



NEW ZEALAND
INSTITUTE FOR
PACIFIC RESEARCH

'Bisnis in Context'

*Unlocking the Potential for
Sustainable Commercial Use of
Land in Solomon Islands*

Associate Professor Jenny Bryant-Tokalau
University of Otago





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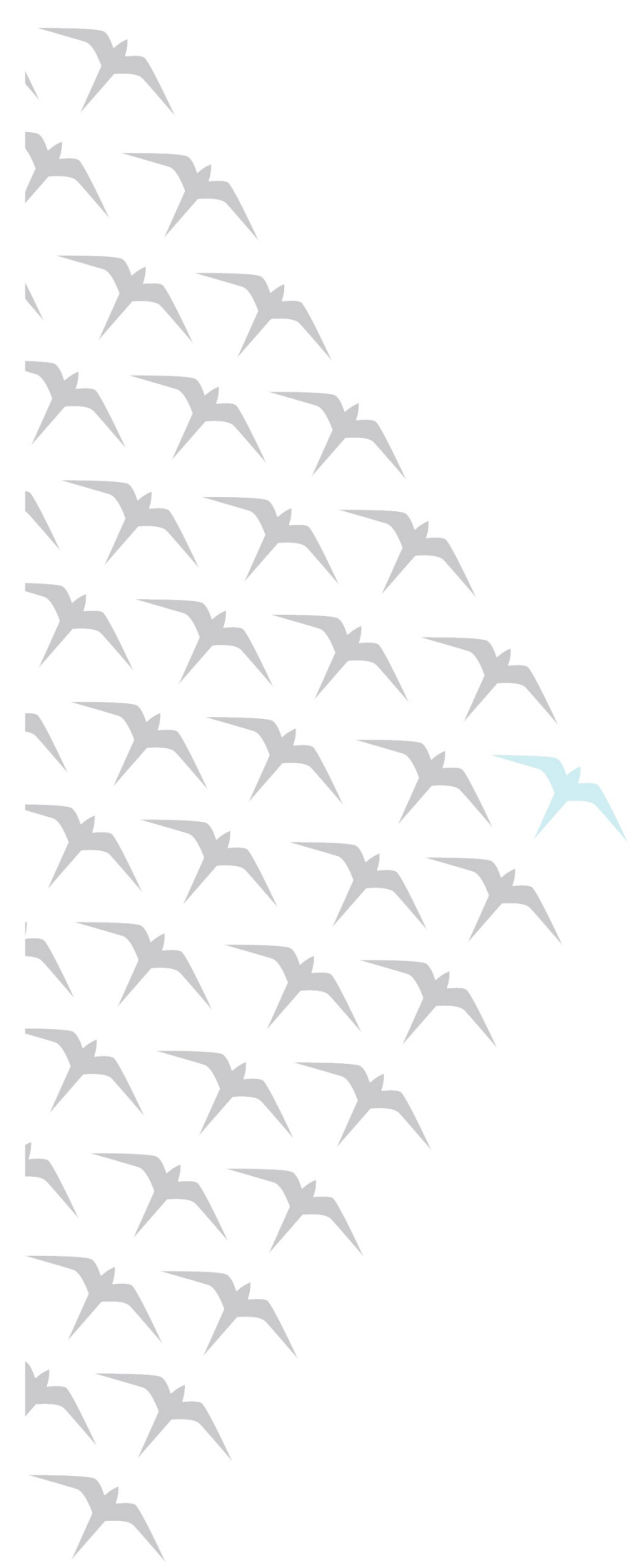


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Tanggio tumas fo helpem mi.

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Ministry of Foreign Affairs and Trade through the New Zealand Institute of Pacific Research, is designed to better inform New Zealand, as a long-time donor to Solomon Islands, about what people want, what might work and what would be sensible and practical forms of assistance, *where wanted and needed.* As such, although there are some 'traditional' suggestions here, there are also some possibly slightly more unusual ones for donors, but which I do not feel are outside our comprehension. The material presented here is not so much research as an investigation, drawing upon donor, government, and academic reports, as well as interviews in the field. I hope that this assemblage of information may, however, shed some light on the significant of *relationships* in examining the importance of land and commercial opportunities to Solomon Islands. The project proposal went through the ethics approval process of the University of Otago and was then facilitated through the New Zealand government, which assisted in setting up interviews as part of its bilateral and regional relationships with the government of Solomon Islands. For this reason, this work tended to have been viewed as a 'consultancy' rather than 'research.' I am conscious of the fact that as a researcher, there needed to be more time to talk in depth with people, and I also recognise that the materials and stories must be returned to those who participated in providing the information reported on here. That is what I intend to do, as soon as possible.

Acronyms

AAACP	All Africa Caribbean Pacific Commodities Program
ABC	Australian Broadcasting Commission
ACP & EU	European Union and the countries of the African, Caribbean and Pacific Group of States
ADB	Asian Development Bank
AIP	Aid Investment Plan (Australia)
ANZ	Australia New Zealand Bank
BIF	Business Investment Facility (ADB)
BRED	French bank with branches in the Pacific
BSP	Bank of South Pacific
BSIP	British Solomon Islands Protectorate
CBSI	Central Bank of Solomon Islands
CDC	Commonwealth Development Corporation
CFC	Christian Fellowship Church
CSO	Community service organisations
DFAT	Department of Foreign Affairs and Trade (Australia)
DME	Direct micro expelling
EFTPOS	Electronic funds transfer at point of sale
EU	European Union
GDP	Gross domestic product
GPPOL	Guadalcanal Plains Palm Oil Ltd.
HDI	Human Development Index
ICNL	International Center for Not-for-Profit Law
ICT	Information and communication technology
ILO	International Labor Organization

IP	Intellectual property
KFPL	Kolombangara Forest Products Ltd.
KP	Kokonut Pacific
KPMG	International professional service company based in Amsterdam. Office in NZ
KPSI	Kokonut Pacific Solomon Islands
LINZ	Land Information New Zealand
MFAT	Ministry of Foreign Affairs and Trade (New Zealand)
MLW	Making Land Work
MOU	Memorandum of understanding
NDS	National Development Strategy
NFIT	National Financial Inclusion Taskforce
NGO	Non-government organisation
NLTB	Native Land Trust Board (Fiji)
NZADD	New Zealand Aid and Development Dialogues
OXFAM	International NGO with branches across the Pacific
PACER	Plus Pacific Agreement on Closer Economic Relations
PICTA	The Pacific Island Countries Trade Agreement
PIF	Pacific Islands Forum Secretariat
PIN	Personal identification number
PIPP	Pacific Institute of Public Policy
PNG	Papua New Guinea
RAMSI	Regional Assistance Mission to Solomon Islands
RNZ	Radio New Zealand
RSE	Regional Seasonal Employment scheme
SDA	Seventh Day Adventist Church

SIAA	Solomon Islands Arts Alliance
SIG	Solomon Islands Government
SIGP	Solomon Islands Growth Programme
SIM	Subscriber identification module (for cell phones)
SIPL	Solomon Islands Plantation Ltd.
SIWIBA	Solomon Islands Women in Business Association
SPC	Secretariat of the Pacific Community
SPTO	South Pacific Tourism Organisation
TLTB	Taukei Land Trust Board (Fiji)
UNDP	United Nations Development Programme
UNESCO	United Nations <i>Educational, Scientific and Cultural Organization</i>
USP	The University of the South Pacific
VCO	Virgin coconut oil
VKB	Vola ni Kawa Bula (Indigenous Land Register Fiji)
WARA	West 'Are'Are Rokotanikeneni Association
WB	World Bank
WIB	Women in Business

Executive Summary

This report is part of a broader regional study on sustainable economic development of customary land in the Pacific,¹ ‘The Land Works for Us.’ The findings from that study were intended to inform New Zealand’s engagement as a bilateral donor to support development efforts in Pacific Island countries. In those countries, a wide range of both successful and failed commercial developments on both customary and other forms of land tenure were presented. For these developments to achieve sustainability it was recognised that not only did these need to be locally owned and led, they also needed to be carried out within the local context.

In Solomon Islands, there is also growing and continuing push towards land reform and commercial use, with recognition of successful landowner ventures both historically and today. The land reform process has a long path ahead of it in order to establish and tighten legal arrangements that will have landowners on board and benefitting, but most significant is that the process is wholly locally led with active community engagement. In a country where around 87% of land is under customary tenure, commercial ventures need support from customary landowners, otherwise they are unlikely to succeed. What is also important is that culture, customary practices and history need to be viewed as enablers and not barriers to commercial development. Land is not simply a physical space, it is everything that surrounds it spiritually, culturally and believed in. This can be difficult for developers to grasp and issues such as determining who the

customary owners are, relationships within and between communities, and who has legal and customary rights can present a challenge. Working within the parameters of what customary owners deem appropriate is fundamental to unlocking the commercial potential of land. While certainty of title to land is considered critical in the modern development context, interpretation of title can be complex as relationships to and use of land, can be interpreted in different ways.² Security of tenure depends not only on the needs of a society at a given moment, but also on the relationships people and their societies have with their land, as well as its perceived value and possibilities for exchange and ownership. Relationships with land can be attained and lost through both customary and modern land tenure systems. ‘With land, it is never over,’³ but more than that, attempts to put land to commercial use can fail when it is not understood that talking of ‘land tenure’ is only a part of what is needed. To quote Roughan et al., the “spheres of village, community and kastom” help to understand the “full gamut of ...actors, ...knowledge and ... factors that can have a bearing on enterprise success or failure.”⁴

There are many enabling factors needed to understand what works for land, and what does not. These can include political will among customary landowners, strong state institutions, respect for cultural practices, and also good administrative capacity and funding such as accountable governance at all levels (including traditional frameworks and customary institutions). For these to be

1 Bryant-Tokalau, Iati, & Fairbairn-Dunlop, 2017.

2 Li, 2014: 589.

3 Li, 2014: 591.

4 Roughan, Tagini, Wairiu, & Allen, 2011: 2.

successful in the long term, attention needs to be given to issues of gender, especially women's rights to customary land, and the inclusion of youth in the process. These areas, frequently negatively affected by land policy reform, and sometimes viewed as barriers to commercial use, can also be viewed as challenges and opportunities. These are all being addressed in Solomon Islands and there are a number of innovative approaches detailed here that, if supported, may bring about successful reform of land as well as recognition that collective notions of 'bisnis' can have valuable social benefits.

What is most important in this study is context and it is therefore important to understand not only aspects of historical and contemporary social and economic change, but also how people feel about and relate to their land. Recent sociopolitical and economic issues feature greatly in recent years. Ethnic tensions and political instability have been significant, but so too are rapid urbanisation, demands for higher education and changing demographics (especially the 'youth bulge'). The case studies presented here demonstrate that people are determined to develop successful businesses and the best ways of doing this are within the local context of not only the diverse cultural groups of Solomon Islands but also differing gender beliefs and involvement.

Key findings that may be useful for policy are presented at the end of this report and involve expanded use of agricultural commodities, especially the coconut,

including it in ways that do not always require secure land tenure. The expansion of niche products utilising the rich heritage and craft sectors, as well as crops such as cocoa can also be valuable. Linking niche markets and traditional knowledge and beliefs with the expanding tourism sector is also considered vital and, with expanded opportunities in financing, and for youth and women, can demonstrate potential for the expanded and sustainable commercial use of customary land.

The intention of this report is not to attempt to resolve land tenure issues in Solomon Islands. Instead the focus is on what already exists in order to highlight a much broader understanding of land that encompasses more than the physical, what is working (and what does not) in terms of commercial use of customary land. It also aims to show some of the ways that people (women, men, youth) are finding ways to carry out sustainable commercial activities. Not all of these require secure tenure in the formal sense, but they do need some form of collateral, including finance, as well as access to materials from their land. Examples are given as to how this may be done with the intention of presenting a wider understanding of people's long relationship between land and trade and commercial activity; a relationship far more ancient and complex than generally recognised in current attempts to incorporate Solomon Islanders into global economic and trade networks.

History and Meaning of Land in Solomon Islands

Land issues, how utilised, inherited, divided, disputed, are fundamental to all life in Solomon Islands. A simplified explanation of land tenure in Solomon Islands is difficult as the history and social fabrics are so diverse and subject to a wide diversity of internal and outside forces, depending on history, geography, local politics, power and gender ownership challenges. As elsewhere in the Pacific, and globally, pressures of new developments, governance systems, changing economies and perceived needs inevitably lead to tensions and stresses when long-established structures are challenged by new (or re-remembered and interpreted) developments.

The meaning and importance of land is so diverse that some societies have no word for it.⁵ Land tenure is complicated and not always understood, especially in a country with between 60 and 70 languages, nearly 1000 islands, nine provinces and globally recognised potential in terms of resources. What land really means to each Solomon Islander may vary according to the person's status. Land may be viewed as a commodity to be sold, or to produce, harvest and mine valuable resources. It also means inheritance, stories, ancestors and reflections; it can exclude people, and can be inclusive; it can be made investible and certain systems may make land prey to land grabs. Both church and state are involved in changes to land tenure.⁶ The Constitution of Solomon Islands states that customary land is not alienable... customary law prevails over

English Common Law and equity,⁷ although land can also be transferred under customary practice.

