law & order, as well as the social and economic post-conflict recovery after almost three years of ethnic tension has yet to materialise.

The peace process has continued throughout 2002, but has lost its momentum in terms of laying down arms and returning stolen property. In addition a growing form of gun-driven criminality has not received an adequate response by the authorities. The recruitment of a British Police Commissioner, in January 2003 at the head of the Royal Solomon Islands Police Force, co-financed by EC (75%) and UK (25%) is promising, but certainly insufficient for the renewed and effective functioning of the police force in the Solomon Islands and the return of Law and Order in the country.

The mobilisation of civil society in favour of the 2001 general elections had demonstrated the growing wish of citizens to be more closely involved in deciding on the directions of development their country should take. Good governance has been a major theme in the political awareness campaigns conducted by civil society thereafter.

The EC development programme in 2002 has further been implemented, in still difficult economic and social conditions and an unsatisfactory law and order situation. EDF project disbursements in 2002 amounted to about SBD 40 million (€ 6.7 million)¹ compared to SBD 45 (€ 8 million)¹ in 2001.

The difficult economic and social situation prevailing in the country has had its impact at project level, on the capacity of the various line ministries to fulfil their roles and on the lives of individual project beneficiaries. Furthermore, important EDF resources of the past remained unused during 2002, due to a lack of favourable conditions in political and economic terms. Commissioner Nielson had sent a first letter on the EC position to PM Kemakeza on 15 May 2002 and confirmed it in a second letter on 22 January 2003, defining the elements for a full resumption of EC co-operation.

2. INTRODUCTION

Solomon Islands is situated to the east of Papua New Guinea and the north east of Australia. The country is made up of six large and several hundred smaller islands, most of them populated, with a total land area of 27 990 km² and an ocean area within an exclusive economic zone of 1.34 million km². The population of 450 000 is growing at 2.8% per year; 42% of the total population is under the age of 15. In the age range 5-14 years, 57% attended school during 1999². 15% of the population live in urban areas, with Honiara, the capital, being by far the largest urban centre (pop. 49 000). Only 23% of the population of 14 years of age and over are involved in paid work. This highlights the importance of the subsistence sector (agriculture and fishing) and of remittances from overseas.

¹ Indicative average exchange rate for 2001: € 1 = SBD 5, for 2002 : € 1 = SBD 6.

² According to the Population Census SI 1999 financed by EC

The country is amongst the least economically developed in the Pacific. The country's main natural resources include timber, fish, gold, copra, cocoa and oil palm. Gold exports have however stopped since the Gold Ridge mine had been ransacked in 2000, during the conflict. Agriculture accounts for about 25% of GDP. Solomon Islands is ranked 121st in terms of its UN Human Development Index. There is no poverty line established but with a UN-Human Poverty Index of 49.1 (although the components of the index are controversial), Solomon Islands is among the poorer ACP countries.

Solomon Islands is culturally rich and diversified and is amongst the most traditional societies in the Pacific. The country has, however, come to a crossroads regarding the model to adopt to make the transition from a traditional to a modern society. The ethnic conflict (1998 – 2000) is in some ways an illustration of the difficulties faced in the transition process, compounded essentially by land disputes. The problems of land ownership had been tackled by the Ulufa'alu government in 1998 but the proposed legislations have never been implemented.

3. NATIONAL DEVELOPMENT STRATEGY

The Government's main objective in 2001 and 2002 was to consolidate the peace process. Economic recovery was the second priority. Government's inability to control expenditures combined with the granting of duty remissions of about SBD 80 million resulted in a major budgetary gap.

Before the outbreak of the ethnic conflict in June 1999, the Government of Solomon Islands appeared to be on track with many of the reforms and areas of development as contained in its Medium Term Development Strategy (MTDS). The conflict has derailed the process and despite initial indications that a review of the MTDS would take place in 2001, no progress was made.

To achieve its peace consolidation objective the Government negotiated a credit with the Taiwanese EXIM Bank in the first quarter of 2001 for an amount of USD 25 million (SBD 137 million), payable in four tranches during the latter part of 2001 and 2002. In addition, the Government made an attempt to rally additional donor support. To this end a high-level meeting with donors was organised in February 2001 which did not adequately address the concerns expressed on its economic and fiscal policy by donors, Central Bank of Solomon Islands and senior officials. As a result, donors only offered assistance in the social sectors, peace monitoring and assistance to the police.

The preparation and implementation of a Financial and Economic Reconstruction Programme – including the restoration of external debt service to donors such as the World Bank and the ADB - remained a condition for most donors to reactivate full scale operations in Solomon Islands.

The new Government of December 2001 led by Sir Allan Kemakeza recognized the importance of having a comprehensive policy framework to consolidate the peace process, to resurrect the economy and to restore law and order. Work on such a framework commenced early in 2002. However, after the announcement by Finance Minister M. Maina, who was also the NAO, of a 25% devaluation of the SBD, the Minister was sacked and the devaluation annulled. Mr Lawrie Chan took over as Finance Minister.

Snyder Rini the new NAO, Minister of National Planning and Development, organized in June 2002 a donor conference where he presented a shopping list of projects asking for a package of 55 Mio SBD. The donors considered these proposals as unrealistic.

As a result, the government accepted an Australian initiative to organize a Multi Donor Economic Governance Mission in the Solomon Islands. This mission led by UNDP included experts from Australia, New Zealand and the EU, plus assistance from other donors (ADB and the Bretton Woods Institutions). It toured the country during the month of November 2002 and delivered a draft report in January 2003.

On the basis of this report the Solomon Islands Government (SIG) will draft a National Economic Recovery and Development Plan (NERDP) which shall be discussed by a Multi donor/SIG conference probably later in 2003.

Among the prerequisites to arrest economic decline are the achievement of fiscal balance through new revenue measures and expenditure control, a cut in the currently excessive payroll, a change in balance-of-payments and external debt management, reforms to the National Provident Fund and a more equitable provincial distribution of Government development programmes. If this would be supplemented by incentives for better-focused investment, and by policy reform to stimulate export-oriented private sector development, and to downsize the public service to make it more efficient, there could be prospects for a better economic and social future in Solomon Islands.

Solomon Islands have also subscribed to the Millennium Development Goals (MDG) aiming at global reduction of poverty in developing countries. The following table shows the MDG indicators for SI as far as available.

Indicator	Diff. years	2001	2002
Proportion of population below \$1 per day ¹	(1)	(1)	(1)
Prevalence of underweight children (under 5 years of age) (of which 38% between 9 and 15 months)	25% (2000)	25%	25%
Under 5 years of age mortality rate	NA/1000 (2000)	NA/1000	32/1000
Net enrolment ratio in primary school	35% (1986)	N/A	57%
Primary schools completion rate	47% (2000)	N/A	45%
Ratio of girls to boys in: ²			
Primary education	36.16% (1998)	58% (1999)	N/A
Secondary education	18% (1986)	50% (1999)	N/A
Tertiary education	3.7% (1998)	7.5% (1999)	N/A
Proportion of births attended by skilled health personnel	87% (1989)	92%	N/A
Proportion of 1 year old children immunised against measles	No cases in	1997 and 1998	Vaccination coverage: 70%
HIV prevalence among 15-24 year old women	1999: 1 case	no other cases known, probably more cases exist as STI's are increasing	
Proportion of population with sustainable access to an improved water source	61% (1999)	N/A	64% (estimate)

More detailed indicators will be made available once the Statistical office is re-established and sufficiently equipped in terms of budget and staff to produce relevant data on a regular basis.

¹ The fact that around 85% of population own land in which they grow food crops and/or raise livestock makes it extremely difficult to have an estimate. The fact is that there is neither abject poverty nor starvation in the country

² It should be noted that the ratio of males to females in the general population of Solomon Islands is 51/49.

4. OVERVIEW OF THE POLITICAL, ECONOMIC AND SOCIAL SITUATION IN 2002

4.1 Political situation

Virtually three years have passed since mid-2000, when the ethnic tension shook the foundations of Solomon Islands' society, economy and its finances. In that three-year period, some, but still limited, progress has been made in the direction of restoring lasting peace in the country.

On December 7th 2001, after a relatively short but extremely intensive period of preparation, the General Elections took place. Civil society has played a leading role to mobilize popular support in favour of general elections. All major bilateral donors, including the EU, provided financial and technical assistance to the electoral process and sent international observers. The elections took place in a peaceful atmosphere and were generally regarded as fair. The elections brought the Government of Sir Allan Kemakeza to office for a four-year period. The new Government was sworn in on 19 December 2001. Almost half of the newly elected Members of Parliament and of the government were newcomers to national politics. The government opted for a Federal Constitution and promised to bring such constitution to Parliament for approval before the end of 2003. The implications of such a state structure are however ignored.

In the restoration of peace, and in bringing about transparency in political and good governance issues, Non-State Actors play an important role.

Various aid organisations, including the EU, provided humanitarian type of aid to internally displaced people during the height of the tension. With the gradual return to normalcy, it is hoped that respect for human rights in Solomon Islands will be restored.

While there is no more open warfare in the country, insecurity and crime remained problematic during 2002, largely the result of the many high-powered guns still in the hands of unauthorized persons, and of the ineffectiveness of the police force which has major difficulties in maintaining law and order in the country.

The latest report of Amnesty International emphasizes that gunmen repeatedly raided government offices demanding money, and that in July 2002 the Health Minister reported that doctors were leaving the country as armed groups were entering clinics seeking revenge against sick rivals from opposing ethnic groups. The report of the Eminent Persons Group of the Pacific Forum of July 2002 mentioned that government "compensation" payments were only available to those with guns.