The almost 1000 islands in the Solomon Islands archipelago formed a British Protectorate (BSIP) from 1893 until 1978, but before that customary land and custom law were fairly much intact.⁸ From the time when the British took over, bringing changes to customary law, and alienation of land for plantation development (from 1896), there was the introduction of laws, and then institutions established to deal with customary land.⁹ With the aim of generating revenue for the BSIP, much customary land was alienated with little regard for existing tenure.¹⁰



Source: World Atlas: <https://www.google.co.nz/search>
Solomon+Islands+Map

5 Li on Indonesia, 2014: 590.

6 For a discussion of the role of the Christian church in land tenure, see Monson's PhD thesis, 2012.

7 Although between indigenous Solomon people, transfer of customary land is possible. Constitution of Solomon Islands 1978.

8 Foukona, 2007: 64.

9 Bennett, 1986 comments on "waste land regulations" where land apparently unused and uncultivated by anyone could be taken over. She challenges the notion that this could be "fairly" applied given the British had no evidence of local use (p. 104).

10 Foukona, 2007: 65.

Freehold and new leasing arrangements were made which led to challenges by customary landowners. There were a few successful returns of land and Native Courts (established in 1942) provided some formality to the return of customary land. In 1972, the Custom Land Appeal Court provided another avenue of appeal for custom owners. Around the time of independence (1975), European ownership of customary land was abolished and compulsory tenure conversion was put in place.¹¹

As most land is classed as customary, ownership and access are governed by customary systems, usually involving control by kinship groups, but this depends on where people live and can be defined through “occupation and use and of a named place,”¹² through ancestors, both female and

male lines, or both. Customary land rights can also be through marriage arrangements, adoption and customary payments.¹³

There are other forms of tenure apart from customary, including registered land (13%), government-owned (8%) or under perpetual or fix-termed estates¹⁴ on 75-year leases to private firms and households. This land includes all towns and provincial capitals, including Honiara as well as almost all agricultural flat land in the country. Most of this land is publicly owned, with the Commissioner of Lands holding the perpetual estate interest in public land on behalf of the government. Private property can be created by the Commissioner of Lands making a grant out of a perpetual estate over public land. Charges of corruption are thus possible.¹⁵

Policy Environment and Reform of Land

Since the 1950s, land registration has been encouraged under the Torrens System, in the belief that this would make land available for investment. This process was common in colonies where land was believed to be ‘underutilised.’¹⁶ There were insufficient surveyors available to carry out this task, however, and from when it started in 1959 has been selective, expensive and therefore not universal. There is mistrust of the process. An alternative to registration is land recording. In 1994 the *Customary Land Records Act*, an attempt to clarify uncertainty of land ownership and boundaries, was drafted and presented to parliament. It was never fully enacted as

there are no empowering regulations to accompany it.

Currently, Solomon Islands is continuing to seek ways of reforming the land laws and trying to provide some certainty. By the year 2000 approximately 12% of land was registered, and this is the only land that can be leased. Public land is also valuable as a result of often being alienated by colonisers and used for the development of towns and cities, ports and other key infrastructure. Government (including provincial government) tends to be the biggest landowner /occupier of public land¹⁷ (Appendix 1).

11 See Foukona, 2007: 69-70.

12 Monson, 2017: 384.

13 See McDonnell, 2015: 13.

14 World Bank, 2017, names this 13% non-customary land ‘alienated.’

15 World Bank, 2017: 21.

16 See Li, 2014: 592.

17 World Bank, 2011: 2. See Appendix 1 for more discussion on public land.

Customary Lands Records Act 1994

The Customary Land Records Act was largely brought about by the need to have economic development and would involve voluntary registration of land whereby kastom owners could register their primary rights to land and the claim then be publicised. The aim was to avoid land disputes and required a detailed listing of names, genealogies, representatives, how the land was obtained historically as well as names of others who may have secondary rights to that land. If agreement could not be reached, then traditional chiefs made a final decision meaning that the rights of the landowning group could not be challenged. The major difficulty is that there are multiple means for registering rights to land. For example, the Mines and Minerals (MMA) Act allows companies (with government) to identify landowners, and the Forestry Act (FRTUA) allows provincial governments to determine who has timber rights. Inevitably there are many challenges as whichever regulatory system is used affects people's appeal rights. For example, under the MMA people can appeal to the High Court, whereas under the FRTUA it is to the Customary Land Appeals court, which rarely sits and is very much dependent upon who can stand up and talk the most eloquently (various personal communications, 2017).

Land reform is not simply a process of amending and creating new land laws. The reality is far more complex and must involve a series of reviews "based on the needs of [both] landowners and investors."¹⁸ Too often in Solomon Islands (as elsewhere) governments have privileged investor interests over those of landowners.

How the process of land reform will play out over the next few years remains an unknown at this point but what will be demonstrated is that while there are examples of very successful commercial enterprises in Solomon Islands, some on customary land and some on lease and other alienated land, there are also failures and areas of conflict. An examination of what has worked and can be successfully replicated is valuable. For example, some investors have secured benefit-sharing arrangements that have the support of landowning groups. Sometimes the government has been able to do the same, especially for infrastructure. A

number of these arrangements have faltered, however, and until the many groups who need to be involved (women, youth and the many who do not have the ear of investors) are involved and in agreement, such projects will take time to develop. There are multiple enabling factors needed for successful land reform and although an examination of what has happened elsewhere in the Pacific is worth doing, ultimately, for successful land reform to occur it has to be Solomon Island-led and agreed to. There is no doubt that for commercial enterprises to be successful and to contribute to long-term economic growth and wealth distribution, local and international investors need some sort of security of tenure in the long term. How this will be managed is still a work in progress in Solomon Islands.

Land reform requires local support, something that Roughan et al. term "effective social licence" which in turn means consent and agreement by customary

¹⁸ Foukona, 2015: 3.

landowners and recognition of the role of culture in business practice. Social license generally means agreement between large corporate investors seeking community support and purporting to involve employment and income for landowners, as well as income for government. To ensure that this actually happens, there also needs to be consistency with loopholes tightened (as experienced in the logging and mining industries). The hope is, through the recent reform process underway in Solomon Islands and elsewhere, that “this tightening of legal arrangements will ensure that a single, clear development process can be identified by business and landowners.”¹⁹

Such reforms are important to corporates, but of perhaps greater significance to Solomon Islands is how such reforms and the tightening of loopholes affect and involve people at the community level, the small producers and those working towards commercial activity but who may not have

formally registered land. These include those who continue to utilise products from their customary land and who produce goods in, for example, the creative sector with links to major industries such as tourism. These areas, and the people involved, also need to be a significant focus of any study of commercial use.

This will be a complex process involving wide consultation and donor support, but fundamentally it recognises not only the fall in living standards and rising inequalities as a result of civil unrest, but also the alienation of many as a result of unsustainable resource extraction. The government’s National Development Strategy clearly recognises successful projects leading to better lives for a growing number. These include and recognise cash crops, especially in niche markets, well-managed commercial export crops such as sustainable oil palm, fisheries and tourism, as well as logging and mining.²⁰

Current Developments in Solomon Islands Land System

In 2015, the year before this study began, the government of Solomon Islands (through the Ministry of Lands, Housing and Survey) working with the Secretariat of the Pacific Community (SPC) and a private consulting firm, began looking at proposed changes to the customary land acquisition process as well as “an improved framework for communal ownership of registered land.” The SPC team consulted on both of these themes with government officials,

landowners, politicians and representatives of the private sector.

Those consultations highlighted long-term issues of inadequate consultation, identification of wrong landowning groups as owners (with landowners themselves giving detailed background and history on land acquisition through kastom), and fears of land being taken away by large developments. Also raised were concerns

¹⁹ McDonnell, 2015: 27. For a detailed analysis of other Acts that impact on commercial development of land in Solomon Islands, refer to Corrin, 2010, who looks at the Forest Resources and Timber Utilisation Act (2000), the earlier Mines and Minerals Act (1996), the River Waters Act (between 1970s and 2000), the Protected Area Bill (2010), as well as Acts involving urban and alienated areas such as Town and Country

Planning (1980). All are under review, along with the processes that deal with cases such as the local courts, customary appeal court system and the Tribal Land Dispute Resolution Panels.

²⁰ Forestry and Mining have brought many problems and inequalities to Solomon Islands as widely analysed elsewhere, but there are also some powerful successes.

over the appointment of trustees to projects that did not reflect customary leadership practices. The need for community-based approaches to any form of commercial use were highlighted and it was recognised that the identification of customary land for development purposes is both complex and time consuming. Views varied but most agreed that “the bulk of our national economic gross domestic product (GDP) comes from customary land, so I don’t think customary land needs opening up. What is more important ... is making sure that all landowners receive equitable returns from development on their land.”²¹ Essentially, any process of land reform “takes time and has to be agreed to by all with a stake in its development.”²²

Although it is known that there are many successful economic activities on customary land (especially in the agricultural sector), there is need for reform to the way that

customary land is represented and utilised to avoid just a few obtaining benefits and to ensure that landowners do not become alienated from the benefits of their resources. The 2015 national land reform consultation did not suggest alienation of customary land but was focused towards reform that would lead to equitable returns.

It is important to look at Solomon Islands land reform in the context of the period of the recent ‘tensions’ as a partial explanation for the complexity of current land reform.²³ Strategies for the development of land have become particularly difficult since the tensions with the possibility of disputes and uncertainty. Before that time there were a number of attempts to reform the administration of land in Solomon Islands. The request to Australia in 1998 for support in institutional strengthening, took until 2007 when the project was completed.²⁴ The civil unrest disrupted the process and once over

21 McDonnell, 2015: 7.

22 SPC, 2016: 5-13.

23 The period of ‘ethnic tensions’ between the late 1990s and early 2000s led to significant stresses both politically and economically. During that period, 35,000 people, mainly migrants from the island of Malaita, were displaced from Guadalcanal. Around 200 people were killed, and there was much violence, use of military weapons and widespread sexual assault. Compensation payments led to the strengthening of political and militant elites and crime became rampant. Much of the mineral and plantation economy ceased to operate during this time, and away from Guadalcanal people survived through subsistence agricultural and fisheries activity (World Bank, 2017: 1). The Regional Assistance Mission to the Solomon Islands (RAMSI), a regional peace-keeping force supported by Australia, New Zealand and other countries of the Pacific Islands Forum was brought to Solomon Islands in a move towards establishing peace, economic prosperity, and the disarming of militias. RAMSI’s presence in Solomon Islands influenced the economy in ways that have brought about more inequality especially in Honiara. The focus is now on strengthening policing, and that period is also about to be completed.

24 As background to the AusAid project, since the 1950s, land registration was encouraged under the Torrens System. There were insufficient surveyors

available to carry out this task however and from when it started in 1959 has been selective, expensive and therefore not universal. There is mistrust of the process. An alternative to registration is land recording. In 1994 the Customary Land Records Act, an attempt to clarify uncertainty of land ownership and boundaries, was drafted and presented to parliament. It was never fully enacted as there are no empowering regulations to accompany it. The Customary Land Records Act was largely brought about by the need to have economic development and would involve voluntary registration of land whereby kastom owners can register their primary rights to land and the claim then publicised. The aim was to avoid land disputes and required a detailed listing of names, genealogies, representatives, how the land was obtained historically as well as names of others who may have secondary rights to that land. If agreement cannot be reached, then traditional chiefs will make a final decision meaning that the rights of the landowning group cannot be challenged. The major difficulty is that there are multiple means for registering rights to land. For example, the Mines and Minerals (MMA) Act allows companies (with government) to identify landowners, and the Forestry Act (FRTUA) allows Provincial Governments to determine who has timber rights. Inevitably there are many challenges as whichever regulatory system is used affects people’s appeal rights. For example,

the project needed to be refocused, including developing a model for recording and eventually registering land.²⁵ The project was fully cognisant of the need for the support of customary owners throughout the process, but, though well-conceived, its lack of continuity, an inflexible structure and the need for more local ownership all contributed to the failure to produce the desired outcome.

In the post-RAMSI period, Solomon Islands has been working hard to develop its own path towards successful land reform. In January 2015, the government identified customary land reform as a key target to be addressed in the next 4 years. An early step in the process was the national consultation on land reform (2015) (see Appendix 2) accompanied by a number of specific steps, such as passing the Land and Titles Amendment Act (2014) and establishing a Land

Board, thus shifting decision making from the Commissioner of Lands to the Board.

The initial process of land reform involved the preparation of a major discussion document followed by a National Land Summit to consult with land owners, government, businesses and others. It was also recognised that although there were some lessons to be learned from elsewhere in Melanesia (Papua New Guinea, Vanuatu, New Caledonia and Fiji), the path towards land reform in Solomon Islands needs to be that of the country alone, with government leading the way, alongside landowners and businesses, women and youth, and, most importantly of all, writing land law to fit local circumstances. The consultation was reminded that legislation cannot “be imposed from outside. We need to understand local contexts, local kastom, and local practices of managing customary land”²⁶ (see Appendix 3).

Customary Ownership, Logging and Mining: Implications for Land Reform

Driving the need for land reform has been the fact that Solomon Islands land, and indeed most of Melanesia, has long been the target of the global mining and logging industries, which has seen much of the wealth both unfairly and unevenly distributed and brought generational legacies of contamination to soils and waterways. These, as well as the social and political impacts of “dispossession and de- and re-territorialisation” have been widely debated over past decades²⁷ and need to be

understood in the broader context of commercial use of customary land.