Timid efforts to restore law and order got a serious setback when, in August 2002, Minister for Women, Youth and Sports, Father Augustine Geve, was murdered by his nephew, Harold Keke, leader of the still unsundered Guadalcanal Liberation Army. However, from April onwards, police in Honiara and Auki (Malaita) began to take action against gunmen including police constables who misused their authority.

4.2 Economic and social situation

During the tensions, most of the progress the country had achieved in economic development over the past decade was wiped out.

Per capita income in the country has fallen by more than 50% as compared to 1997 and is currently (2002) below € 500, less than the income levels attained in Solomon Islands more than ten years ago. Solomon Islands is now included in the group of Least-Developed Countries whereas it was a Middle-Income Country before. The fall in national production, income, and, inevitably, in employment has not as yet been arrested, and GDP in 2002 declined further, (-4%).

In 2002 the exports of logging, copra and fish increased by 57% and exceeded imports by 17.8%. Imports fell by 26.5% thereby furthering a positive balance-of-trade (+9.7%). However, the level of pre-conflict exports (and imports) is still far from being achieved.

Only limited progress was made in 2002 in ensuring the return of export-oriented enterprises which constituted the rock foundation of the Solomon Islands' economy. A positive sign was the taking up of operation of the SOLTAI fish factory in 2001 which exports high value smoked tuna to the Japanese market whilst delivering most of its canned tuna to the domestic market. The company's production capacity reached 40% at the end of 2002.

The weak management of the copra market and the inability for the government and its parastatal Commodities Export Marketing Authority (CEMA) to buy the stocks of copra increased the hardship in rural areas. Finally the government decided to do away with the CEMA monopoly of buying copra from the farmers. CEMA lost its commercial and trading powers, but kept the right to deliver copra export licenses.

The problem for the copra producers is precisely their poor trading capacity and the lack of sea transport. This absence of transport is also felt by the fishermen, but projects supported i.a. by the EU try to remedy the situation.

Copra earnings are by and large the most important source of cash income for villagers. The provisional liquidation of RIPEL (Russell Islands Plantations Ltd), the only large producer of copra oil for exports, added to the near collapse of the copra market in 2001. However an agreement for a takeover by an Australian/SI investor has been reached at the end of 2002 and production should restart very soon.

Cocoa production was around 28% higher in 2002, due to a rise in export prices and some improvement in the security situation in parts of Guadalcanal.

Growth of credit to the private sector, albeit small, provided some signs of a possible economic recovery in 2002.

The Solomon dollar's depreciation to the Euro accelerated by nearly 25% in 2002. In December 2001 the value was €1.0 = SBD 5.8; in December 2002 € 1.0 = SBD 7.12.

The 2002 national budget was quickly overtaken by events. Declining revenues, a much higher than estimated pay-roll and less than foreseen external grants, contributed to an increased budget deficit and an increase in public debt figures (domestic and overseas) and major difficulties to ensure sometimes even basic services in the provinces. Revocation of duty and tax remissions, increases in import duties on luxury goods and improved tax administration were not enough to turn the budget around.

In addition, the country's infrastructure, which was badly damaged, has not as yet been repaired, partly because Government defaulted on its debt service to the World Bank and the ADB. This led to the suspension of reconstruction operations for which both banks had committed funds, such as the ADB funded US\$ 10mn Post Conflict Reconstruction Project.

Debt service was honoured only for a short period, from September to December 2002, and stopped after the resignation of Finance Minister, Lawrie Chan and of his New Zealand Permanent Secretary Lloyd Powell.

On the social side, the continuing fiscal problems resulted in late payments of civil servants, teachers, medical staff, as well as of operating expenditures for schools, clinics and hospitals, with nearly inevitable strikes and closing down of schools and medical services for limited periods.

Civil society expanded its role from promoter of peace to promoter of good governance. Various groups of citizens, NGOs, churches, business community and trade unions exercised their right to express themselves freely by criticising the Government's economic and fiscal record and by mobilising for the 2001 General elections. Civil society was also an active participant, not always appreciated by the militant groups, during the review of the Townsville Peace Agreement.

The unsuccessful meeting of 18 June 2002 between the Government and donors after the preparatory donor meeting in Brisbane on the 17th June 2002 set the scene for the remainder of the year in terms of unfulfilled expectations about the Government's economic policy direction and its commitment to drastic reforms.

In spite of pessimistic provisions by the donors, improved security allowed them to double their assistance from SBD53 Mio in 2001 to SBD108.7 Mio in 2002. This is still less than 50% of the aid for 1999 and also not taking into account the depreciation of the SBD. Yet, Solomon Islands remained highly dependent on financial support from external donors, to the extent that at the end of 2002 close to half of merchandise imports were financed from donor funds, which compares to 20-30 percent in 1996/1997. The Development Budget for 2002 had been prepared on the unrealistic assumption that the donor community would again be ready to finance 100 percent of development expenditures (as was the case in 2001).

5. OVERVIEW OF EDF CO-OPERATION IN 2002

5.1 Introduction

EC support in the past has been focussing on the transport sector (roads and sea) and rural development including agriculture, rural fishing and forestry. Support has also been provided to the health and education sectors (formal and non-formal) and for capacity building within government. A structural adjustment programme in support of economic reforms was carried out in the context of a larger IMF, World Bank and Asian Development Bank supported programme. Assistance has been given to civic society and to the media during the tensions and as part of the peace process.

Efforts have been made to gradually re-focus the ongoing, very diversified programme to three areas only. In each of these areas EDF is in financial terms a major player in Solomon Islands. The first one is the education sector in the large sense, i.e. including institutional capacity building and on-the-job training. The second sector is transport with interventions in both physical infrastructure as well as institutional capacity building and sectoral reforms. The third main area is support to grassroots development through micro-project programmes.

The major EC related events of 2002 included the signing of the Country Strategy paper (2002 – 2007) and National Indicative Programme of the 9th EDF on the 21st May 2002.

In 2002 contracts and work programmes were approved for an amount of almost € 3.865 million or approximately SBD 22 million, 60% less than in 2001. This consisted exclusively of NIP funded activities, but no STABEX funds, the commitments of the Stabex Work Programmes having been approved in 2001. According to the instructions of Commissioner Poul Nielson, the Stabex money was frozen as from the 25th May 2002. Payments made in 2002 amounted to € 6.7 million or approximately SBD 40 million (SBD 45 million in 2001). This amount can be broken down in € 3.8 million from NIP funds, € 0.8 Mio for SAP (Structural Adjustment Programme) and the equivalent of € 2.05 million from STABEX resources.

Ongoing NIP activities in 2002 included the Malaita Rural Infrastructure Project, the 1999 Population Census, the support to Rural Training Centres, the Inter-Island Shipping Project, Microprojects, institutional capacity strengthening at the Departments of Finance and Planning respectively, the reconstruction of the Ministry of Finance building, and number of other short-term studies/project reviews. Structural adjustment funded activities included support to the Ministries of Education and Works respectively. However, this programme has been cancelled. Only the first part (€ 1.8 Mio) has

been paid. Due to the ethnic tensions Solomon Islands has been unable to continue the Structural Adjustment Programme with the World Bank and ADB.

STABEX funded projects included the Rehabilitation of the Sasamunga-Kolombangara road in Choiseul, the rehabilitation of roads and bridges on Makira, emergency repairs on the Kongulai water system, and supervisory work for the construction of the Ministry of Finance building.

5.2 Focal sectors of 7th & 8th EDF Co-operation³

5.2.1 Focal sector 1: Rural transport and Communication

The infrastructure works ongoing during 2002 included the continuation of building and rehabilitating roads, bridges and wharves on Malaita, road rehabilitation in Honiara under the Structural adjustment programme, and road and bridge rehabilitation in Makira (80 km east and west from Kira Kira).

The *Marine Infrastructure project* visited various jetties/wharves for rehabilitation and/or construction and made a proposal for 15 sites for decision by the Government. This proposal was accepted and two tenders for respectively 7 and 8 wharves have been completed.

The *Malaita Rural Infrastructure Project* has completed a total of 54.5 km of road, built to two lane (5-metre wide) standard. This represents about 50 % of the original scope of works in terms of road length. Two wharves completed to date represent 67 % of the original scope in terms of number of wharves. The project has also constructed new roads that create better opportunities for agricultural and commercial activities and development in the area.

The *Inter-Island Shipping project* contributed successfully to obtain IMO (International Maritime Organization) White List status for Solomon Islands. The project was instrumental in opening the Marine Training School in August 2001 and trained 200 seafarers by the end of 2002. STCW⁴ regulations were drafted and approved and define new training and certification standards for Solomon Island seafarers.

Solomon Islands achieving “White List” status through the Project should result in safer practices onboard local ships and give opportunities for seafarers to gain employment on international vessels. Although it was feared that the sustainability of the Project could be jeopardised by lack of co-operation from the shipping industry, this industry played its role. It was thanks to their support that the school could continue to operate, the government having failed to deliver its convened counterparts.

The reopening of the School of Marine and Fisheries will allow the much-needed Human Resource development to continue. However if adequate Government funding is not maintained, the Solomon Island could lose its “White List” status.

5.2.2 Focal sector 2 : Human Resources Development

The formal education sector continued to receive support from the education sector component of the 1999 Structural Adjustment Programme in a jointly funded DfID – EDF project at the Curriculum Development Center. Stabex 99 provided also € 2 Mio for secondary school grants. Human resources development activities continued with the Rural Training Centres (RTC) Phase II project in the eight provinces of the country. Teachers from all RTCs have been undergoing certificate of education distance learning programmes. Their work planning and technical skills were also upgraded. Vanga College, a full-time teacher-training college for RTC graduates was upgraded. To raise the profile of the Association of Rural Training Centres (SIARTC, Solomon Islands Association for RTC), a website was established, and a calendar, an annual comic/brochure, a tri-weekly radio programme and a weekly newsletter have been produced.

³ See project profiles at Annex 9.4.

⁴ Standard of Training Certification and Watchkeeping, ILO convention of 1989, amended in 1995.

Several projects aiming at institutional capacity building continued successfully in 2002. These include the support of the *Project Management Unit (PMU)* to the *Ministry of Planning* to efficiently manage EDF funds, and of a long-term economic advisor. However, this co-operation came to an end when the new Minister of Planning took up his duties in May 2002. The *Ministry of Finance* received the assistance of a long-term advisor to work on strengthening the fiscal management capacities of the Ministry and developing the links with the Ministry of Planning. The Solomon Islands government having opted for a federal constitution, the adviser was invited to work on the provincial finances in co-operation with the UNDP who promotes the constitutional reform.

The *Population Census* project was eventually completed with the writing of the final report and the presentation of the main findings to government officials, civil society members and donors. An agreement was given to print the report in August 2002.

5.2.3 Focal sector 3: Rural development (including microprojects)

The *Rural Fishing Enterprises project (RFEP phase 3)* started full operations in 4 of the 7 fishing centers in early 2001. Two more centers were being prepared for start-up in 2002. Production of fish at centres is steadily growing, fish sales being coordinated by the Project Marketing Unit to bulk buyers in Honiara. To encourage long-term sustainability, RFEP is facilitating the development of companies buying fish for local and export markets. The majority of fish has so far been sold locally, with interest being expressed at the same time by local exporters.

The *Microprojects Programme* (€ 3million) which started in December 2000 expanded significantly during 2002. In addition, a € 1 million top-up was provided from the STABEX 98 facility in support of agricultural micro-projects. One hundred and twenty nine projects (SBD 12.5 million) have been approved since 2001. Sixteen projects have been completed by the end of December. The main sectors comprised education (building and rehabilitation of classes, workshops, staff houses and ablution blocks and providing tools for schools and RTCs), health (clinics), water supply and small scale farming. Projects also included support to NGOs, sports, youth and cultural manifestations. The response from the rural communities to the microprojects scheme has been overwhelmingly positive.

Under the Memorandum of Understanding of 2001 to support conflict rehabilitation, € 1.0 Mio was foreseen for the re-integration of ex-militants and displaced persons. Up to now no projects have been proposed for this category.

5.3 Utilisation of resources for non-state actors

Non-state actors received EDF assistance in 2002 through the Microprojects Programme. They include the National Womens Council and the national broadcasting corporation SIBC. The provision of the microprojects programme for NGOs to propose community projects and to receive project management training was not taken up. NGOs in Solomon Islands and other non-state actors do not always have the necessary capacity to use the available funding facilities. The few NGOs that do have sufficient capacity and expertise are usually solicited to the limit of their possibilities. Therefore under the 9th EDF provision of 1 Mio € is foreseen to enhance capacity building of NSA.

5.4 Other instruments

5.4.1 EIB

EIB activities in Solomon Islands were still suspended in 2002 as a result of the prevailing economic situation. Also, the Development Bank of Solomon Islands which received a € 2 million credit (€ 1 million released) defaulted on its repayments. DBSI indeed has been facing severe liquidity problems as a result of non-performing loans and the economic downturn. Part of the loans comprised investments which were destroyed during the ethnic tensions. A proposal of the SIG to assure debt service or even reimbursement to EIB of the outstanding loans is under consideration.

5.4.2 *Emergency aid*

No emergency operations have been funded in 2002.

5.4.3 *Regional programme*

There were no regional projects ongoing in Solomon Islands in 2002, but the country continued to benefit from regional co-operation projects with the Pacific Islands Forum and its organisations.

6. PROGRAMMING PERSPECTIVE FOR THE FOLLOWING YEARS

Solomon Islands are confronted with the most challenging economic and socio-political situation since its independence. Over the past three years the government's finance and fiscal situation has gone from bad to worse. There is little indication that the situation improved in 2002, although the government is making progress on some fronts. As the result, both social and economic services especially in the areas of education, health and small income generation in the rural areas have deteriorated with majority not receiving basic services required. Living conditions in the rural areas, although sustained by subsistence lifestyles, still face a number of hardships. The absence of strong influence and presence by government and weak private sector in the rural areas have created the affinity for provinces to go ahead with a de-centralization process with the intention to create a federation as ultimate goal.

The 2003 budget has necessarily to be an austerity. It required political determination to impose revenue enhancing measures and stricter expenditure control than has been the case so far. However by the end of 2002 government coffers were nearly empty and substantial debts had accumulated domestically and externally. Several public owned enterprises were facing serious viability and liquidity problems.

Such a situation impacts not only on government's normal services but also on its involvement and participation in the EDF programme. This is more so the case for projects requiring close collaboration of government institutions than for projects which have only indirectly a need for government input.

In addition, and conditional to progress being made with economic reforms and improvement of law and order, new projects could be decided upon in 2003. Equally important is to have a comprehensive and internally consistent longer term development framework as a basis for donor support and more intensified donor co-ordination. The latter is in principle a role the Government should fully assume, on the basis of a regular, open and transparent dialogue with all donors.

7. FIRST TRIAL REVIEW – SPECIFIC ISSUES

7.1 Refinement of 9th EDF indicators

The experience with the microprojects programme financed from the 8th EDF has demonstrated the need and relevance of this type of small scale intervention in a country such as Solomon Islands. The demand for microproject support from communities is higher than expected and the number of projects approved during the first two years has also been higher than anticipated. Although a large number of projects is submitted for consideration, the average quality of proposals could still be improved. Training and further capacity building remains a need.

The updated indicators in the table in paragraph 9.1 for the new micro-projects programme reflect the high interest for microprojects, the need to select high quality projects and the practical constraints faced during implementation in terms of e.g. logistics, managerial capacity at community level, transport difficulties.

7.2 Assessment of CSP programming process

The CSP was formally signed on 21 May 2002 by Prime Minister Sir Allan Kemakeza and the Head of Delegation Anthony Crasner, on behalf of the Government and the European Commission respectively.

An annual operational review of the EDF programme took place between the Government of Solomon Islands and the European Commission in May 2002. This review coincided with an enhanced political dialogue (Art. 8 Cotonou Partnership Agreement) with the Prime Minister, in association with the EU Presidency (UK High Commissioner). Major conclusions were:

- Concentration on fewer projects would increase impact and reduce administrative burden.
- Necessity of support of rural communities by microprojects, the rural training centres phase II project and the Rural Fisheries project phase III was strengthened.
- The marine infrastructure project would have to ensure that the lessons and experience from the first EDF funded wharf/jetty construction programme be assessed carefully, with particular reference to issues of maintenance of infrastructure. The marine infrastructure project would also have to make a more detailed assessment of the anticipated benefits from new wharves, including disbenefits that might arise from encouragement to commercial forestry, or other adverse impact on the environment.
- A number of projects would have to be revised to respond to the changed economic, security and social conditions. These included the Inter-Island Shipping project for which a mid-term review is foreseen in the Financing Agreement, and the planned technical assistance team to the NAO's office. Planned EDF assistance to the Royal Solomon Islands Police (under the Conflict Rehabilitation Programme) should be examined in the light of the Government's new draft Action Plan for Law and Order and with respect to enhanced co-ordination with the United Kingdom, Australia and New Zealand.

Finally, the EC and the Government should discuss the future use of the outstanding STABEX balances amounting to € 65 million. The Commission would be in a position to resume dialogue on the use of these funds depending on progress made in two areas, namely economic recovery and improvement of law and order.

7.3 Assessment of the ongoing in-field dialogue - proposals for further strengthening

The NAO and the EC had regular dialogue about the EDF programme, at least once a month formally, but more frequently for specific projects.

The NAO in his capacity of Minister of National Development Planning is in charge of donor co-ordination. There is a need to maintain the work meetings between the Ministry and donors, both by sector and cross-sectoral, so as to ensure coherence between national policy objectives and donor support. Also, complementarity of donor projects should be carefully monitored to ensure maximum returns from the available donor assistance towards the country's development objectives.

This intensive dialogue between the Government and donors, the EC in particular, will allow the CSP to be adjusted where needed, and to respond in an optimal way to the evolving needs of the country.

8. CONCLUSIONS

The year 2002 has not been an easy year for the execution of EDF programmes, partly due to the unspent Stabex allocations. The deteriorating law and order situation in the capital and the state of the economy and government finance weakened the implementing and managing capacity of government. Nevertheless, the 2002 review concluded that the ongoing projects with a number of exceptions should continue and could continue in a satisfactory manner.

Ongoing NIP activities in 2002 included the Malaita Rural Infrastructure Project, the 1999 Population Census, the support to Rural Training Centres, the Inter-Island Shipping Project, Microprojects, institutional capacity strengthening at the Departments of Finance and Planning respectively, the reconstruction of the Ministry of Finance building, and number of short-term studies/project reviews. Structural adjustment funded activities included support to the Ministries of Education and Works respectively. Only the first part of the Programme (€ 1.8 Mio) has been paid, the rest has been cancelled because, due to the ethnic tensions, Solomon Islands has been unable to continue the Structural Adjustment Programmes with the World Bank and ADB.