The history of logging, mining and land dealings is complex, and often dangerous, bringing divisions and conflict to landowning groups. Corruption and conflict of interest have contributed to the increase in land contestations in recent years; middlemen involved in brokering these economic activities, as trustees, logging licensees, land consultants or government agents, have

under the MMA people can appeal to the High Court, whereas under the FRTUA it is to the Customary Land Appeals court which rarely sits and is very much dependent upon who can stand up and talk the most eloquently (various personal communications, 2017). Currently though Solomon Islands is continuing to seek ways of reforming the land laws and trying to

provide some certainty. By the year 2000 approximately 12% of land was registered, and this is the only land that can be leased.

²⁵ See Larden & Sullivan, 2008.

²⁶ Liloqula, quoted in McDonnell, 2015: 73.

²⁷ Allen & Dinnen, 2015: 396; Tagini, 2013.

lacked capacity with some of them acting dishonestly when representing different landowner interests. Often when landowner groups are not happy, they dispute these deals or refuse consent for development activity on their land. Government agencies have too often played a role in promoting investor interests rather than looking after landowners.²⁸

Logging, mining, urbanisation and the failure of ‘development’ to benefit those outside the urban areas (and indeed a growing number of urban people) are recurring themes in the Pacific, and nowhere are they more greatly exemplified over the loss of land and the unequal distribution of the spoils of development. Clarke quotes Keesing who said that what will be passed onto the next generation will be “like a tin with the meat taken out of it”²⁹ and so it has proved in some ways, especially in towns.

Working with Customary Owners

All the studies and reviews of customary land reform examined for this study³⁰ have identified that before there is land reform sustainable for future generations, mechanisms for the identification of custom landowners, resolution of land disputes through negotiations and legal arrangements

for fair return and long-term benefits all need to be negotiated. These cannot be carried out quickly and depend on genuine and inclusive consultation meaning substantial examination of all laws and policies around land tenure, land administration and land dispute settlement processes. Clearly this is a long-term project, but one widely held to be necessary.³¹ The Land and Titles Act is seen as outdated, other legislation such as the Customary Land Recording Act³² is very rarely used, and the Tribal Lands Dispute Resolution Act (based on the now repealed Vanuatu Act) has faced many problems. The issue of land recording is different to registration and is currently being examined in detail again with the appointment of a recorder.

Because of the law, the current Land and Titles Act, people are very frightened. People have changed their minds about development, but they don’t want to lose their title over their customary land. They don’t want to give away perpetual title to the land, so future generations miss out. That’s one of the shortcomings of the Land and Titles Act, that people worry about the government trying to take their land away. (Minister for Lands, Housing and Surveys, Hon. Andrew Manepora’a)³³

28Foukuna, in McDonnell, 2015: 7.

29 Clarke, 2007: 28; Keesing, 1993: 47.

30 There have been a number of reviews of customary land reform in Solomon Islands including raising questions around recording and registration. These have been carried out by government departments, local academics such as Tarcisius Tara and Joseph Foukuna, the Asian Development Bank, the World Bank, DFAT and many Australian academics. Reports and articles written by these individuals and organisations have been collected and are used here as background to this study.

31 In 2016, there was a call for tenders for “customary land reform work” (MLHS 02/2016) which aimed to “identify ways to improve the governance, administration and management of customary land in Solomon Islands.” The consulting team (now appointed) will, using wide consultation, “review laws, institutions and administrative mechanisms relating to customary land” (McDonnell 2015:27).

32 Enacted in 1994 to record customary land boundaries and the names of landholding groups and their representatives for dealing with recorded land (see Corrin, 2010).

33 In McDonnell et al., 2015.

Lessons Learned: Land Tenure and Commercial Use

As stressed throughout this report, land, and recognition of customary ownership, are fundamental to the well-being of Solomon Islands society. There are a number of commercial enterprises that have found ways to work with customary owners and some of these were interviewed in some depth for this study. At the wider level in Solomon Islands, and throughout Melanesia, commercial enterprises are not always without tension. Issues of customary land owners (or ‘land holders’ as a more accurate term) getting involved in commercial use of customary land can be successful, or fraught, or a failure. Land tenure, and its use, is not simply about ‘land,’ it is more about how communities interact, remember and engage or have agency. Much of what occurs has more to do with the non-material, than the material.³⁴

The following case of New Georgia illustrates very well the need for people to have agency of their own developments, but it also demonstrates that what people do with their land, what is accumulated, is about social potential, and not necessarily about material benefits.

The Case of New Georgia: Land Rights and Agency

Writing of one area of Solomon Islands, New Georgia, Hviding³⁵ discusses a process of “accumulation by dispossession” by demonstrating weakening agency with more skewed distribution of entitlements to resources such as land, particularly through logging companies. He argued that such

access ultimately leads to lessening authority and then large-scale dispossession of land, despite the so-called “inalienable ancestral estate(s)” of Melanesia. He also referred to land grabbing (particularly in Papua New Guinea), and the social impacts of land loss, disempowerment and loss of control over land, often the result of government, or the state institutions, collaborating with large foreign companies joining forces to alienate local land owners from their resources and therefore their wealth.

Traditionally ascribed customary land-holding networks can generally keep wayward chiefs in line, but Hviding posits that in New Georgia at least, “the saturation of social life by logging” has fundamentally altered the system.³⁶ Hviding also referred to religious divisions and networks in Marovo lagoon where the Seventh Day Adventists (SDA) and Methodists have developed dual structures. When the Methodists split, forming the Christian Fellowship Church (CFC), the SDA instantly became a major player in new developments in rural Georgia, eroding chiefly authority, thus escalating land disputes and concentrating power over customary land in the hands of a few. In the CFC controlled areas, however, customary leadership continues and much external aid is rejected with the focus on the ‘ordinary’ people.³⁷ There are of course serious issues surrounding such a transfer of power from many customary chiefs to a single leader, especially with most money ending up in urban areas.

Key lessons to be learned from this New Georgia case are the need to understand and have recorded, through lengthy discussion

³⁴ Hviding 2015: 475 discusses in some depth the complex interactions surrounding relations surrounding land and its use.

³⁵ Hviding, 2015.

³⁶ Ibid.: 481.

³⁷ Ibid.: 481-484.

and consultation, what exists already and to ensure that consultation is wide, includes women and attempts to identify all custom owners. This is a lengthy and often frustrating process and not something that external aid donors can readily do. To reiterate, the process will be successful only if people have agency, in that it is owned by the people themselves (and not always then). The land reform processes outlined earlier are one step towards reaching agreement over reform, but will not necessarily all end in success, or agency for all. Hviding's contrasting case studies of the SDA areas with erosion of chiefly authority and financial returns concentrated in the hands of a few, compared to the CFC with continuing hereditary leadership and the redistribution of wealth and benefits,³⁸ provide useful lessons for donors and other parties interested in assisting communities to engage in more sustainable commercial use of land, but cannot tell them what to do. Of more importance is the lesson that "collective agency, grounded in relations of kinship.... is under siege," and "land is being robbed of its financial potential... and its productive potential is being threatened."³⁹

Included in Appendix 4 is the case of the 'Out Growers of Kolombangara' as an example of the assertion of claims over land in order to have undisputed title. This is an

excellent example of why future forestry activities "must be... within the framework of customary land tenure."⁴⁰ Land alienation can have disastrous consequences both for customary owners, cultures, relationships and long-term commercial development prospects. The case demonstrates the complexities of working on customary land without the full support of legal processes, but, importantly, it also shows the need to find a range of possibilities for commercial activities to continue to work on land that is under customary tenure.

Land disputes are not unusual and scare donors and governments alike, especially when violence ensues. Some disputes may seem minor, but tensions can be great whether the dispute is over food, gardening, boundaries, or large-scale mines. As noted above, there has been much written and discussed about tenure changes over the decades, particularly in relation to cash crops and their impact on subsistence gardening and hence inheritance and land distribution,⁴¹ but all recognise that the fundamental understanding is that land rights are integral to all people and in all circumstances. Resolving land tenure will not be easy and tensions may escalate as the need for cash increases, especially as populations increase, migrate and require formal education and employment.

Solomon Islands Economy

The 2015 consultations on land fit well with the Solomon Islands National Development Strategy 2016-2035 'Improving the Social and Economic Livelihoods of all Solomon

Islanders'⁴² which sets out a visionary strategy for the next 20 years. The NDS is being viewed by many as a 'roadmap' with particular emphasis on social and economic

³⁸ Ibid.: 479-485.

³⁹ Hviding argues here that the "cultural and social achievements built up over centuries... are appropriated and accumulated by a few to the

ultimate detriment of the dispossessed majority" (p. 485).

⁴⁰ Ibid.: 247.

⁴¹ Ibid.

⁴² MDPAC, 2016.

livelihoods. Again, this will be a complex process involving wide consultation and donor support, but fundamentally it recognises not only the fall in living standards, and rising inequalities as a result of the ethnic tensions, but also the alienation of many as a result of unsustainable resource extraction. The National Development Strategy recognises successful projects leading to better lives for a growing number. These include cash crops, especially in niche markets, well-managed commercial export crops such as sustainable oil palm, coconut products, fisheries and tourism, and logging and mining.⁴³

The economy of Solomon Islands is largely based on natural resources (around 50% of GDP) with forestry contributing most. Like many other Pacific Islands, the next greatest contributor to GDP is in the bureaucracy, with public administration contributing 30%.⁴⁴ Mining, fisheries, agriculture (especially smallholder crops such as cocoa, coffee and coconut) are also significant. Tourism is small with less than 1% of all leisure visitors in the Pacific and is being targeted for growth. Much of the expansion of the economy is limited by infrastructure including roads, airstrips, markets, electricity and mobile networks. In 2014 Solomon Islands sat at the bottom of the Human Development Index (HDI) in the Pacific with average earnings of around \$2000 USD per person and high aid dependency. Eighty-five percent of the population lives in rural subsistence, in multiple centres and pro-

vinces. The period of tensions between the late 1990 and early 2000s led to significant stresses both politically and economically.⁴⁵

Currently, Solomon Islands has the lowest per capita income in the Pacific region and most of the country's 609,000 people rely on agriculture and fishing for their livelihoods. Sustainable use of the country's rich natural resources is critical. Yet over-exploitation, particularly in the logging industry, is causing serious environmental damage. The government of Solomon Islands' vision for inclusive economic growth as seen in the NDS, includes a boost to all resource sectors, attention and reform to the finance sector, attention to the country's infrastructure, attempts to make all areas weather resilient in the face of climate change and disasters, and a strengthening of land reform to "encourage economic development in urban, rural and customary lands."⁴⁶ Such reforms aim at reducing poverty; increasing economic opportunities and employment; improving gender equality, education and health care; improving national security; and promoting cultural heritage. Whilst such a vision is fundamental to a secure future, land reform is likely to be the most challenging and will form the base upon which all the other policy development must rest.

The transition from logging to mining has huge implications for the economy of Solomon Islands, as well as for the environment and customary rights and

43 Forestry and Mining have brought many problems and inequalities to Solomon Islands as widely analysed elsewhere, but there are also some powerful successes (see Bryant-Tokalau in detailed Solomon Islands report for this project – in press).

44 DFAT, 2016.

45 The Regional Assistance Mission to the Solomon Islands (RAMSI), was a regional peace-keeping force supported by Australia, New Zealand and other

countries of the Pacific Islands Forum. Despite the move towards peace and economic prosperity, and the disarming of militias, RAMSI's presence in Solomon Islands influenced the economy in ways that have brought about more inequality especially in Honiara. The focus is now on strengthening policing, and that period is also about to be completed.

⁴⁶ SIG NDS 2016-2035: 27.

⁴⁶SIG, 2016.

returns. Risks to Solomon Islands from mining will be as great, if not greater, than the impacts of logging in terms of unequal distribution and loss of rights, particularly for women, if the legal framework is not carefully planned and the relationships that people have with and around their land are not understood. There are on-going gender-inclusive consultations looking at the role of women, and at royalty distributions and risk aversion but, given the diverse roles of many government departments who tend to work separately on mining issues, the new National Mining Policy⁴⁷ and future amendments to the Mining Act of 1994, will be complex, especially as mining operations, like logging, have often worked largely outside the state apparatus and laws.⁴⁸

Economic Diversification: Import Substitution

Major global exports include timber, fish, copra, palm oil, gold and cocoa, while the country imports largely food (rice, chickens, sugar, prepared meat), plant and equipment, manufactured goods (vehicles, telephones), fuel and chemicals. There is certainly room for import substitution of food, but under some of the Pacific trade agreements and particularly the Melanesian Spearhead Group (MSG) agreement, with around 10% of Solomon Islands imports coming from those countries, this percentage is growing. A much smaller percentage of exports go to MSG markets. Such a small export market is largely because of bigger manufacturing bases in Papua New Guinea and Fiji, and their active use of the trade agreement, but

this leaves the country vulnerable. In addition, Solomon Islands is not such an active regional trader with much of its income coming from international trade partners.

Diversification in the economy is clearly needed and should involve the participation of all (including women and youth), and recognition of local business skills in Solomon Islands societies where reciprocity, exchange and strong social networks underlie all activities. Diversification through a move out into the provinces as well as urban areas is crucial as economic inequalities and inability to participate fully in paid employment and education (as well as health care) are also to be found in rural areas. Migration to Honiara is growing, meaning that increasing numbers need jobs, especially with a growing number of the youthful population unemployed.⁴⁹ Although it is true that the growing tide of urbanisation can provide opportunities for many, it is also becoming too expensive and difficult for people to live there.⁵⁰ Additionally, a third of rural people lack access to safe water and over half the people living in Honiara's poorest communities have no sanitation facilities.