STABEX funded projects in 2002 included the Rehabilitation of the Sasamunga-Kolombangara road in Choiseul, the rehabilitation of roads and bridges on Makira, emergency repairs on the Kongulai water system, and supervisory work for the construction of the Ministry of Finance building. An emergency programme has been financed for SI students to continue their studies at Pacific Universities and for secondary schools to function normally, in the absence of the usual funding from SIG's budget resources.

The major event in 2002 was the signing of the Country Strategy Paper (2002-2007) and the National Indicative Programme of the 9th EDF under the Cotonou Agreement, on 21st May 2002. Shortly before this event Commissioner Nielson had sent a letter to PM Kemakeza (dated 15 May) on the EC position referring to future co-operation and the conditions linked to a full resumption of our co-operation: visible improvement in law & order and preparation of a realistic development plan which is supported by the International Financial Institutions. Since progress in achieving these targets were very slow during the remaining months of 2002, Commissioner Nielson confirmed the elements in a second letter to the Prime Minister on 22 January 2003.

The total amount of EDF resources which could be made available to the country's economic recovery once the political and economic situation has drastically improved, is estimated at approximately € 75 million or SOL\$ 500 million. This sum includes Stabex allocations of 1998 and 1999 (plus interest), balance funds of 6th, 7th and 8th EDF and the A-envelope of the 9th EDF. Negotiations about the use of this important amount should start as soon as possible.

The review of EC/SI co-operation of last year (May 2002) recommended for the future a more focussed approach on a limited number of projects, the continuation of useful operations in the rural areas (micro-projects, rural training centres, rural fisheries), and the review of other projects, like the Inter-Islands Shipping Project and the different operations in the education sector.

The lack of experience among the staff of the Ministry of National Planning and line Ministries on EU-related matters, in particular procedures and objectives of EC-SIG development co-operation, has also to be addressed through the improved functioning of the NAO/PMU. All efforts must be made to sustain these operations so that some sustainability of the EC funded programmes can eventually be achieved.

9. List of Annexes

- 9.1 Intervention framework, including an overview of policy measures and indicators
- 9.2 Time-table of activities
- 9.3 Indicative time-table for commitments and disbursements
- 9.4 Individual project sheets

9. ANNEXES

9.1 Intervention framework including an overview of policy measures and indicators

9th EDF Indicative Programme: Intervention framework in Rural Development

	Performance indicators	Sources of verification	Assumptions
Long-term national sector targets: Social and Socio-economic development of rural and urban communities	Increased number of people having access to education, health, water, income generating and civic/social activities	Reports and statistics of Ministries of Planning, Health and Education.	
Intervention objectives: Improved access to education, health and water facilities; increased civic/social awareness among youth in rural and urban areas	Number of well functioning classrooms, health centres, water supply systems, income generating activities, youth projects (sports, music, etc)	Reports and statistics of Ministries of Planning, Education, Health.	Rural Development remains a priority for Government policy
Results: 1) 140 projects completed to create and rehabilitate social and economic infrastructure facilities. 2) Community contribution 25% to develop sense of ownership. 3) Community skills to plan and implement projects improved	30-40 projects successfully completed per year for 4 to 5 years Full community contribution and participation 5-10 projects submitted by youth groups annually Quality of community management	Project reports Mid-term review Final evaluation Delegation reports	Good quality of Project Implementation
			1) High quality management 2) Communities have the cash or other resources to contribute to project costs

9.2 Time-table of activities (updated)

9th EDF

Titles	Amount (in € million)	Identification	Appraisal	Financing decision
Rural Development programme	5.7	2001/2	2002/2	2003/1
Support to NSAs	1.0	2002/1	2003/1	2003/2

7th and 8th EDF (NIP, SAP and STABEX)

PROJECTS (amount in Euro)	Amount	NIP/SAP/ and/or STABEX	Sectors and/or Ministries	PROJECT TIME-TABLE	
				Remaining	End period
TOTAL	95,980,943				
Capacity building	8,940,000				
TA Planning	480,000	NIP	Planning	ongoing	2004/2
TA Finance	600,000	NIP	Finance	ongoing	2003/3
TA to Ministry of Works	80,000	FMO 98	Works	ongoing	2002/6
Inter-island shipping project	2,000,000	NIP	Works	ongoing	2003/4
Ministry of Works capacity building	3,400,000	NIP	Works	start	2005/12
NAO-PMU phase II	1,950,000	FMO 98	Planning	start 2002/7	2005/7
LT TA Education	430,000	FMO 99	Education	start 2002/4	2005/4
Good governance support	488,000				
Support to RSIP	488,000	NIP	Police	taken in 2003	-

Cont'd

PROJECTS (amount in Euro)	Amount	NIP/SAP/ STABEX	Sectors Ministries	PROJECT TIME-TABLE	
				Remaining period	End period
Infrastructure	40,940,943				
Malaita rural infrastructure project	7,200,000	NIP	Works	ongoing	2002/6
Reconstruction of the Ministry of Finance Building	1,200,000	NIP	Finance	ongoing	2002/2
Top-up MoF Building	200,000	FMO 94/95	Finance	ongoing	2002/5
Marine infrastructure project	6,000,000	NIP	Works	ongoing	2004/6
MTWCA – Makira Roads Maintenance	150,943	FMO 94/95	Works	ongoing	2002/6
Honiara road maintenance	1,000,000	SAP	Works	ongoing	2002/12
Supervision MoF building	40,000	FMO 94/95	Island Architects	ongoing	2002/5
SIWA reform Study	150,000	NIP	SIWA	start 2002/2	2002/7
Reform of domestic transport sector	25,000,000	FMO 98	Task Force	no date yet	-
Education	29,700,000				
Rural Training Centers phase 2	2,000,000	NIP	Education	ongoing	2003/5
Curriculum Development Center	700,000	SAP	Education	ongoing	2002/12
Emergency support SICHE	1,000,000	FMO 99	Education	start 2002/1	2002/12
Emergency support 2ndary schools	2,000,000	FMO 99	Education	start 2002/1	2002/12
LT Structural assistance	24,000,000	FMO 99	Education	start 2002/1	2007/12
Grassroots assistance/small business	10,000,000				
Microprojects	6,000,000	NIP/FMO	Planning	ongoing	2003/12
Restructuring of DBSI	4,000,000	FMO 98	DBSI/CBSI	no date yet	-
Agriculture/forestry/fisheries	5,980,000				
Rural fisheries Enterprises – phase 3	1,900,000	NIP	Fisheries	ongoing	2003/11
Pro Memory: microprojects		FMO 98	See microprojects		
ST support SOLTAI	80,000	FMO 98	Fisheries	start 2002/1	2002/8
Forestry sector support	4,000,000	FMO 98	Forestry	no date yet	-

9.3 Indicative time-table for commitments and disbursements

9.3.1 Forecast of commitments of 9th EDF resources (€ million)

	2002/2	2003/1	2003/2	2004/1	2004/2
Rural Development programme (Micro Projects)	-			5.7	5.7
Support to NSAs	-		1.0	1.0	1.0
TOTAL (cumulated)	-		1.0	6.7	6.7

9.3.2 Forecast of commitments 7th and 8th EDF resources - NIP, SAP, STABEX (in €)

PROJECTS	Amount	NIP/SAP/ STABEX	CUMULATIVE COMMITMENTS					
			2002/1	2002/2	2003/1	2003/2	2004/1	2004/2
TOTAL	96,980,943		31,880,943	37,080,943	48,480,943	73,480,943	82,980,943	82,980,943
Capacity building	8,940,000		3,590,000	5,540,000	5,540,000	5,540,000	5,540,000	8,940,000
TA Planning	480,000	NIP	480,000	480,000	480,000	480,000	480,000	480,000
TA Finance	600,000	NIP	600,000	600,000	600,000	600,000	600,000	600,000
TA to Ministry of Works	80,000	FMO 98	80,000	80,000	80,000	80,000	80,000	80,000
Inter-island shipping project	2,000,000	NIP	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Ministry of Works capacity building (no FP approved yet)	3,400,000	NIP	0	0	0	0	0	3,400,000
NAO-PMU phase II	1,950,000	FMO 98	0	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000
LT TA Education	430,000	FMO 99	430,000	430,000	430,000	430,000	430,000	430,000
Good governance support	488,000		0	488,000	488,000	488,000	488,000	488,000
Support to RSIP	488,000	NIP	0	488,000	488,000	488,000	488,000	488,000

Cont'd

PROJECTS	Amount	NIP/SAP/ STABEX	CUMULATIVE COMMITMENTS					
			2002/1	2002/2	2003/1	2003/2	2004/1	2004/2
Infrastructure	41,940,943		15,940,943	15,940,943	15,940,943	15,940,943	15,940,943	40,940,943
Malaita rural infrastructure project	7,200,000		7,200,000	7,200,000	7,200,000	7,200,000	7,200,000	7,200,000
Reconstruction of the Ministry of Finance Building	1,200,000	NIP	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Top-up MoF Building	200,000	NIP	200,000	200,000	200,000	200,000	200,000	200,000
Marine infrastructure project	6,000,000	FMO 94/95	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
MTWCA – Makira Roads Maintenance	150,943	NIP	150,943	150,943	150,943	150,943	150,943	150,943
Honiara road maintenance	1,000,000	FMO 94/95	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Supervision MoF building	40,000	SAP	40,000	40,000	40,000	40,000	40,000	40,000
SIWA reform Study	150,000	FMO 94/95	150,000	150,000	150,000	150,000	150,000	150,000
Reform of domestic transport sector balance	25,000,000	FMO 98	0	0	0	0	0	25,000,000
SAP balance	2,011,000	SAP	To be cancelled					