Although a participant in the RSE work scheme, Solomon Islands does not (so far) resort to large-scale outward migration, as is the case with many other Pacific nations as an income-earning or foreign-exchange strategy, but it may only be a matter of time. Uneconomic plantation crops, forestry and limited manufacturing find fewer

47 Approved in March 2017.

48 Gold Ridge, just 30 km from Honiara opened in the late 1990s. The 'troubles' of the early 2000s caused it to be abandoned but Allied Gold purchased and rebuilt it in 2010. It was then sold to St Barbara Ltd., an Australian company that also has interests in

PNG. Gold Ridge contributed around 20% of Solomon Islands' GDP in 2012. A serious spill of tailings after flash floods led to its closure in 2014.

49 According to ILO, nearly 60% of Honiara's population is under the age of 25.

50 Kiddle & Keen, 2017; Oxfam, 2016.

international markets⁵¹ and import substitution, mining and fisheries employ small numbers, and then at low wages. Options vary. It is understood that trade integration, export subsidies, protected markets and the possibilities of regional agreements such as PICTA and PACER Plus, are important, but support to Pacific economies will come largely through development assistance to improve domestic supply.⁵² Such agreements are frequently at the expense of Pacific nations (such as the dumping of low-quality products, inability to refuse requests from donors), who then

Culture as an Enabler

Recognising that the path will not be easy, it has been decided here that focusing on cases of successful and small and medium enterprises, utilising customary land, may represent a type of solution while the broader issues of land reform are under debate. There are a number of scenarios that could enhance successful sustainable and commercial use of customary land. These are well known, as they already in place, but often not recognised by outsiders or those who work in the spheres of individual ownership. Landowners have generations of experience of trading relationships and negotiation skills based on communal and collective activity. Building upon traditional methods of reciprocity and exchange can be successfully done, as seen with the following case studies, and while working within different cultural practices. These do not always lead to harmonious outcomes in business, however, especially

remain beholden to the interests of more powerful states despite the benefits touted by being part of wider small country groupings.

For now, the solutions need to be found locally, need to involve people from all walks of life and not ignore new and potentially very different ideas. Most importantly, business must be carried out in the context of the village/community/kastom domain,⁵³ and should be sensitive to local ways of doing things.

where there are only Western practices employed.

The key is to build upon what already exists and to incorporate certain cultural practices where these are accepted. Some of the findings from this research included landowners having shares in the enterprise, shares in profits and ownership. Interviews were conducted with a number of small and medium locally owned enterprises. There are also examples given of larger businesses that appear to have quite successful and sustainable ways of working with local landowners, whilst others were found to have what might be termed more punitive ways of dealing with landowners. Several smaller enterprises that liaise closely with local landowners' work within social and cultural norms and have innovative ways of ensuring that people living and working on their customary land receive a fair and sustainable return.

⁵¹ See Connell & Corbett, 2016.

⁵² Ibid.: 9.

⁵³ Roughan et al. (2011: 11), reminded us that "highly localised" "is the overarching context for

business operations in rural Solomon Islands, and cannot be substituted for by the operation of legal regulation alone."

A number of case studies are provided here, around the development of women's business and savings schemes, working within families and clan groups, and traditional finance, savings and borrowing schemes and developing commercial activities on land that is customary, before any secure forms of tenure (in the legal

sense) occurs. This project also involved the examination of other possibly useful examples of commercial development and land reform in the wider Pacific, including New Zealand. Some of these lessons will be presented here, although it is recognised that what Solomon Islands decides to do in this space needs to be its own.

It's All About Relationships: Linking Bisnis as a Key to Unlocking Existing Potential of Land

There is strong emphasis in Solomon Islands on strengthening business and a "Strongim Bisnis" initiative has been started as an aspect of the Solomon Islands Growth Program (SIGP) that aims to support economic growth in the country with support from Australia through DFAT funding.⁵⁴ It is important that New Zealand initiatives⁵⁵ in Solomon Islands do not duplicate the Australian project but instead complement it and build upon local ways of doing business. There has been some criticism by some that New Zealand, instead of looking at what is needed, is instead focusing on "areas where we think we have business strengths"⁵⁶ but the key to successful

outcomes is having Solomon Islands involvement and support in setting the aid agenda. New Zealand does tend to work that way, aligning its assistance with the priorities and policies of partner governments, "focusing on results [and]... building partnerships."⁵⁷

Several themes emerged during the consultations in Solomon Islands; although they may initially appear to sit outside New Zealand's current aid priorities, they could provide an important base for the next round of aid assistance. In this report, several areas are discussed in some depth to demonstrate how New Zealand may move increasingly towards Solomon Islands-led

54 Australia has been closely involved with Solomon Islands for several decades, but particularly since 2003 when the RAMSI mission moved in following the ethnic tensions. Australia considers that the economy needs to grow to provide stability and livelihoods for the population, utilising existing resources and building on skills development, policy, governance, infrastructure programmes already well underway (see DFAT, 2016: 2-16 for details of the Australian Aid Investment Plan [AIP]). There is \$50 million AUD to be invested over a 5-year period with a 10-year goal of "increased private sector investment in an inclusive economy." Australia is not doing this alone of course, and a number of other donors are working towards a similar outcome. New Zealand assistance, although smaller, fits well with that of Australia.

55 Aid assistance overall by New Zealand is not large in global terms, with around \$1 billion NZD to be invested in the Pacific between 2015 and 2019, but it is a modest growth over earlier years. Priorities of the

current assistance package are renewable energy and agriculture (the two flagship programmes), IT, fisheries, tourism, trade and labour mobility, economic governance, law and justice, health, education, resilience and humanitarian response. New Zealand does not carry out these programmes alone, of course, but works in multi- and bilateral partnerships (MFAT, 2015a).

56 NZADD, September 27 2015.

57 PIF, 2015: 9. The Pacific Island Forum Compact Peer Review which looked at Kiribati and Samoa in terms of New Zealand's aid effectiveness, recommended that New Zealand be encouraged to "tap into all available sources of development capacity and evidence-based knowledge sharing analysis, including research" (p. 16). The review highlighted that in order to do this, New Zealand should collaborate "with NGOs, CSOs and academia mechanisms" (Ibid.).

development, where the range of views on land tenure are taken into account, at both the smaller, community scale as well as the more formal business-sector level. These sectors, broadly encompassing commodity opportunities, creative industries and knowledge, employment and training, and financial literacy and management skills, all with the overarching involvement of women and youth, have the possibility of having a long-term impact on the economy of Solomon Islands. It is anticipated that by focusing on these areas more people may be involved in both the local and export economy. Although some of these sectors may appear small, external and regional links will be valuable.

There are interesting parallels in the Solomon Islands discussions with Fiji where there is a great deal of emphasis on the need for businesses to develop organically (building upon growers' own ideas, the potential for value-added products, and those that are niche and of high value) and concern over intellectual property protection and the need to safeguard cultural identity. It was also commented on in Fiji that women's projects, on both customary and other land, frequently do not depend on the security of land tenure (where they are village or home based, such as sewing, weaving and other craft projects) and can be developed despite the tenure situation. Other, larger businesses, however, that require structures or products do require secure tenure and/or lease arrangements, along with recognition of women's land rights.

Several successful business people in Honiara were interviewed in some depth on how they had managed to achieve a

sustainable enterprise and what their views were on how commercial activities can be sustainably developed. All of them were local people who owned and managed their businesses.⁵⁸ They included older, large businesses, as well as small and medium. The activities represented included courier companies, fishing, domestic transport, farming, processing and export of coconuts, cocoa, seaweed, agricultural seeds import and sale, infrastructure development (roads, bridges and wharfs), property sales and development, art and heritage, market stalls, earthworks, building supplies, furniture making and hardwood exports.

Community Networks and Wantok Relationships

Key in all of these businesses was the power of community networks, the need for integrating youth and women as well as men, and the need to respect traditional values. Normal, everyday practices of sharing income and food, helping [assisting] family and wantoks in the village and towns are largely accepted and although there were sometimes complaints about the 'burden,' most accept that as a normal part of life and an integral part of business practice; relationships need to be carefully managed. Such relationships are not values found only in rural, village areas. They translate into towns and, although under threat with new relationships forming and issues of land for housing, remain valid.⁵⁹

A major family-owned Honiara-based company, dealing with a range of activities across the country, was committed and proud of the fact that they are "100% locally owned and accountable to Solomon Islands

⁵⁸ Some identities have been kept anonymous at their request.

⁵⁹ See, for example, work by Monson, 2015.

sustainable development and community development.” The company also keeps abreast of major regional and local developments (such as PACER Plus, utilising volunteers from abroad, mentoring programmes and Pacific leadership training). Even without those, however, the company has been successful for some time gaining contracts with major infrastructural projects. In the opinion of the manager, a key to success is good governance, a corporate discipline, particularly in the transition from a family business to a corporate entity, and long-term succession planning. In his opinion, most (he thought around 75%) of family-run businesses will fail because of the lack of attention to succession planning and good governance, but also because of the need to carefully deal with ‘wantok issues.’

Although such a comment may appear to be negative in terms of family and wantok relationships, further discussions highlighted the need for corporate organisations to work with what exists in order to enhance positive outcomes for business. One suggestion was to work more closely with organisations such as the local Chamber of Commerce and Women in Business. These organisations are very supportive of young local businesses and are focused on providing mentors and training in areas of management positions and duties (company secretaries, board chairs, accounts and servicing meetings). In the opinion of one business leader, it is difficult to find people with new ideas and the experience to carry them out. In Honiara, at least, the same people tend to be targeted for training and important positions. To get over the perceived generational gap in leadership in both the private and public sector, it was recommended that a database be developed of people in business, even those starting out, so that new and emerging

leaders could be included on boards. A strong feeling amongst young business people, including in creative areas, is that young and educated people are not being utilised to their full potential and would have much to offer from their own backgrounds, often from community and family connections.

Not everyone agrees, and there are businesses based in Honiara that have less-positive views on wantok and other community relationships. One on leasehold land expressed the view that it is not necessary to win all the battles, just the war (so a long-term strategy). At times the landowners erect roadblocks for financial compensation and the response of the business owner was to (the first time) pay some compensation but then get the landowners to sign a memorandum of understanding never to make compensation demands again. This seems to occur particularly around land used for crop production where there is a certain amount of theft. Interestingly, under the leasing arrangement, this company gives 10% of its shares to the landowners, but if people then steal, the value of what is stolen is deducted from their monthly payment. They also bring in security guards from another province to prevent theft. The company is very concerned to offer employment to people but stresses that they need to understand the rules and regulations pertaining to the leasing arrangement. Although the company managers and owners feel that face-to-face communication, and lengthy and patient negotiations, occur, it is interesting to reflect how sustainable this method of farming on landowner leased land will be. The company has been in existence for several decades and does well financially. Their philosophy is one of not

repeating what others are doing but instead attempting different things. To do this, though, they appreciate that “confidence and a deep pocket” are needed. If the business they go into is risky, they simply weather it out. They are aware that too many businesses are producing and selling the same things and try to avoid getting involved where there is oversupply. They are very supportive of better infrastructure needed in rural areas but are also very mindful of land issues.

Most businesses on leased land in Honiara accept that there has to be a certain amount of ‘give and take’ with land owners. The key, for those who were leasing land, was good communication with land owners and workers. Solomon Islands is well placed to carry out ‘bisnis in context’ and to work with what already exists, with the sensitivity needed. This is discussed by Roughan et al.,⁶⁰ and useful examples may be found in discussions with local businesses, as well as other Pacific countries that have worked their way through early business development. New Zealand, particularly with some of the iwi-lead businesses that have been highly successful over the past few decades, may also provide useful comparators.

Within Solomon Islands itself there are good examples. One multiactivity business, which deals in commodities (largely cocoa), property and logistics, had strong family

connections with its growers, recognising the substantial work involved at the family level managing a single hectare with around 1000 trees, and also the rewards. In season, the cocoa produced provides a reasonable income, provided that neighbouring farms share transport costs. Distance between growers, the transport hub, and the buyer, is a problem throughout Solomon Islands. In the opinion of this middle man, in order for small business to operate successfully, good roading, shipping, schools, community halls, stores, a bank and a church need to be provided at the hubs. There is much hard work involved in the cocoa industry and money wasted⁶¹ and this interviewee felt that consolidation of production is urgently needed.⁶² In his opinion, because of the lack of coordination in the cocoa export sector, it is estimated that Solomon Islands have lost around \$60 million SBD worth of exports.

Most medium and large business owners are very urban based, maintaining family connections with the provinces, but, as illustrated above, the models of doing business need strengthening, to utilise more local people and their existing skills. There also exist some very good models, as KPSI (Kokonut Pacific) and the Women’s Saving Schemes demonstrate. Key to their success is the building of relationships, face-to-face contact, training and support, and finally, having a “a corporate culture [to allow] operational flexibility.”⁶³

60 Roughan et al., 2011.

61 Largely pruning and planting every 15 years. An additional problem is that revenue is often taken fully as profit without leaving aside funds for farm improvements. Much of the income is poorly utilised for development. In his opinion, donors have the tendency to push for grass roots activities to “make them feel better,” but when production costs and farmgate prices are taken out of the equation, there is a great deal of wasted money.

62 What donors can most usefully do for the cocoa sector is, in the opinion of this interviewee, to recognise that there are just five or six main buyers (there are 10 but the smaller number works more directly with growers and recipients). The need is to consolidate the buyers as an association and to provide some initial funding to support them.

63 Roughan et al., 2011: 7.



Linking Bisnis: Case Studies

Following are several cases that illustrate a range of options that view cultural practices and relationships as opportunities, not barriers to economic development. The cases come from the commodities and arts and heritage sectors. Some of the cases are on leased land (palm oil for example) and others access products from customary land, then add value to make new products.

Commodities

Palm Oil

Palm oil plantations reached the Pacific in the late 1960s at around the same time of their expansion into Malaysia. Papua New Guinea and Solomon Islands have extensive plantations, accounting for just over 1% of world production with the industry very concentrated in a just a few suitable locations, particularly Guadalcanal in Solomon Islands and Eastern Papua New Guinea. Predictably, this rapid and large-scale expansion of oil palm has meant a number of difficult issues have arisen, not only to do with the environmental impacts of plantation agriculture, but also the complexities of land tenure as well as earnings from the plantation economy whereby (initially at least) much of the income has gone off shore leaving little for workers and land owners.⁶⁴

Guadalcanal Plains Palm Oil Ltd.

Solomon Islands Plantation Ltd. (SIPL) was developed by the British Commonwealth Development Corporation (CDC) in the early 1970s when approximately 1,500 ha were developed on the Guadalcanal Plains between the Ngalimbiu and Metapona River. The company entered into partnership with the government and indigenous landowners, who at that time held 2% of the company (compared to 68% for CDC and 30% for the government). Landowners also received \$100 SBD per hectare per

⁶⁴ See Cramb & Curry, 2012: 224 for a discussion of the impact of Palm Oil on rural livelihoods across the Asia-Pacific region.

annum as rent and \$500 SBD per hectare as a premium. In the early days, the Guadalcanal Provincial government had no financial interest in, and gained no direct benefit from, palm oil.⁶⁵ During the political tensions of the late 1990s and early 2000s, the company (then SIPL) faced difficult times with several clashes with youths, with the Guadalcanal Liberation Army and threats of closure. After several iterations, and well-conceived arrangements with the landowners of Guadalcanal, the company became Guadalcanal Plains Palm Oil Ltd. (GPPOL) and went on to become one of the most successful economic ventures in the Solomon Islands. The main oil processing plant located at Tetere is the biggest private employer in Solomon Islands with landowners sharing in the profits and investing in further businesses.

Under current arrangements, GPPOL can be considered a good example of a large, well-managed company with very good relations with landowners, most of whom are local (customary) Guadalcanal landowners.⁶⁶ The land has not been alienated, but most has been registered, which is often the case with plantation agriculture, and good rents are paid. The management arrangements include an open structure, with only nine non-Solomon Islanders amongst the 1450 staff (including in the management team where just four of the 10 are expatriate), and close involvement of the resource owners who own 20% of the company. Employees

also receive planting grants, training, gender-blind employment, housing, health care, water and electricity, school transport, a union, stores and markets, loans, and opportunities for advanced training, along with technical advice both in palm oil production and planting. The multilateral donor, International Labor Organization (ILO), also provides small business training, such as in the production of school uniforms for other families on Guadalcanal. The wages at GPPOL are 30% above minimum wage, and landowners, through a charitable trust that invests 50%, have successfully invested their shares in the profits into fuel stations, motels, supermarkets and other businesses.⁶⁷

Apart from the arrangements with landowners and workers, Solomon Islands palm oil is efficient in its use of resources and has sustainable certification.⁶⁸ At GPPOL, everything that comes from the plantations is used in production or for fuel and mulch. Nothing is wasted, including processing timber from old trees, removed for replanting, for building materials.

GPPOL is a well-known story in Solomon Islands, and is often touted as an example of successful business-landowner/community engagement⁶⁹ particularly as the ethos is largely around the people it serves and works with and “making things happen,” and being an example of a sustainable business.⁷⁰ Roughan et al., in a preliminary study of how

65 Moore, 2004: 73-74.

66 The estate is a mixture of 5000 ha under lease arrangements with landowners and a 504-ha parcel under outgrower arrangement. There are also occasional producers who operate as individuals on customary or registered land that they can access (Roughan et al., 2011: 5).

67 Kerr, pers. comm. August 2016; ADB, 2016.

68 It should be noted that palm oil, for all its bad press internationally, produces 12 to 13 times more

oil per hectare than soya beans and the trees need to be replanted less often (every 20 years) than soya beans which are planted annually and need high amounts of agri-chemicals.

69 ADB, 2016: 69, quoting Roughan, 2011.

70 Pers. comm., Andrew Kerr, General Manager, GPPOL, Tetere, and Regina Pokana Sustainability Manager, August 15, 2016.

business is carried out in the village/ community/customary domain, view GPPOL as having a strong base in the sense that the “longstanding trustee arrangements for parcels of land... for palm oil since the 1970s, lend[s]... legitimacy... [including] for benefit distribution.”⁷¹

This case is a good illustration of what can be achieved with open and fair relationships with landowners. Generally, in plantation

agriculture, resource owners feel neglected, but in the GPPOL model landowners feel and indeed are responsible for how the business turns out. The importance of always involving resource owners is a very clear lesson. The fact that there is very little turnover of staff in the oil plant, and that 6 years ago, there was no money being paid in local contracts, and now \$6-8 million SBD is paid out in local contracts, is testament to a successful business.

The Coconut Industry

A total of 390,000 ha (half of cultivated land) of Solomon Islands is planted in coconuts, but currently the market for copra is volatile. With the dangers posed by the recent spread of the rhinoceros beetle, there is also fear of a major threat to the industry. The beetle is killing large palms after burrowing into the trunk, similar to the epidemic that devastated coconut plantations in the 1960s. It has already caused a great deal of devastation in Samoa, and it is estimated that in Solomon Islands upwards of \$US10 million could be lost if the beetle takes hold.

Given the extent of coconut plantations in Solomon Islands, and the different ways that the nuts, fronds and oil are utilised, their loss would be devastating, particularly for rural families whose livelihoods are sustained by coconut production. The days of the export of dried coconut as copra, for oil and soap, have almost ended, and there are a number of other activities, still based at the village household level, that are being tried (refer Appendices 5 and 6). There is some scepticism of the small-scale virgin coconut oil (VCO) production model which some

feel performs sporadically and with a “business model and social organisation [around that] that needs attention”⁷² but as demonstrated below, the model of Kokonut Pacific appears to show otherwise.

Kokonut Pacific Solomon Islands

Although there are challenges to the VCO industry, it also presents an opportunity for sustainable economic development projects upon customary land. VCO has become a popular niche market throughout the Pacific, and a number of countries have begun producing it, including Fiji, Marshall Islands, Papua New Guinea, Samoa, Solomon Islands and Tonga.⁷³ VCO is a high-value product that presents a viable opportunity for small producers. The strength of this industry for the Pacific is that small-scale producers (at the village level) can participate in this economy and derive substantial benefit from it.⁷⁴

Kokonut Pacific Solomon Islands (KPSI), on the outskirts of Honiara, is the hub for

71 Roughan et al., 2011: 10.

72 DFAT, 2017: 10.

73 Cahn, 2008; Bawalan, 2002: 8.

74 Bawalan, 2002: 8.

village producers working together and sending their oil into the factory. Several are also developing their own small and emerging businesses in their villages. The goal of **KPSI** is to improve village land holdings, and coconut, it is believed, is the best medium by which to do this.⁷⁵ The simple business model, with family units owning their own business, works rather like a franchise where **KPSI** sells them some equipment and gets the organic certification on behalf of the family units. This largely works well with few land or labour issues as **KPSI** is the purchaser of their oil. The business is more than being simply about money (although clearly a sustainable income is what is needed); it is also about improving the quality of life, and with its hands-on approach and close involvement with growers **KPSI** is able to assist where wanted including with youth, the disabled and savings and employment for women.

KPSI is supportive of peoples' innovative ideas for development. Some people, for example, create kindergartens with families paying their fees with coconuts, and there are many such stories. Although growth of small businesses is often at risk, it is also a goal of the industry. Honest and open relationships between **KPSI** and the growers are viewed as key.

KPSI does not get involved with land issues. It may enter into a joint venture on provincial land, but that is an exception. It could be said that **KPSI**'s model of working with land owners is a proven model with the family owning the unit, **KPSI** building the

factory, buying the coconuts from farmers and producing VCO for export. Challenges to the model do occur, especially when people have moved away from their own land. So, for the young, and urban migrants, coconuts could be considered to be part of the previous generation. Given the fact, however, that the majority of people in Solomon Islands remain in rural areas, it will be generations before the coconut becomes irrelevant.

Given the position of Solomon Islands at the bottom of the **HDI** in the Pacific, being highly aid dependent, with 85% of the population living in rural subsistence, and with just 10% of the employed in formal, wage-earning work, a major hindrance to small producers is the cost of a **DME** (direct micro expelling unit) at an initial cost of around \$23,000 AUD. As it is virtually impossible for people in rural areas to get a bank loan, unless they have sufficient, individual collateral, alternative methods of financing and the provision of the **DMEs** need to be found as cost limits the amount of oil available for production.

The benefits of VCO production are clear in that they can bring about multiple social and economic benefits for people, as a source of livelihoods in villages. In one village in West Guadalcanal a single family-operated plant can employ seven people and the purchase of coconuts from farmers brings them an income, in just 2 weeks, equivalent to what they earned from copra production in 2 months. The money largely goes to farmers where it is sufficient to buy food and clothing

⁷⁵ The business was developed on a model created by Dan Etherington who invented the direct micro expelling process (**DME**), the manual, low-technology coconut press that is part of the process for making virgin coconut oil. Dan Etherington is very well-known across the Pacific; in a film made for ABC Landline where he talks of his work on the impacts of coconut

on traditional communities he comments on the response by villagers that "God is raining money on us," yet, in the past, people received very little for it just as was the case with the copra industry, which was akin to slavery (ABC, 2015; <http://www.kokonutpacific.com.au/>).

and to pay for school fees, but it is not only to males. Women are now able to earn a cash income and the DME is making it easier for them to earn than their previous hard work, apart from gardening, fishing and domestic duties, of climbing trees for betel nut or gathering nuts for copra to sell. People tend not to work full time on the DME, however, and there is a high turnover as people get paid and then ‘rest’ after 2 weeks. This is one way of distributing the earning power to others, particularly to women.

Other Uses for the Coconut

There are many other possibilities for the coconut, and these need to be urgently examined, especially with the decline in logging and the potential loss of \$5 to \$6 billion SBD per year to the Solomon Islands economy. Production of timber from elderly coconut palms, and added value products from VCO are widely discussed, and are starting in small, niche production. Appendices 5 and 6 outline these in some detail.

Creative Industries, Niche Markets and Tourism

Papua New Guinea and Vanuatu lead the tourism push in Melanesia, but it is Solomon Islands, with its small sector and some unique tourism experiences, promoting cultural and environmental sustainability,⁷⁶ that offers new potential. The low-cost and ecotourism markets present manageable alternatives both to large-scale logging and ‘enclave holidays,’⁷⁷ and while concerns of cultural (mis)appropriation are understood and of concern, cultural and ecotourism remain attractive alternatives with the beneficial flow-on effect of incentivising the preservation of cultural and traditional knowledge and practices.

There is a great deal of tourism potential in Solomon Islands with physical and cultural assets as well as Second World War history. The diverse nature of the country provides many opportunities but tourism and travel contribute just 4% of GDP to the economy, employing only 2,000 people. Most of those who fly into the country are not leisure

visitors (around 6,100 per year), but business people, investors and consultants.⁷⁸

Tourism in Solomon Islands is largely through cruise ships and in 2016 there were 10,000 visitors who arrived this way.⁷⁹ These visitors do not stay long, however, and most outings are paid for through the tour company rather than locally. Opportunities for purchase of souvenirs, transport, diving and bird-watching visits are there but inevitably such tourism brings benefits to only a few areas. More long-term and widely spread tourism to areas away from major ports such as to lagoons and World War II diving spots bring other benefits, especially in villages where communities operate small ecolodges and conduct nature tours such as bird and crocodile watching. Women are responsible for 90% of tourism income as they work in hotels and produce many of the goods for sale, but entire communities could also benefit from the provision of food, guiding and other small and medium-sized businesses.

76 Solomon Islands with its recent WHO designation of having the cleanest air in the world (Global Health Observatory, 2017) may have a particular point of difference.

77 Feary et al., 2012; Scheyvens, 2005a, 2005b; Tuinabua, 2000.

78 According to the National Statistics Office 80% of hotel room occupancy is from business travellers.

79 In 2013 there were no cruise-ship visitors.

There are limitations for tourism in Solomon Islands. The cost of travel both internationally and between islands is a major factor, with competition from several other regional airlines, along with the need for more staff training in every aspect of the industry and a range of accommodation options. But tourism will also provide options and outlets for local foods and crafts. Land tenure, access and use all impact on successful tourism ventures and, where land for tourism is customary, there will need to be workable arrangements in place to ensure that owners not only are employed and direct the operations, but also receive fair returns. The creative industries may provide such opportunities.

Weaving Bisnis, Women and Creative Ideas

Creative or cultural industries are viewed as an area with potential for Pacific Island economies.⁸⁰ These sectors have great significance, not only historically, but also as protection of traditional heritage, and a way of presenting and preserving ways of life which may be less well understood in the modern age. Cultural materials also change and develop over time, leaving space for new and creative ways of presenting cultures, such as in the burgeoning fashion, dance, music, painting and film industries in Honiara.