Cont'd

PROJECTS	Amount	NIP/SAP/ STABEX	CUMULATIVE COMMITMENTS					
			2002/1	2002/2	2003/1	2003/2	2004/1	2004/2
Education	29,700,000		6,700,000	6,700,000	11,700,000	11,700,000	16,700,000	16,700,000
Rural Training Centers phase 2	2,000,000	NIP	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Curriculum Development Center	700,000	SAP	700,000	700,000	700,000	700,000	700,000	700,000
Emergency support SICHE	1,000,000	FMO 99	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Emergency support 2ndary schools	2,000,000	FMO 99	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
LT Structural assistance	24,000,000	FMO 99	1,000,000	1,000,000	6,000,000	6,000,000	11,000,000	11,000,000
Grassroots assistance/small business	10,000,000		4,000,000	4,000,000	7,000,000	7,000,000	10,000,000	10,000,000
Microprojects	6,000,000	NIP/FMO	4,000,000	4,000,000	5,000,000	5,000,000	6,000,000	6,000,000
Restructuring of DBSI	4,000,000	FMO 98	0	0	2,000,000	2,000,000	4,000,000	4,000,000
Agriculture/forestry/fisheries	5,980,000		1,980,000	3,480,000	3,480,000	3,480,000	4,980,000	4,980,000
Rural fisheries Enterprises – phase 3	1,900,000	NIP	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Pro Memory: microprojects in agriculture		FMO 98	-	-	-	-	-	-
ST support SOLTAI	80,000	FMO 98	80,000	80,000	80,000	80,000	80,000	80,000
Forestry sector support	4,000,000	FMO 98	0	1,500,000	1,500,000	1,500,000	3,000,000	3,000,000

9.3.3 Forecasts of disbursements of 9th EDF resources (in € million)

	Amount	2002/2	2003/1	2003/11	2004/1	2004/2
Rural Development programme	5.7	-			1.5	2.9
Support to NSAs	1.0	-		0.4	0.7	0.8
TOTAL	6.7	-		0.4	2.2	3.7

9.3.4 Forecast of disbursements 7th and 8th EDF RESOURCES - NIP, SAP, STABEX (in €)

PROJECTS	Amount	NIP/SAP/ STABEX	CUMULATIVE PAYMENTS					
			2002/1	2002/2	2003/1	2003/2	2004/1	2004/2
TOTAL	96,980,943		16,650,943	22,590,943	32,840,943	61,070,943	70,370,943	72,970,943
Capacity building	8,940,000		1,420,000	2,070,000	2,970,000	4,050,000	4,910,000	5,780,000
TA Planning	480,000	NIP	200,000	250,000	300,000	350,000	410,000	480,000
TA Finance	600,000	NIP	120,000	170,000	220,000	270,000	320,000	370,000
TA to Ministry of Works	80,000	Stabex 98	80,000	80,000	80,000	80,000	80,000	80,000
Inter-island shipping project	2,000,000	NIP	1,000,000	1,300,000	1,600,000	2,000,000	2,000,000	2,000,000
Ministry of Works capacity building	3,400,000	NIP	0	0	250,000	500,000	1,000,000	1,500,000
NAO-PMU phase II	1,950,000	Stabex 98	0	200,000	400,000	650,000	900,000	1,150,000
LT TA Education	430,000	Stabex 99	20,000	70,000	120,000	170,000	220,000	270,000
Good governance support	488,000		0	0	188,000	288,000	388,000	488,000
Support to RSIP	488,000	NIP	0	0	188,000	288,000	388,000	488,000

Cont'd

PROJECTS	Amount	NIP/SAP/ STABEX	CUMULATIVE PAYMENTS					
			2002/1	2002/2	2003/1	2003/2	2004/1	2004/2
Infrastructure	40,951,943		10,390,943	12,440,943	13,040,943	39,040,943	39,540,943	40,540,943
Malaita rural infrastructure project	7,200,000	NIP	7,200,000	7,200,000	7,200,000	7,200,000	7,200,000	7,200,000
Reconstruction of the Ministry of Finance Building	1,200,000	NIP	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Top-up MoF Building	200,000	Stabex	200,000	200,000	200,000	200,000	200,000	200,000
Marine infrastructure project	6,000,000	NIP	500,000	1,500,000	2,100,000	3,100,000	3,600,000	4,600,000
MTWCA – Makira Roads Maintenance	150,943	Stabex 94/95	150,943	150,943	150,943	150,943	150,943	150,943
Honiara road maintenance	1,000,000	SAP	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Supervision MoF building	40,000	Stabex 94/95	40,000	40,000	40,000	40,000	40,000	40,000
SIWA reform Study	150,000	NIP	100,000	150,000	150,000	150,000	150,000	150,000
Reform of domestic transport sector	25,000,000	Stabex 98	0	0	0	25,000,000	25,000,000	25,000,000
SAP balance	PM2,011,000	SAP	To be cancelled					
Education	29,700,000		2,700,000	4,700,000	9,700,000	9,700,000	14,700,000	14,700,000
Rural Training Centers phase 2	2,000,000	NIP						
Curriculum Development Center	700,000	SAP	700,000	700,000	700,000	700,000	700,000	700,000
Emergency support SICHE	1,000,000	Stabex 99	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Emergency support 2ndary schools	2,000,000	Stabex 99	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
LT Structural assistance	24,000,000	Stabex 99	0	1,000,000	6,000,000	6,000,000	11,000,000	11,000,000

Cont'd

PROJECTS	Amount	NIP/SAP/ STABEX	CUMULATIVE PAYMENTS					
			2002/1	2002/2	2003/1	2003/2	2004/1	2004/2
Grassroots assistance/small business	10,000,000		1,500,000	2,000,000	4,500,000	5,000,000	7,500,000	8,000,000
Microprojects	6,000,000	NIP/Stabex	1,500,000	2,000,000	2,500,000	3,000,000	3,500,000	4,000,000
Restructuring of DBSI	4,000,000	Stabex 98	0	0	2,000,000	2,000,000	4,000,000	4,000,000
Agriculture/forestry/fisheries	5,980,000		640,000	880,000	1,880,000	2,530,000	2,980,000	3,230,000
Rural fisheries Enterprises – phase 3	1,900,000	NIP	600,000	800,000	1,300,000	1,700,000	1,900,000	1,900,000
			-	-	-	-	-	-
ST support SOLTAI	80,000	Stabex 98	40,000	80,000	80,000	80,000	80,000	80,000
Forestry sector support	4,000,000	Stabex 98	0	0	500,000	750,000	1,000,000	1,250,000

9.4 Individual project sheets

6th EDF Komboko Water Supply Study

7th EDF Malaita Rural Infrastructure
Population Census 1999
Advisor to the Ministry of Finance
NAO Project Management Unit
Reconstruction of the Ministry of Finance Building
Rural Fishing Enterprise Project
Technical Assistance to Department of Planning

8th EDF Structural Adjustment Support Programme
Inter-Island Shipping Project
Rural Training Centres, Phase II
Micro-projects Programme
Marine Infrastructure Project
Support to 2001 General Election (Stabex)
Road Rehabilitation Works in Makira (Stabex)
Technical Assistance to the Ministry of Education (Stabex)
Emergency Aid, Secondary School Grants (Stabex)
Special Support to SICHE (Stabex)
Technical Assistance to the Ministry of Transport (Stabex)

Project title: Kombito Water Supply Study
FA/DAG number: DAGT/00061
Date signed: 2/5/2000
Project number: 6.SOL.37 & 39
Project amount: €300,000
Technical Assistant: HYDROPLAN (D)
Closure: October 2001 (extended to June 2003)

Main objectives and expected results:

Proposal for funding to upgrade and finalise the Kombito Water Supply project which had been suspended as a result of contractual disputes (6.SOL.30 – Honiara Urban Development Project).

Summary of ongoing work/activities undertaken:

The consultants made recommendations regarding the investment needed to complete the Kombito watertank based system but stressed that prior to upgrading the Kombito system SIWA would have to undergo a major financial and organisational restructuring. Secondly, the consultants recommended for SIWA to seek alternative sources of water located within the boundaries of Honiara, rather than outside, to reduce the possibility of future land disputes. A social study involving the Kombito community was conducted as part of the assignment. The study confirmed the need to upgrade the water system but highlighted a number of problem areas such as vandalism, refusal to pay bills, uncontrolled settling, etc. These problems needed to be addressed through active involvement of all stakeholders (city council, Kombito community, SIWA, Ministries of Lands and Works resp.) in order for the additional investment to be safeguarded and offer the expected benefits.

As a result of the study SIWA and the Government invited the EC to provide additional support to carry out the priority work identified by the consultants. This was approved by the EC and work on SIWA's restructuring was expected to start in early 2002.