With tourism being a major part of Pacific Island economies, the significant com-

mercial potential of cultural industries is recognised.⁸¹ The commercial potential of creativity is also becoming prominent in the wider Pacific with the Fijian government, for instance, taking steps to actively promote creative industries. These might include “carving, pottery, weaving, tapa making, ornaments, [and] tattooing,”⁸² (and also include music and dance). Tourism is the principal industry for the sale and distribution of cultural goods and services in the Pacific region.

The strength of the industry lies in its ability to capitalise on already existing cultural practices and develop them into various commercial projects where appropriate.⁸³ Exporting goods to international markets is another avenue of distribution for cultural industries in the Pacific, including Solomon Islands.⁸⁴

A key challenge is the need to link products and services from the creative economy to other industries⁸⁵ including the tourism sector, and to link customary landowners at the village level to these broader markets. The regional report discusses the fact that the creative economy across the Pacific is undernourished, with much potential untapped⁸⁶ as well as the need for capacity building across a range of industry needs, from business start-ups to financial services⁸⁷ to develop the creative economy sector. The circumstances are similar in Solomon Islands. Obviously for an industry that can make a contribution to the economy, good governance of the sector is also vital.⁸⁸

80 Throsby, 2015: 1.

81 Nand, 2013; PIPP, 2012; SPC, 2010; Throsby, 2015: 370-371.

82 Throsby, 2015: 372

83 PIPP, 2012: 1.

84 For example, there is an established market of mats and tapa for special occasions amongst the Tongan diasporas in the United States and Australasia, fetching up to 10,000 Tongan pa'anga for each set.⁸⁴ Music and cinema are also prominent areas of the Pacific's creative economy which have

significant commercial value in the broader international market.

85 PIPP, 2012; Throsby, 2015.

86 Nand, 2013: 95; SPC, 2010.

87 Throsby, 2015: 380.

88 Strong intellectual property rights need to be in place to protect cultural knowledge and practices and this needs to be effectively communicated to individuals at the grassroots levels to provide adequate protection. The consequences of not doing so are exemplified in the tens of millions of dollars lost in Fiji's music industry each year through piracy.

Niche Market Tourism

North west of Guadalcanal is the Ysabel Province located on the 200-km long Santa Isabel island. The small population of around 35,000 attracts very few tourists, but as a province with stable government and multiple attractions, it is an excellent visitor destination. Like many places in Solomon Islands the island has turtles, unique styles of dancing, bird and crocodile watching, panpipe music, and some crafts. Crafts are largely produced for exchange purposes but, for external income, the island also has agriculture, fisheries, copra (and now coconut oil production in an arrangement with KPSI), noni oil, forestry and the possibility of nickel mining.

A key issue with tourism is marketing, but land tenure has to be resolved first. In Gizo, capital of Western Province, for example, small ecolodges built on leased land are finding the increasing annual rents unaffordable. On customary land, there have been disputes both when developers come from outside, and amongst locals. Successful lodges follow clear understanding of customary rights and fair distribution of income. There are many successful small ecolodges, but such success very much depends not only on wide consultation and planning, but on how resources are governed and perceived at the community level.

A recent World Bank study on tourism as part of the *Pacific Possible* reports⁸⁹ appears to run counter to this need to incorporate traditional culture and small-scale practices into future tourism opportunities. Discussing Solomon Islands, the report highlights the need to capture the Chinese market, home-base cruise ships, develop high-end luxury

properties and capture the retiree market as the way forward for “economic growth and shared prosperity,” but while such tourism would certainly be of high value, it may also mean significant change for a country such as Solomon Islands where the preference may be to develop tourism at a smaller scale that would be sustainable in the long term.

Heritage and the Creative Sector

The heritage aspect of tourism needs to be carefully managed. Many traditional items are protected and preserved in museums (often overseas) and some have never been seen by the peoples whose cultures they represent.

The importance of relationships and viewing cultural practices as an opportunity, not a barrier to commercial use, is significant in the creative sector. Solomon Islands

handicrafts are in many ways unique. Wood and stone carving, weaving and shell money hold powerful cultural significance having all been (at least until recently) “created in the service of religion, the relationship of man with the gods.”⁹⁰ Different areas specialise in a variety of designs, and many items, such as bowls and custom money, which were used as a medium of exchange, were used not only in ancestor worship, but also to protect

89 World Bank, 2017.

90 SPC, 2011: 15.

the deities. They are not then, merely ornaments, but have value and are used in ceremonial feasts.⁹¹ Larger items such as house posts and canoes are fundamental to Solomon Islands life and are made with illustrations of birds and other creatures. Conch shells and bamboo pan pipes for music, the weaving of orchid fibres into belts or headbands, as well as combs and ceremonial batons, form part of the rich and very diverse artistic cultures of Solomon Islands. All of these items remain a fundamental part of Solomon Islands life, but so too are there new forms of cultural expression, from reggae to rap, film making, and painting on canvasses. These are expressions of cultures both traditional and modern, and there are many concerns and some efforts underway to ensure that commercial use does not lead to the loss, or piracy, of these diverse aspects of culture, what is now being termed ‘cultural industry’ or the creative economy.

There is strong support in Solomon Islands for raising the profile of the creative economy, recognising potential not only in tourism, but also in its inclusivity, involving men and women, youth and older people, and being a significant source of employment. In 2014, a “National Development Workshop for the cultural industries in Solomon Islands” was held in Honiara.⁹² It focused on giving an overview and assessing the state of cultural industries in Solomon Islands, ensuring that cultural producers, entrepreneurs and various arts associations/councils were able to highlight both achievements and limitations. It included a wide range of people from museums and those involved with the development of

policy in cultural industries, as well as representatives of the creative community.

Key issues discussed included the need for adequate protection from destruction, sale and misappropriation for cultural sites; the importance of Solomon Islanders carrying out research on cultural issues; the return of artefacts and remains to Solomon Islands; better collaboration and access for producers, particularly in the provinces; and more involvement of youth. Legal protection of intellectual property rights for producers, training opportunities, provision of venues for performing and selling, access to equipment, and capacity building for collectives (associations and groups), were also key. Of great significance to the modern, urban art and fashion economies, was the need for networks, preservation, legal protection, quality, promotion, branding and marketing. Strong government support, infrastructure, enforcement of import regulations, improved quality of overseas imports (and tax reductions on materials), the establishment of provincial museums, an artist division in the Ministry of Culture and Tourism, and the documentation and archiving of cultural and traditional norms were all discussed as being crucial to the success of the creative sector.⁹³

One attempt to address the key concerns of the creative sector in Solomon Islands, has been through the Solomon Islands Arts Alliance that has been tireless in working for artisans, traditional and contemporary, in promoting their work globally and locally, linking with the tourism sector and in seeking to preserve and respect heritage.

91 Ibid.

92 The workshop was part of the SPC’s ‘Enhancing the Pacific Cultural Industries: Fiji, Samoa and Solomon Islands’ project, in collaboration with PIFS,

the Ministry of Culture and Tourism’s Culture Division and the Solomon Islands Art Alliance (ACP-EU, 2014).

93 ACP-EU, 2014.

Solomon Islands Arts Alliance

Solomon Islands Arts Alliance

The Solomon Islands Arts Alliance (SIAA) was established in 2012 by artists to provide opportunities for the sector's development and growth by creating a collaborative network with information and networking as key (as well as holding exhibitions and participating in workshops and festivals). Led by two energetic women, Alisa Vavataga and Qila Tuhonuku, the SIAA works hard to provide a hub for all artisans, including those in music and film. It runs market days, training sessions, exhibitions and performances. Through their own efforts they set up exhibitions, and share information on scholarships and other opportunities. The SIAA is also very mindful of the need to protect artist interests through improved copyright, encouraging growth of the sector (such as through opening up markets) and promoting cross-sectoral collaboration to further promote culture and unity.

The SIAA has a good database of those in the creative sector and uses social media to communicate. For financial and technical reasons, it has not developed its own website, although it does recognise that one is needed. Most importantly, SIAA is pushing for a physical space in Honiara where people can go for advice and information, including computer literacy and application processes. Ultimately, they would like a performance space akin to the University of the South Pacific's Suva-based Oceanic Centre for Arts and Culture. The Solomon Islands Museum is supportive of this and sees an opportunity for sectors to work together.

There is some concern that SIAA and other creative bodies are sometimes viewed as charities rather than small and emerging businesses that trade and promote their wares. As such they are not always taken seriously. Partly this has come about as organisations such as the SIAA are registered under the Charitable Trust Act⁹⁴ (along

with, as one person put it, lepers and other charity cases). The Charitable Trusts Act provides for the registration of an association whose object is one of either a religious, educational, literary, scientific, social or charitable purpose and this becomes a limitation for organisations trying to promote the creative sector.⁹⁵

⁹⁴ The procedures and processes of the Charitable Trusts Act purport to govern the incorporation of trust associations established for religious, educational, literary, scientific, social or charitable purposes. To begin the process, an application needs to be made to the Registrar of Companies for a certificate of registration. Once satisfied with the nature, extent, objects and circumstances of the applicant association, the Registrar may then issue such certificate.

⁹⁵ ICNL, 2007: 19-20. According to the International Center for Not-for-Profit Law (ICNL) the relationship between government and NGOs in Solomon Islands has a number of loopholes with mostly ad-hoc

arrangements over issues such as taxes, auditing and fund raising. In their opinion there needs to be a regulatory organisation that facilitates the working relationship between NGOs and the government, "preferably a statutory body to 'manage' the NGO sector in order to centralise functions whilst simultaneously addressing the current chaotic situation of 'overlaps' and 'piecemeal approaches' in different statutes". The current tax regime provides little incentive for voluntary donors to give to charitable, religious, benevolent, educational, or other approved institutions as there is no tax relief.

Finance and Collateral as Key Enablers of Commercial Activity

In 2008, the Australian-funded study, *Making Land Work*, posed the key issue of how customary land can be used as collateral in order to start commercial ventures. This question has been at the uppermost of efforts to enact either land reform, or at the very least, find alternative ways of providing credit where land is formally unregistered (Appendix 7).

Financial institutions are reluctant to lend to people who cannot offer clear and transferable property rights as collateral. Access to credit creates opportunities for an individual, corporation or a group to buy new equipment, develop the land, start a business or extract natural resources.⁹⁶

Access to Finance

Access to finance, either as cash or loans, or using land and other non-standard goods as collateral, is crucial as an enabler for developing commercial activities on customary land. A limiting factor for successful and sustainable commercial development is access to that finance and the availability of easily managed methods. On the large scale of formal business there are loans for those able to access them, but, as discussed earlier, the issue of setting up businesses on customary land can be a limiting factor as customary land, if not registered, cannot be used as collateral for commercial development. Examples of businesses utilising commodities from customary land, but trading or processing them elsewhere, are given here (especially utilising coconuts and also the creative arts) as ways of accessing finance and finding new

and practical financial mechanisms. There are many lessons and opportunities available in the financial sector, and although finding the right fit for small commercial enterprises can be a challenge, there are several locally developed financial organisations that work well and may only need some additional support to extend their reach. As noted later in the report there are some additional ideas from Fiji's Land Bank, as well as with collateral of Māori land in New Zealand.

There are a number of studies and programmes underway that demonstrate the willingness of donors and local agencies to access finance in a sustainable way, and which will move people away from being recipients of aid and charity to independent producers. For example, the Asian Development Bank (ADB), through its BIF project (Pacific Business Investment Facility) is looking at non-standard types of collateral to encourage people across the Pacific to develop projects, even without registered land, and to be able to obtain bank loans on the strength of these non-standard items.

Across the Pacific, people have always had some sort of savings and trading mechanisms, so 'saving' is not a new concept. Traditionally people have used shell money and other precious items for trade and exchange. At times of high expense, such as weddings or funerals, meticulous written records are kept, in Fiji for example, of what was given in order that precious gifts such as mats and tapa may be redistributed after the event. As people move more into the cash economy, other methods of saving have been developed (such as the 'saving fortnight' in urban Papua

New Guinea in the 1970s where groups of people deposited a day of their fortnightly wages which one would receive after the fortnight).⁹⁷ In Solomon Islands, as elsewhere, it is often the women's savings clubs that are first to emerge. Women needing to save for school fees, uniforms, transport and so on are mindful of the need to not only personally save, but also to develop savings clubs.

Women's Savings Clubs and Micro-Finance

People find ways of starting businesses that are not dependent on the formal registration of land, such as the handicrafts and coconut oil processing industries but the finances involved still have to be managed. There are many models and one of the better known is the idea of micro-finance, a term now widely used but which has in fact been a part of many societies for generations. In a 2014 article in global education,⁹⁸ the example of Solomon Islands was discussed using a case from Malaita to highlight the move into the cash economy. Sales of food, betel nut, cigarettes and sewing were examples of how women in these communities raised cash for daily necessities.

A major problem is the lack of formal banking services in rural areas, and where it is possible to access banks, they are very far away, in a provincial centre, and charge very high fees. Apart from the necessity to travel long distances safely, and the need to leave families and gardens to do so, banking can be a complex business, requiring good levels of literacy and numeracy, so this is a particular problem for women who have lower literacy and numeracy rates than men.

In addition, men's control over family finances can often lead to domestic abuse where men take the money saved (and often hidden away) by the women.

In 2008, Dr Alice Pollard (herself from Southern Malaita) co-developed the idea of WARA (West 'Are'Are Rokotanikeni Association) women's savings clubs. In most communities with WARA, savings are kept safe and difficult to access by being locked in a strong box with several locks, with the keys held by different members of the club. As Pollard sees it, financial literacy is just one aspect of the programme. Women meet regularly to share ideas and take more control of their finances, they also feel more confident in community meetings to express their ideas for starting small businesses and share ideas for managing money and keep records of member savings. With these and similar savings clubs, such as those registered under the South Pacific Business Development, members are able to borrow cash for expensive items and must repay the group with an agreed amount of interest. By the end of 2014 there were approximately 139 savings clubs in operation across the country.