Status of work end 2002:

A new contract with terms of references was signed on 26th February 2002. However in April 2002 the study was suspended due to outside interference. It was subsequently agreed to extend project until June 003 to allow the consultant to complete the tasks as per draft findings report

7th EDF projects

Project title: Malaita Rural Infrastructure Project
FA/DAG number: 5328/SOL
Date signed: 28.4.94
Project number: 7.ACP.SOL.21 + 6.ACP.SOL.38
Project amount: € 6,000,000 + € 1,200,000
Technical assistant: Roughton International, Project Manager David Russel
Closure: End 2001 (works completed in August 2002, project to be closed)

Main objectives and expected results:

The project is expected to construct 109 km of new roads and bridges and provide the maintenance of existing roads in Malaita. Construction of three wharves to service agricultural areas of North Malaita from which fresh produce is shipped to markets in Auki and Honiara.

Status of work end 2001:

The project completed during the year:

- Darifufu to Onelafa road section – 6.1 km
- Onelafa to Ata'a Cove section – 9.8 km
- Kiu access roads – 2.5 km
- Mbona Bridge – 24 m Bailey Bridge
- Su'urahi Bridge – 3x12 m span log bridge on Kiu access road
- Lololo Bridge – 1x12 m span bridge on the Onelafa to Ata'a section
- Darikelo Bridge – 1x11 m span bridge on the Onelafa to Ata'a section

The project has completed a total of 54.5 km of road. This represents about 50 % of the original scope of works in terms of road length. All completed roads except the Kiu access road have been built to two lane (5 metre wide) standard, which exceeds the original single lane (3.5 m wide) specification. Converting 54.5 km to the equivalent length of 3.5 m wide road gives 77.3 km. This represents 70.2 % completion of the original scope in terms of pavement area. All completed roads except the Kiu access roads and the Su'u to Hauhui road section have 300 mm gravel pavement which exceeds the original specified as 100 mm.

Two wharves completed to date represent 67 % of the original scope in terms of number of wharves.

Status of work end 2002:

Project closed August 2002.

Project title: Population Census 1999
FA/DAG number: 5762/SOL
Date signed: 30.10.97
Project number: 7.ACP.SOL.38
Project amount: €1,885,000 + €377,000
Technical assistants: NIDI (NL), Bart de Bruijn
Closure: October 2001

Main objectives and expected results:

The objective of the project is to update the basic demographic and housing statistics for the Solomon Islands in order to allow policy and investment decision to be based on relevant, accurate and high quality statistics.

Summary of ongoing work/activities undertaken

The data verification and subsequent statistical analysis and demographic forecasting work was almost completed by end 2002. The larger part of the draft final report was made available to the Government for comments but delays were incurred to release the final report and was expected during the first quarter of 2002. The project formally ended in October 2001.

Status of work end 2002:

Due to a difference of interpretation of the contract with the printer, only in August 2002, agreement for printing of the report was given. Although the delivery of the report was expected for October 2002, it was not yet ready in December.

Project title:	Advisor to the Ministry of Finance - Phase 2
FA/DAG number:	DAGT 99325
Date signed:	11/01/2000
Project number:	7 ACP.SOL 39
Project amount:	€ 300,000+€300,000
Technical assistant:	Dieter SCHINDOWSKI
Closure phase 2:	16.03.2003

Main objectives and expected results:

Phase 1: The project aims at assisting the government to put in place a structural adjustment programme, to prepare and assist with the implementation of reforms of the public finance management system and to assist with preparing projects in privatisation, customs, inland revenue and audit.

Phase 2: The project purpose is to further strengthen government's fiscal management system and to support its National Economic and Financial Reconstruction Programme.

Summary of ongoing work/activities undertaken

Phase 1 was successfully completed but to a large extent undone by the ethnic tension and the ensuing crisis with government's finances. The structural adjustment programme was abandoned.

Phase 2 started in March 2001 and has been focussing on restoring some order in government's fiscal management system including designing the recurrent budget for 2002 and a debt strategy. The National Economic and Financial Reconstruction Programme has been edited by the 4Ms (with the adviser acting as Secretary) and approved by Parliament. Its implementation has, however, only been taken up by Government with hesitation.

Status of work end 2002:

Due to the slow uptake by the Government of measures to revitalise the economy it was proposed that the project focus on establishing a new system of provincial financing. The main objectives of the project were therefore amended to focus on:

- Strengthening Governments fiscal management system and
- Participation in formulating a new financial system for the provinces as part of the constitutional reform process

New activities identified to achieve the above objectives included:

- Draw up a medium term public debt management strategy
- Advice on developments in the financial sector in co-ordination with Central Bank
- Give advice to State Owned Enterprises (SOE) particularly with a view to their financial and investment policy
- Design a new provincial financing system

The project subsequently focused on this last activity during the remainder of 2002.

In order to achieve the desired outcome of designing a new provincial financing system the TA relocated to the Ministry of Provincial Government and Rural Development (MPGRD).

In the period June – September visits to four Provincial centres were undertaken in order to fully understand the source and break up of revenue collection and allocation. Report on provincial finances and proposed revenue allocation split between Central Government and the Provinces was provided to MPGRD on 15th October 2002.

Project title: NAO Project Management Unit
FA/DAG number: 5808/SOL
Date signed: 8.7.98
Project number: 7.ACP.SOL.41
Project amount: € 1,440,000 + SBD310,000 + Stabex SBD574,348
Technical assistants: GEOMAR (F), Project Manager Ivan LINHART,
Project Training Advisor Anthony ACHEAMPONG
Closure: October 2001 (extended till May 2002 – to be closed)

Main objectives and expected results:

The main objective is to increase the rate of utilisation of EDF assistance and improve the quality of EDF project proposals. This is expected to be achieved by assisting the NAO with the identification, execution and monitoring of EDF programmes. Counterpart staff at the Department of Planning and in the line ministries will be trained in project cycle management and in EDF regulations and procedures.

Summary of ongoing work/activities undertaken

- The NAO-PMU continued to assist the NAO with the administrative and financial management of the EDF programme.
- A number of training workshops on project cycle management, EDF procedures. A start was made in setting up a project monitoring system were conducted.
- The project manager left the project in November 2001 and was replaced by a short-term financial manager as part of the final hand-over procedure.

Status of work end 2002:

Unit continued to operate with a local consultant under this funding sources until April 2002 when the local consultant's contract was not extended. From May until end of 2002 the unit continued to operate under Stabex funding. A subsequent bridging work programme continued from October 2002 until April 2003. Final payment to the consultant effected in May 2002.

Project title:	Reconstruction of the Ministry of Finance Building
FA/DAG number:	5840/SOL
Date signed:	13.9.99
Project number:	7.ACP.SOL.43
Project amount:	€ 1,200,000+€200,000
Works contractor:	Fletcher Kwaimani Ltd (SI)
Supervisor:	Island Architects (SI)
Closure:	31.3.2002

Main objectives and expected results:

The objective is to provide appropriate office accommodation to the staff of the Departments of Finance and Planning after the previous building burned down.

Summary of ongoing work/activities undertaken

By end 2001 the building was about 90% completed and well on schedule to be completed by end February 2002 as originally planned.

Status of work end 2002:

Project completed and building handed over in March 2002.

Project title:	Rural Fishing Enterprise Project – Phase III
FA/ number:	5858/SOL
Date signed:	13/3/2000
Project number:	7.ACP.SOL.46
Project amount:	ECU 1,900,000
Technical assistants:	Agristudio (I), Project Manager Rory Stewart Marketing Specialist Dave Russell
Closure:	30.6.2004

Main objectives and expected results:

The project purpose is to provide sustainable social and financial benefits to the rural fishing communities. This will be achieved by continuing the activities started under the two previous project phases with particular attention to economic sustainability, marketing operations, institutional strengthening of Ministry of Fisheries and Marine Resources, and privatization of the centres. The expected results include: financial sustainability of the RFC's, improved access to markets, diversification of operations inside the RFC's, sufficient and sustainable amounts of fish passing through RFC's, and strong management capacity within the Ministry of Fisheries and Marine Resources.

Summary of ongoing work/activities undertaken

- Four of seven fishing centres are operational (Bahana, Tatamba, Seghe, Semeghe). The 5th (Afio) was in the process of replacing the Centre Manager to facilitate effective startup. The 6th (Yandina) had finally received political approval to go ahead from Central Province and centre infrastructure upgrading was occurring.
- All centres were structured to operate as separate business units, facilitated through radio communication and backup support via a central RFEP coordinating office in the Ministry of Fisheries, Honiara. Centres must be profitable to remain sustainable, and tight financial control and business management skills are being instilled through daily radio communication and monthly financial reports from centres.
- With the support of Provincial Governments, privatisation of centres commenced through formation of centre fishermen's associations, the centre manager reporting to the association committee, with RFEP technical assistants and local staff acting in an advisory capacity. Bahana and Tatamba centres have been privatised so far, with Seghe and Afio on the agenda.
- Production of fish at centres is steadily building, fish sales being coordinated by the RFEP Marketing Unit to bulk buyers in Honiara. To encourage long-term sustainability, RFEP is facilitating the development of companies buying fish for local and export markets. The majority of fish has so far been sold locally, with some trial export shipments by John Lee Enterprises. Didao Development Corporation, Golden Star Fishing, and Southern Latitude Seafoods are also working towards exporting RFEP fish.
- Diversification of centre activities to promote a broader range of benefits to communities, including women, is underway with seaweed farming trials. Seaweed growth rates to date were encouraging.

Status of work end 2002:

The seven (7) RFC's were all fully operational by the start of 2002. On going shipping problems from Isabel and to some degree from western Province are impacting on centres ability to ship perishable chilled product to Honiara. In November RFC's commenced purchasing other marine products such as beche-de-mer and trochus and as these products are both dried products, therefore unreliable shipping poses less of a problem. Total production for last quarter of 2002 was 4,502kgs of chilled fish and 2,188 of other marine products. Unfortunately due to the low volume of fish no export was undertaken, however other marine products primarily are for the export market including seaweed product.