The clubs in Malaita do not operate without wider support and several times a year volunteers from WARA travel to Malaita from Honiara to collect the cash and bank it in Honiara. Alice Pollard's work advocates for women's financial independence and security and her championing of women's development is widely recognised; there are now more than 1000 members of WARA. Australian Aid supports WARA with matching dollar-for-dollar funding.

⁹⁷ Pers. obs. 1975.

⁹⁸ <http://globaleducation.edu.au/case-studies/microfinance-solomons.html>

How to widen the reach of formal saving and access to loans is of great concern to the government of Solomon Islands. In the National Development Strategy 2016-2035,⁹⁹ the government made it clear that better access to financial services needs to be made available with a broader range of financial services provided. The provision of soft loans through credit unions, and access to rural financial services for savings and credit, should include “mobile/telephone banking and micro-finance; [a] rural people’s bank to provide credit and financial services to local business; and special rural financing schemes,”¹⁰⁰ especially to support private sector development, and to “foster an enabling environment for investment for young entrepreneurs to venture into potential identified industries.”¹⁰¹

This cannot be easily done alone, where money is short, wages are low, the population is widely scattered and formal banking services are simply not widely available. Ultimately though, whatever is established needs to be commercially viable and sustainable, with commercial banks in Solomon Islands “account[ing] for 58% of the country’s total financial system assets.”¹⁰² According to the ADB, the sector is well capitalised and profitable, with high liquidity, and a low level of nonperforming loans, most probably because they largely deal with the urban areas and give very few loans.

Financial Inclusion Schemes and Other ‘Nonbank’ Access

In the regional report for this project, it was noted that the BIF of the ADB is one of the ways for people with unregistered land to obtain loans, and there are several schemes across the Pacific which already have traction in Solomon Islands. The Pacific Financial Inclusion Programme, operated out of UNDP Pacific, based in Suva, Fiji, looks at financial literacy and competency building for developing inclusive financial markets, focusing on the poor and underserved.¹⁰³ By surveying people in Solomon Islands and Papua New Guinea on their financial demands and expectations some data have been obtained on what would be the best approach, but it would appear that the commercial banks and other agencies are working more quickly to get people more involved in access to finance.

There already exists the Solomon Islands National Financial Inclusion Taskforce (NFIT; set up in 2011) to get financial services to those not able to access banks. Membership of the taskforce is wide and includes the commercial banks, private sector, non-government and civil society representatives – including women’s groups and development partners.¹⁰⁴ The aim when the NFIT was established was to reach 70,000 people by the end of 2015, and this

99 MDPAC, 2016: 21-22.

100 Ibid.: 21.

101 Ibid.

102 ADB, 2016: 77.

103 The programme looks at measuring financial competency, formulates a national financial literacy

strategy, advocates on consumer and client protection and develops financial education programmes for different target groups.

104 ADB, 2016: 85.

number was easily exceeded a year earlier. Fewer than 50% of adults in Solomon Islands now have no access to basic financial services, compared to 80% in 2010.¹⁰⁵ Much of this has been achieved through mobile banking and electronic transfers, although there are risks of loss and theft in remote areas as insurance is considered to be commercially unaffordable.

The New Zealand government is already supportive of mobile banking in the Pacific, and the different channels such as EFTPOS, money transfers and insurances using mobile phone airtime are widely used. Already, issues such as crop reinsurance, for example, in case of major disasters, are being discussed and bank grants to small commercial ventures such as the coconut value chain through KPSI are being made with payments to growers carried out through mobile telephone technology. The ANZ bank has been delivering a mobile banking system since 2013, with financial training being given by staff who can also certify people's identity. The mobile phones are safe, in case of theft, through registered SIM cards that require a password or PIN, making the system accessible to people in remote rural areas. By late 2016, there were 50,000 customers registered with the ANZ mobile banking system. Other banks, such as BSP, Pan Oceanic and BRED have also started similar systems.

There are also credit unions in existence, but these are currently very limited in Solomon Islands with only 10 operating and accounting for less than 1% of the financial system's assets.¹⁰⁶

Collateral for Access to Finance

Banks give out very little credit to the private sector in Solomon Islands, and indeed much less than in other Pacific countries.¹⁰⁷ Credit that is given is largely to the non-productive sectors with personal loans at 35% and to the productive sector only 11%.¹⁰⁸ This is assumed to be largely because of the lack of collateral.

To access credit for commercial enterprises, and at the smaller scale, to mobile banking technology, people obviously require cash, and indeed larger amounts of finance if they are to start a commercial venture. Where land is not registered either to an individual or group, financial institutions cannot accept it as collateral as they cannot repossess land in the event the loan is defaulted. Even where land is registered there are challenges to the financial institutions when they attempt to repossess. There have been cases, as a result, of banks reclaiming moneys owed by accessing government salaries and pensions.

Since 2009, Solomon Islands, like many other developing countries, has been utilising a system of 'moveable assets.' This involves an electronic registry of large items as collateral, most often motor vehicles, but also government pensions. The numbers are small (around 375 new registrations per annum)¹⁰⁹ but it has been successful in widening access to finance. Commercial banks have not become involved in this. A good potential example of use for the moveable asset registry is the cocoa industry which, like the coconut oil producers, is built around smallholders, who are cash based, and whose only possible collateral is

¹⁰⁵ Ibid.

¹⁰⁶ ADB, 2106: 78.

¹⁰⁷ Domestic credit by banks to the private sector is around 18.4% of GDP (2011-14), cf 60+% (Fiji and

Vanuatu) and 30-40% (Samoa and Tonga) (ADB, 2016: 79).

¹⁰⁸ ADB, 2016: 80.

¹⁰⁹ ADB, 2016: 81.

cocoa beans. Because of transport and the assessment of quality of the beans, and then shipping, growers can be waiting for as long as 6 weeks for payment for their crop. Given that they also need tools and other normal household expenses they should be paid at every step along the value chain (as is the case with KPSI). Some form of collateral needs therefore to be accepted.

There was some discussion in Solomon Islands during interviews about giving serious consideration to using large household and community items as collateral. Some of the items mentioned included sewing machines, large items of farm equipment such as coconut expelling machines, outboard motors, vehicles, permanent houses, canoes, chainsaws and crops. Financial institutions would have to find a way of legally recognising these items as assets. Even where customary land is registered, most view this as a potential problem as the issue of who could secure loans, at what level and who would repay the loan would be a complex issue. Some expansion of the moveable asset registry might be one way forward.

Another way forward may be to look at the example of the Fiji Land Bank (Appendices 8 and 9). Apart from the types of development leases issued under the Land Bank, of particular interest is what can be used as collateral for business loans. The Taukei Land Trust Board in Fiji is seriously looking at ways of utilising the leased land in the Land Bank as a possible form of collateral, including some personal and community items. It is also possible that the security afforded by the Land Bank leases could be used as collateral.

Lessons from New Zealand are useful and delegations from Solomon Islands have visited some of the Māori corporations. Māori land-based trusts, for example, manage Māori land blocks on behalf of land owners and are regularly reviewed by the Māori Court. There is overarching agency of Te Tumu Paeroa an independent, professional trustee organisation for Māori land owners that oversees 100,000 hectares of Māori-owned land throughout New Zealand. It is headed by a CEO, Board and a current staff of 120 working across five regional offices. The Māori Trustee acts independently and is ‘free from any instruction by the Crown.’¹¹⁰

Rising to the Challenges

The Gendered Economy

Throughout the Pacific, women in business organisations are powerful (for example in Samoa, Solomon Islands and Vanuatu), yet their voices in the land reform process are very limited. This can be seen especially in power and decision making over land, particularly in the logging industries. As

Monson says, “‘who may talk’ about land... is linked to the changes brought about by ‘colonial intrusion, missionisation, and capitalist models of development.’”¹¹¹ As noted throughout this report, women’s access to land has changed, moving from matrilineal inheritance in some Melanesian

¹¹⁰ See <https://www.Māorilandcourt.govt.nz/your-Māori-land/trusts-and-incorporations/>

¹¹¹ Monson, 2017: 385.

societies, to alienation, if not in inheritance then in practice when commercial opportunities arise. As is the case everywhere in the Pacific, it is not possible to generalise about the role and status of women, or indeed the nature of their access to land as it varies and is often complex, under pressure and changing.¹¹² Land tenure is not fixed in one system, and over recent decades women have worked hard to establish schemes in rural and urban areas that offer support to women.

In the discussion of the village/community/custom (VCK) domain by Roughan et al., there is no mention of the role of women and land, and only a passing mention of “gendered social issues” in the VCK. This omission possibly indicates that despite the active role of women in both business and the peace-building process in Solomon Islands, as well as active empowerment and support of women through the Constitution and overall nation building, women’s achievements either go unnoticed by many, or are so integral to Solomon Islands development that comment may be deemed unnecessary. Women’s role in changing land tenure systems has been noted, especially during the period of civil conflict with its impact on urban land in Honiara, but this has not been adequately researched or proven to warrant more than passing comment.¹¹³ What is known is that colonial powers, along with the impact of missionaries, and changes to traditional cultures, essentially entrenched male power

into formal government, separating women from their traditional roles related to land.¹¹⁴

What is of particular importance to this report is that women are heavily involved in a growing number of small and medium-sized businesses and financial schemes that can be of crucial importance in expanding commercial use of customary land. Through these initiatives, they are bringing about major change for women in rural as well as urban spheres, and even where they are without formal, legally recognised land tenure such as in towns, are not only transforming business, but also the role of women in Solomon Islands societies.

There are several cases presented here, such as in financial inclusion schemes, women in business, training, tourism and value-added products, that demonstrate the inroads that women are making into business. Pollard, through her work with micro-finance and small business development, demonstrates how women find other ways to benefit their gender and be active participants in savings and commercial enterprises. In a system where there is very little representation of women at the political level, finding different levels of engagement and the potential for growth is crucial for women if they are to be active participants in the wider economy.

Where women have a powerful role is in the areas of education, training and preparing people for employment in the commercial sector, including in the rapidly growing urban space.

112 Much has been written and it is suggested that the works of Jennifer C. Corrin and Bronwyn Douglas are invaluable in providing access to understanding the complexities.

113 There have been rumours, noted by Corrin (2008), that during and after the tensions, Malaitan

men married women from Guadalcanal and were then able to move onto land on Guadalcanal, but there is no proof of this.

114 See, for example Pollard, 2003; Scheyvens, 2003.

Education, Employment and Training

It is in educational opportunities and access where gender (and youth) differences are most stark and the lack of these inevitably leads to fewer opportunities, especially in urban areas and provincial towns. Strategies linking and mediating systems between farmers and markets have been outlined, such as with KPSI and the creative sector, and these are fundamental to developing not only infrastructure, but also for fostering and maintaining robust information sharing which will encourage and grow market participation. Education and training from primary, through secondary to community level are also necessary, as is access to new technology, to learn and understand the ‘whole of chain’ approach and develop market savvy. The campuses of the University of the South Pacific, and Solomon Islands College of Higher Education provide training and qualifications for young people, but resources are stretched and not all who complete, or who partially complete, high school are able to get access. There are regular training programmes run by both external and local agencies as well as civil society organisations.

In Honiara, the approximately 65,000 population has somewhere around 20% youth unemployment with the need for cash, employment and education attracting increasing numbers. The majority end up unemployed. Urbanisation is largely viewed as a challenge, but there can be

opportunities if well managed¹¹⁵ and communities are better involved and consulted. According to the World Bank,¹¹⁶ “the density of productive activity associated with urbanisation allows increased specialisation, and therefore productivity improvements.” This may well be the case, but before that can occur, people need access to land and training to take advantage of, for example, the likely increase in demand for agricultural and other products from rural areas. Whilst it is generally proposed that better economies of scale in urban areas can bring down costs, especially of essential services, people do need to be able benefit from such services (electricity for example) before these advantages are realised. With the large unemployed and youthful populations of Solomon Islands, there are many fundamentals yet to be resolved. While waiting for land tenure issues to be sorted,¹¹⁷ people are finding alternative ways of being involved in commercial enterprises that can grow and develop. Informal activities have long been a part of Pacific towns, and apart from roadside sales of cooked and fresh foods, and handicrafts, new commercial enterprises are developing. Education and training for employment are key to moving more formally into this sector.

Given the growing numbers of youth moving into town, and the concerns about high unemployment, especially in the under 25-year-old group, serious consideration needs to be given in several areas. These can include further education and training

¹¹⁵ A recent SSGM report (Keen et al., ANU, 2017) notes development and business opportunities through urbanisation.

¹¹⁶ World Bank, 2017.

¹¹⁷ Urban Honiara, like many Pacific cities, can be considered a place of alienation and ‘exclusion’ where land alienation for many has led to rapid

development of settlements outside the legal frameworks. Illegal transactions are pushing up land and property prices in a non-regulated market, and people from outside Guadalcanal are often forced onto state land in squatter settlements on what was once called ‘waste land’ by colonists.

opportunities, support to the creative sector, training in small business development and basic financial knowledge. During interviews with young school leavers the lack of opportunities for further training, for good quality students, with excellent high-school leaving results was of particular concern and the cause of great frustration. Scholarship opportunities to the regional University of the South Pacific are few and, although there are other possibilities for international training,¹¹⁸ the payment of fees, and finding the right employment on return to Solomon Islands, remains a problem.