Following mid term review additional focus moved to farming of Eucheuma seaweed and this is progressing well. A number of training courses including intensive field training were undertaken in all aspects of seaweed farming.

Discussions between NFD and the project have been finalised for the deployment and maintenance of four inshore FAD's. Full details of actual GPS positions are still to be finalised, however they are expected to be deployed in February 2003.

Project title:	Technical assistance to Department of Planning
DAG No:	DAGT 00285
Date signed:	24.11.2000
Project number:	7.SOL.51
Project amount:	€ 480,000
Technical assistant:	Hendrik van der Heijden
Closure:	15 May 2004 – (closure requested)

Main objectives and expected results:

To assist the Ministry of Planning in re-establishing its capacity to identify medium-term policy framework. Setting up a donor co-ordination system. Improving co-ordination between economic planning and financial budgeting.

Summary of ongoing work/activities undertaken

- Provided input for the 4-Ms Committee meetings (Monthly Monetary management Meeting).
- Design of a STABEX funded post-conflict rehabilitation package.
- The technical assistant was part of the team involved with economic analytical work oriented towards policy formulation and carried out in collaboration with the Central Bank and the Ministries of Finance, Planning and Economic Reform.
- Assisted the Ministries of Planning and Finance in articulating the Government's development strategy and its economic and financial reform policies.
- Preparation of the external financing plan for 2002 and the elaboration of proposals for strengthening of monitoring and management of the development plan.
- The technical assistant was furthermore closely involved with the formulation by the 4-Ms Committee of its report entitled "The National Planning for Economic and Financial Reconstruction 2002-2005".

Status of work 2002:

Following the general election and subsequent appointment of a new government in December 2001 the advisor assisted the Ministries of Finance, National Planning and the Prime Minister's Office with the articulation of the Governments Development Strategy and its economic and financial reform policies.

In the period January – March the technical advisor continued to assist the new Government through participation in the following activities:

- Preparation of a special policy paper on the post devaluation/revaluation economic and financial outlook
- Establishment of Economic Development Committee
- Introduction of a system for action-oriented and systematic monitoring of project preparation and implementation.

It was mutually agreed to terminate the project on 6th May 2002 and the technical advisor left the country one week later.

Project title:	Structural Adjustment Support Programme
FA/DAG number:	6154/SOL
Date signed:	26.08.1999
Project number:	8.ACP.SOL.2
Project amount:	€2.189.000 *originally : 4.200.000 (3,700,000+500,000 of which €400,000 for TA) *as ADB and WB suspended their structural Adjustment Programme (SAP) and no other work programme for SAP was presented, the balance of €2.011.000 was annulled
Technical assistants:	FINNROAD, Lars BJORKSTEN (Project Manager) Kari NYKTER, Kimmo FISCHER, Jaakko KUOPALA
Closure:	31.12.2002

Main objectives and expected results:

The programme comes in support of the Government's programme the objective of which has been to encourage private sector lead growth and diversification of the country's economic base. The overall goal defined in the Medium Term Development Strategy is "the attainment of a higher and more sustainable level of economic growth consistent with a more equitable distribution of the benefits of economic development".

The EDF support will assist the government's adjustment effort by supporting the level of foreign exchange reserves and reinforcing the government's external balance. At the budgetary level the programme aims, in a manner consistent with the macroeconomic framework, to shift expenditure to the priority social sectors and road maintenance. Over the course of the programme, budget execution levels and monitoring will be improved.

Status of work in 2001:

1) Technical assistance component:

This component was completed in September 2001. In their final report the consultants made proposals regarding:

- Restructuring of the MTWC
- Establishment of a Road Fund
- Labour-based road maintenance approach
- Road safety
- Environmental guidelines for the road sector
- Road maintenance management
- Capacity strengthening of the MTWC

The project prepared a Financing Proposal for a *Capacity Strengthening of the MTWC Project*. Before the commencement of the project the government must ensure that:

- A *Transport Sector Strategy* has been prepared and approved
- A reliable transport sector maintenance funding mechanism is in place

2) Work Programme Ministry of Works

In 2001, a start was made with the rehabilitation of a number of roads in Honiara. The timber deck of the Mataniko River Bailey Bridge was rehabilitated in August 2001. Pothole patching was carried out on the main Honiara road by the Ministry of Works during August to November 2001. A contract for the rehabilitation of the Hibiscus Avenue, Lengakiki Road and the Vura Road was signed by the Ministry of Works with the contractor Dalgro Ltd in

November 2001. The contractor commenced work on the Vura Road in November 2001 and on the Hibiscus Avenue, Lengakiki Road in December 2001. In accordance with the contract the contractor took over the crushing plant of the Ministry of Works for the duration of the contract. The plant had been severely vandalised during the ethnic tension and required considerable rehabilitation. The contractor started rehabilitating the plant in November 2001.

According to the work programme, the project was completed by 31.12.2002 with the tar sealing of the two roads during the first half of 2002. Total amount was paid to the project. No balance left. Project is waiting to be closed for the end of guarantee period.

3) Education component (joint operation with DfID)

EDF contribution: SBD3,000,000

DfID contribution: GBP 660,000

PURPOSE

The main purpose is to complete the curriculum development work in English and Mathematics for upper primary school (standards 4 – 6). This will include the revision of the national curriculum in those subjects, developing and writing the appropriate pupils and teachers text books and training all trainers and teachers who will be responsible for the dissemination of the new learning.

Main results April 2001 – May 2002

- Work Programme, Financial Control and Budget disbursement operational and sustainable
- About 30 Trainers from all provinces trained
- Over 1,000 standard 3 head teachers and teachers trained during the Provincial workshops
- Syllabuses for English and Mathematics completed and distributed to all schools
- Writing workshops have taken place for trainers for standards 4 – 6 materials
- School-based workshops for standard 3 teachers have begun led by the head teacher
- Piloting programme developing to improve capacity and quality and school-based assessment
- In-Service Resource Booklet (Ideas Into Practice) for standard 1 – 3 distributed
- Training Manuals for trainers and teachers prepared
- Standard 4 Mathematics Resource Books printed
- Standard 4 English in process of writing
- Links with key stakeholders in SoE, Inspectorate and Provinces established – some active involvement
- Consultancy link with University of Queensland established and operational for English language
- Educational Resource Unit (ERU) established and operational

Results between June and December 2002 (to be confirmed)

- Completion of texts for standards 5 and 6
- Trainers and teachers for standards 4 – 6 to be trained
- Establish a cadre of full-time trainers and develop a National Advisory Group for In-service
- Manuals completed and disseminated
- Course alignments with SoE well established and operational

- School-based workshops established and fully operational
- Assessment techniques introduced with alignments to secondary entrance
- Community awareness initiatives for monitoring and advocacy operational
- Maintain and develop the CDC facilities for desk top publishing and printing
- Ensure that local staff continue with staff development professional programmes
- Strengthen the professional links and outputs with University of Queensland
- Local capacity in curriculum management and development, training and leadership achieved
- Sustain the ERU's positive contribution to distribution and dissemination

According to the last rider and the work programme the project was to be completed by 31 December 2002. The total amount was paid to the project. No balance left. No final report was delivered.

Project title:	Inter-Island shipping project (ISP)
FA/DAG number:	6198/SOL
Date signed:	19.01.2000
Project number:	8.ACP.SOL.4
Project amount:	€1,900,000
Technical assistant:	Angus SCOTLAND
Closure:	26.4.2003

Main objectives and expected results:

The overall objective of the project is the provision of a commercially viable and safe inter-island shipping service. The project purpose is to create a safer operating environment for the marine transport sector so that Solomon Islands meet the provisions contained in the 1998-Shipping Act. Expected results are: an improved training capacity to meet standards defined in the 1995 Amendments to the International Convention of Standards on Training, Certification and Watch keeping for Seafarers 1978, and an increased Government's maritime regulatory capacity.

Summary of ongoing work/activities undertaken

- Solomon Islands gained entry to the IMO "White List" status in 2001.
- The School of Marine and Fisheries Marine physical and teaching facilities have been upgraded.
- The School reopened in August 2001 and trained in excess of 200 seafarers by the end of the year.
- An International Multi Purpose ratings course was mounted and 19 students graduated. The project worked with a Marine Consultant to promote the ratings with 50 international shipping companies and a local crewing agency was established.
- A rider to the to the Financing agreement was approved which has allowed the Project to give support to the School of Marine and Fisheries and human resource development.
- The lack of law and order within Honiara made it impossible to effectively detain certain ships that are deliberately flaunting the law. Until law and order returns to Honiara it is extremely difficult to carry out the provisions of the regulations formed under the 1998 Shipping Act.

Status of work end 2002:

During 2002 a technical support programme with SICHE management was developed and implemented. This included the short-term appointment of three expatriate tutors, which resulted in improved delivery of all courses. The marine school will need further support after April 2003 it is to continue to provide adequate resources to continue with effective delivery of courses.

Approximately 580 seafarers have been trained and upgraded up to the end of 2002. The school continues to receive excellent support from the industry and enrolments for 2003 together with the number of previously trained staff indicted that it is still on target to achieve total of 1600 seafarers that require upgrading and training in terms of the provisions of the "White List" submission.

The Neptune database with SICHE/and the Marine Division has been upgraded and the new version is fully operational.

In August the project recruited a solicitor to develop an effective marine prosecution system in terms of the shipping Act and the repeal regulations and draft appropriate marine regulations for the Solomon Islands.

The project continues to undertake the following activities:

- Upgrade qualifications of teaching staff at SICHE schools of Industrial Development and Marine and Fisheries
- Ensure counterpart is able to continue with provisions of STCW Convention
- Continue support for the Marine Training School
- Upgrade qualifications of staff in Marine Division

Project title:	Rural Training Centres – Phase II
DAG No:	DAGT 0001
Date signed:	13.03.2000
Project number:	8.ACP.SOL.6
Project amount:	€ 1,960,000
Technical assistant:	Louisa Fakaia
Closure:	30.06.2004

Main objectives and expected results:

The project purpose is to improve the educational and vocational skills of rural youth and contribute to creating employment opportunities in the villages. This will be achieved by continuing the activities started under RTCs (Rural Training Centres) I with particular emphasis on the following aspects: an improved quality of training of RTC staff, an improved management of SIARTC (Solomon Islands Association of Rural Training Centres) and RTCs, curriculum development and the establishment of a micro-credit scheme for RTC graduates.

Summary of ongoing work/activities undertaken

- Teachers from all RTCs undertook certificate of education distance learning programme. Their work planning and technical skills were also upgraded.
- Vanga College was upgraded to a full-time teacher-training college for RTC graduates.
- Funds were allocated for RTCs to start small income generating enterprises and enterprise managers were trained in simple management and account keeping. Funds were also allocated to help RTCs maintain buildings, buy equipment and hand-tools for teaching purposes.
- To raise the profile of the Association of RTCs (SIARTC) a website was established, a calendar, an annual comic/brochure, a tri-weekly radio programme and a weekly newsletter were realized over the whole 2002.
- A seminar was also organised for SIARTC member RTCs to agree a new constitution, standards and curriculum, following a review earlier in the year.

Status of work end 2002:

Emphasis continued to focus on the quality of management and training at RTC's. A number of management workshops were held and a total of 78 RTC staff have now completed the ALTP and many have also been involved in trialling and implementing a new curriculum – life skills, maths, mechanics and carpentry.

In the middle of 2002 additional resources arrived to write curriculum materials on various subjects and a strategy for development was developed. Also in the middle of the year an independent SIARTC office was established and a co-ordinator employed. The aim of this move was to ensure that the Association could focus on interacting more with members and developing ongoing sustainability of SIARTC.

The Vanga Teachers College was completed and now Solomon Islands has a formal institution focusing on the improvement in the quality of teachers at RTC's.

Project title: Microprojects programme
DAGM No: 00001
Date signed: 27.07.2000
Project number: 8.ACP.SOL.8
Project amount: € 3,000,000+€ 1,000,000 STABEX
Technical assistant: Nick UNSWORTH
Closure: 10.2003

Main objectives and expected results:

- Implementation of communities' self-help schemes in both rural and urban areas in the following sectors: education, health, environment, youth and culture, employment generating activities and construction or rehabilitation of basic infrastructures.
- Assisting community based organisations (CBOs) and NGOs in project cycle management for a better impact and professionalism
- Institutional strengthening of the NGO sector in Solomon Islands

Summary of ongoing work/activities undertaken

A new Project Manager was appointed 21st May 2002. A total of 129 projects for a total value of SBD 12.5 Mio had been approved up to end of 2002 of which 12 have been completed. Microprojects are a key part of NIP under 9th EDF and there appears to be € 5.7 mn available.

Project title: Marine Infrastructure Project
FA number: 6347/SOL
Date signed: 15.11.2000
Project number: 8.ACP.SOL.12
Project amount: € 6,000,000
Technical assistant: Kramer Group (PNG), Project Manager, David Torrance
Closure: 31.10.2005

Main objectives and expected results:

The main objective is to improve the economic and social integration between the outer islands and the main centres. The project purpose is to make Inter-island shipping of goods and persons safer and more reliable. The expected results include:

- Result 1: embarkation/disembarkation facilities are improved (rehab/construction of 15 jetties)
- Result 2: system of navigation aids is functioning
- Result 3: vessel repair facilities improved

Summary of ongoing work/activities undertaken:

- Agreement signed 27.06.01 and Project Manager in place on 3rd July 2001. Project Team formed and office established at the Marine Division. Work Programme No. 1 ended 26th September 2001.
- Preliminary survey of country coastlines carried out by the Project Manager and preliminary report used for second survey by the Design Engineer during November 2001 with recommendations for the 15 locations given to Steering Committee on 28th November 2001.

Status of work end 2002:

On the basis of the recommendations the tenders for the first 8 wharves were proposed and launched. The first tender for 8 wharves was awarded in September 2002.

Designs, drawing and tender documents for second phase of identified wharves were completed in fourth quarter and distributed to all tenderers. The tender was closed but not yet awarded as the available funds were not sufficient.

The Project Manager resigned in December 2002 and David Torrance, as new Project Manager will arrive in February 2003.

Work continues on rehabilitation of the landing craft “Vali” and of navigational aids. The latter is being carried out by the Marine Division staff under supervision and management of the project. Design layout for Sasape wharf was completed in July 2002 and forward to Ministry of Transport, Works and Communications for approval.

STABEX

Project title: Support to 2001 General Election
FA number: STABEX 94/95
Date signed: 12.06.01
Project number: 8.ACP.SOL.17
Project amount: €1,106,509.96
Technical assistant: Geomar International, SARL
Closure: 21.02.03

Main objectives and expected results:

By providing financial support for the organisation and holding of the 2001 General Election, a socio-political environment conducive to a resumption of economic and social development was entrusted.

Although a fair and free election was held in December 2001 resumption of economic and social development was not realized due to the still unstable security situation of the country.

Project completed in February 2002 following settlement of final disbursements.

Project title:	Road rehabilitation works in Makira
Project number:	STABEX 94-95
Date signed:	14/12/2000
Work started:	1/2/2001
Project amount:	SBD 800,000
Contractor:	Ministry of Works
Closure:	July 31, 2002

Main objectives and expected results:

Improve the income potential and development of existing agricultural and forestry areas by ensuring that road is trafficable and adequately maintained. The project would clear the backlog of outstanding maintenance requirements on the main roads in Makira (about 92 km) and leave the existing plant in working order.

Status of work end 2002:

The works started in February 2001.

Original end date of November 2001 was extended to 31 July 2002 due to the suspension of the works due to ethnic tensions and to interruptions caused by wet weather in December-January 2002. Major breakdown of machines and delay in arrival parts also contributed to further delays.

The road was officially handed over in November 2002.

Final payment was effected in January 2002 with final completion then expected to be in April 2002. Final report outstanding as at end of 2002.

Project title:	Technical Assistance to the Ministry of Education & Training
Project number:	Stabex 1999
Project amount:	€430,000
Contract signed:	10/04/2002
Closure:	30.04.05

Main objectives and expected results:

Provide technical assistance to Ministry of Education and training with the planning and implementation of the education sector reform programme.

Improved quality of education through the design and implementation of a long-term reform programme.

Status of work end 2002:

Project was approved in 2001, however a TA was not contracted until April 2002.

The first WP was to establish the office of the TA and draft the Stabex Administrative work programme for 2003 including the setting up of the following Working Groups:

Working Group 1	Restructuring the Ministry of Education
Working Group 2	Strengthen the Planning and Implementation Unit
Working Group 3	Human Resource Development and capacity
Working Group 4	Curriculum Development and Pre/In Service Teacher Training.

Project title: Emergency Aid Assist to Ministry of Education & Training –
Secondary School Grants
Project number: Stabex 1999
Project amount: €2,000,000+€2,000,000
Closure: 01.04

Main objectives and expected results:

Financial support is aimed at allowing the Ministry of Education and Training to continue operating the entire network of public secondary schools during 2002 as a result of severe budget discipline and constraint for the SIG/

Status of work end 2002:

Due to the late arrival of Stabex funds the WP was proposed but its implementation was delayed until 2003.

Project title:	Special support to the Solomon Islands College of Higher Education
Project number:	Stabex
Project amount:	€ 2,000,000
Closure:	08.03

Main objectives and expected results:

Support the following activities for 2002:

Non – salary recurrent costs including student support for schools of Education, Nursing and Health studies, Marine Studies and Distance Learning Centre

The purpose of this support is to ensure the opening of these schools and to encourage SICHE to develop and implement a restructuring plan as a condition of that support.

Status of work end 2002:

A Financial Manager was appointed in May 2002. It is anticipated that the Financial Manager would be able to present an action plan, including training proposals, for the general overhauls of the College's financial system by September 2002.

Further financing is pending outcome of a restructuring plan of SICHE to be prepared by a local consultancy.

Project title:	Technical Assistance to the Ministry of Transport, Works & Communications (MTWC)
Project number:	Stabex
Date signed:	12.06.01
Project amount:	€ 79,920
Technical assistant:	Lars Bjorksten
Closure:	14.08.2002

Main objectives and expected results:

- Provide technical assistance services in support to the Ministry of Transport, Works and Communications (MTWC).
- Follow up on the sustainability of activities initiated by the Technical Assistance to MTWC.
- Assist the Government in preparation of a Transport Sector Strategy.
- Assist the Government in establishing a transport Infrastructure Fund and Fund Board.

Status of work end 2002:

This project was established as an interim measure to ensure continued technical support to MTWC until the new 9th EDF NIP and possible Stabex programmes commenced.

The new NIP doesn't foresee funds for the MTWC and is not sure that Stabex funds would either be available.