Young people are not the only ones in need of employment and training opportunities. The ILO, along with the UN agencies, has been working to address issues of all those both affected by the earlier civil unrest, including the disabled, women, the poor, children and ex-prisoners.¹¹⁹ Assessments have been carried out in Honiara looking at issues such as commercial sex exploitation of children and ‘hazardous’ work, for example. A key focus for ILO over the next 2 years is youth entrepreneurship and community-based enterprises. The fact that there is a cohort of youth who missed much of their education during the period of tensions is also impacting on the current unemployment rate. There is much that is being done through regional organisations and other organisations such as the Pacific

Youth Council, but there are also some specific programmes which could be boosted with initial support from individual donors.

Rapid Employment Scheme in the Urban Space

Urban Honiara, like many Pacific cities, is increasingly a place of alienation and ‘exclusion’ where land alienation for many has led to rapid development of settlements outside the legal frameworks. Many have discussed land disputes and how people work around these, but also some of the illegal transactions pushing up land and property prices in a non-regulated market.¹²⁰ People from Guadalcanal claim the area as theirs and to have been dispossessed, and many non-Guadalcanal people are living on state land in squatter settlements.¹²¹ What was customary land was alienated in colonial times, although traditional owners continued to exercise their rights until traders took over land in the 1880s through until the time that Solomon Islands became a protectorate.¹²² Landowners continued to challenge and temporary housing areas were established on state land.¹²³ People increasingly live in informal or ‘squatter’ settlements, including on what was once called ‘waste land’ by colonists which appear to have been redefined in recent times to mean land otherwise of no use, such as steep gullies.¹²⁴

118 Solomon Islands opened an embassy in Cuba in 2012 sending an ambassador in 2013, the first Pacific country to do so. Bilateral cooperation includes sports, climate change support and training in a number of areas, including the training of medical students. By 2013 there were 98 Solomon Islanders studying medicine in Cuba, with 104 scholarships provided the following year. The government of Cuba gives 11 scholarships per annum for students to train as doctors in Cuba. By 2016, 47 had graduated. Unfortunately, according to the *Solomon Star*, very

few of the Cuban graduates passed their Medical Board examinations and thus could not be registered (unlike those trained elsewhere such as PNG, Fiji, and New Zealand). *Solomon Star*, August 29, 2016.

119 ILO, 2016.

120 See Allen, 2012; Foukona, 2015; Monson 2015.

121 Foukona, 2015: 516.

122 Foukona, 2015: 509-10.

123 Ibid.: 513.

124 Foukona, 2015: 518, quoting MLW.

World Bank Rapid Employment Scheme

In an interview, Judith Fangalasuu of the World Bank-funded Rapid Employment Scheme outlined the need for employment of people during and after the tensions when plantations closed (such as the predecessor of GPPOL, SIPL). There was an urgent need for short-term work at that time and this continues. Men, women and youth with few formal skills were trained for a week then worked in a team providing labour to a number of urban projects. By the end of the first phase in 2015, 11,000 people had been trained by the Rapid Employment Scheme, providing 600,000 days of short-term labour, and earning over US\$2 million in wages which in turn entered Honiara's economy.

The project not only continues to provide income and skills training (such as financial management) to the previously unemployed, it also boosts infrastructure development in Honiara. Civic services such as street cleaning, building footpaths, fixing and repairing roads and bridges have already proved valuable in assisting communities, for example to quickly access safe areas after flooding. The second phase of the project was focused around disaster recovery such as 'climate-resilient roads.' The project has been extended until the end of 2018, working in partnership with SPC and Youth at Work Projects, the Honiara City Council and Ministry of Infrastructure and Development.

Although there have been some criticisms of this project in that it is small scale and not considered to be contributing to long-term growth, there is no doubt that, coupled with training in financial literacy, and practical skills development, long-term employment is now becoming available for many in the programme.

Employment projects have been fairly well divided up amongst existing donors. The long-term, sustainable solution to the development of commercial enterprises throughout the country is seen by donors as depending not only on formalised land tenure, but very much on access to finance and the ability to manage finances, as well as employment. This can be found in many sectors including primary industries, products from those industries (including in the creative economy), and in education and training. The success of businesses depends

very much on access to rural areas and the provision of good infrastructure. While infrastructural projects are being developed, and the issues of land access resolved, small and medium-sized enterprises are developing regardless. But they too need a great deal of support. A key question, after looking at some of the schemes already in existence, especially those developed locally, would be: is secure land tenure really fundamental to sustainable, commercial enterprises?

Challenges of Land and Sustainable Commercial Enterprises

In attempting to develop programmes for sustainable economic development in Solomon Islands, government, donors and the private sector face a number of challenges, not least the fact that much of this has been tried before. In the interviews conducted in 2016 and 2017, concern was widely expressed about the high level of duplication of assistance by donors and the need for ideas that are exciting and new, a need for more focus on communities for these ideas, and for finding out from the population what their priorities are. Mostly there was concern that a great deal of money has been spent over the years, yet many programmes are not sustainable, and/or are problematic.

In terms of the economy of Solomon Islands, the balance of payments in the second half of 2016 was in deficit, with a \$9 million SBD decline in exports and a 10% increase in imports (mainly fuel – which continues to increase in price, machinery and basic manufactured items). The export falls were largely due to a decline in forestry and agricultural commodity goods such as cocoa. Foreign reserves have also fallen. Only palm oil (kernel and crude), and copra have grown.¹²⁵ The logging industry in Solomon Islands has long been considered unsustainable and it is urgent that an equally valuable replacement be found.

Tourism

Much hope is invested in tourism, and whilst it is growing marginally,¹²⁶ especially in ecotourism, war heritage and diving, there is

a great deal to do yet to ensure that the infrastructure needed (especially ports, airlines, airstrips and other related facilities) is able to cope with projected increases whilst not compromising the physical environment and social and cultural strengths of Solomon Islands. Although hotels in the capital are often booked out, most of these guests are not there for leisure, but tend to be consultants and other personnel from donor agencies, RAMSI and investment companies. Emphasis needs to move away from Honiara and the Western Province and look to expanding in other areas where there is a great deal of potential, particularly if the village/community/customary space is integral to tourism development. In a recent interview, a well-known Honiara business man Sir Thomas Chan, commenting on the attractions of Solomon Islands such as Marovo lagoon, carvings and beautiful environment, noted the decline in visitor numbers from Australia and New Zealand and the need to tap the large Chinese market. He insisted though that Solomon Islanders take care to ‘own’ their resources and resist exploitation by those from outside,¹²⁷ a warning apparently not heeded in the earlier discussed, recent World Bank assessment.¹²⁸

Marketing and Regional Approaches

Although there is a great deal going on in the coconut oil industry, a key area is marketing. The VCO industry is competing not only

125 Central Bank of Solomon Islands, CBSI.

126 Visitor arrivals in 2012 were 20,500, with projections to grow to 50,000 per annum by 2025 (SIG, 2016: 17).

127 Dawea, 2016: 5.

128 Pacific Possible, 2017, World Bank.

with Asia, which has many advantages of scale of production, its geography and location with ease of access to many markets, but also the logistics of creating and marketing businesses on a large scale. The added advantage for Pacific countries and, in this case, Solomon Islands, is the story behind production, the role of villagers, women and youth and what they are able to do with the income. Sustainable industries tend to be doing well and are growing, but their major constraints are the market and marketing. Generally, Solomon Islanders do not wish to continue to be aid dependent (except for targeted assistance following disasters, and perhaps some appropriate help in areas such as in the agricultural and commodities sectors). The aim with the production of coconut oil is to be self-sufficient and sustainable, and to continue operating to facilitate putting money into people's hands.¹²⁹ Pollard feels that what is being provided by KPSI is an 'enabling environment' where people want to work but can sometimes be thwarted by types of grant giving where organisations are funded long beyond necessity making countries and programmes dependent instead of self-sustaining.¹³⁰ Whilst not all may agree with the examples given, it is important to note that there are many existing structures in the Pacific that, by joining forces, could deliver locally driven and supported programmes.

Pollard believes that a space exists for the Pacific coconut industry to work together. Currently Samoa, Fiji, Solomon Islands and Papua New Guinea, for example,¹³¹ are fierce competitors in selling their products. He suggests that in the next 5 to 10 years the

market opportunities (and challenges) will grow, possibly quite substantially and in the case of Solomon Islands be a good livelihood provider beyond the currently 5,000 people it is now supporting, especially as the resource is available, is a traditional resource and a very good model that few other businesses can emulate. But, and this is important, each of the companies is small. They are operated as social enterprises with the aim of being sustainable, so they need to make a profit. To do this, one suggestion is the need for a regional body marketing on behalf of a consortium of countries.

This is not an especially new idea (for example with cocoa, a cocoa growers' network has been looked at by DFAT), and in tourism there is some attempt at Pacific-wide marketing through the South Pacific Tourism Organisation (SPTO) but the scale of SPTO largely limits it to better airline routes. For smaller products such as coconut oil, cocoa, chocolate and coffee, there may be some advantages with more private sector involvement and quality marketing.

Utilising What Exists

There are many innovative ways that people are practising in order to develop land and have a sustainable commercial outcome. These range from smallholder production of coconut oil to larger palm oil plantations using leasing arrangements that distribute profit to all land owners, to tourist resorts where leasing arrangements provide income (but if not well legislated, may also alienate people from productive land). They also include examples of 'strong women' in

¹²⁹ Pollard, pers. comm., August 2016.

¹³⁰ Examples given included the regional Pacific leadership programme (DFAT), the Women in Business Programme in the Western Province of

Solomon Islands (WIB), and in Samoa (OXFAM funded).

¹³¹ There are other Pacific countries producing VCO such as Cook Islands and Tonga.

business and savings groups that provide opportunities for women, but that are far from being fully embedded in society. Utilising products and activities that are local and widely carried out (such as cocoa production, and the use of local products for the tourism market, handicrafts, and wider respect for heritage activities) give other opportunities. Issues of education and training, unemployed youth and rapid urbanisation pose further challenges. What is clear is that some of these perceived ‘obstacles’ are found elsewhere, and there are some lessons to be emulated from other commercial activities from regional bodies such as POETcom (the Pacific Organic and Ethical Trade Community), regional associations for cocoa and other primary crops, or the idea of the Land Bank in Fiji.

There are many other opportunities. Landowners, rural villagers and urban dwellers in Solomon Islands are trying new and more niche ideas (chocolate, oils, preserved tree nuts). Despite having small outputs, these ideas demonstrate that with an understanding and application of added value there are opportunities for people in rural areas to earn a steady income, share the profits and manage to earn enough for education and housing. Urban areas such as Honiara face faster moving changes and it is important that these ‘good and big ideas’ also assist those moving into areas that increasingly have limited security of land, income, formal education or training and employment.

Lessons from Others: Fiji and Aotearoa New Zealand

One aspect of this study was to review what lessons can be learned from other countries about commercial use of customary land. Potential lessons from New Zealand’s domestic experience with commercial activity on Māori land is one example, and so too are examples from other Pacific nations.

Fiji as an Example of Working with Customary Owners

In 2016, the Premier of Malaita, Mr Peter Ramohia, led a delegation on an educational tour to Fiji in order to meet with the i-Taukei¹³² Land Trust Board (TLTB), Native Land Commission and the Land Registration Office. The Premier was accompanied by the Deputy Director of

Malaita Peace and Reconciliation office, six provincial members, 13 chiefs representing every language group of Malaita and two Auki officials. The purpose of the trip was to learn more of the roles and functions of the TLTB and the Native Land Commission. They also sought dialogues with government departments over ‘tribal’ registration and ownership of land; looked at examples of land lease agreements between Fiji Taukei Groups and foreign investors, local investors or national government. Of additional significance was an examination of policies for safeguarding Fiji identity, protection of culture, values and artefacts and matters relevant to the protection of Fiji cultural heritage. They also examined policy on

¹³² Taukei and i-taukei are terms for indigenous Fijians. The i-Taukei Trust Board was previously known as the Native Land Trust Board.

traditional governance and leadership authority in the communities.

According to the Premier, to make land available for development they would need to have secure title. On return from Fiji, the delegation, through the Provincial Premier, stated that the visit was a success feeling that they had learned much that was positive from Fiji as a Melanesian neighbour and noted that the system of recording of land applied in Fiji could also be effectively applied in Malaita for the benefit of the Province.

Lessons Learned from Fiji: i-Taukei kei na nodra vanua

The significance of the Fiji visit is the continuing relationship with Melanesian neighbours. As with the rest of the Pacific Islands, Fiji and its people view land as fundamental to all of life. Until the highest (paramount) chiefs signed the Deed of Cession in 1874, all land was held under customary arrangements, although these varied considerably across the country and according to changing relationships. Boundaries were not as fixed as they may now appear with land changing ownership through gifts or exchange, limited consultation and sometimes at the authorisation of the chief.¹³³

In 1880, when the Native Lands Commission was established, there were attempts made to record the ‘owners’ – in fact the occupiers of all Native Land. As the customary system was so complex to record, the VKB (*Vola ni Kawa Bula*), was introduced and still exists today, as a method of recording the links and relationships of

every social unit. Because of the complexity of relationships, this proved difficult and most likely omitted some who did not belong to certain units and added others. It was assumed, however, and in fact remains the method whereby the VKB – the book, provides the definitive basis of legally registered native land in Fiji. Somewhere between 83% and 90%¹³⁴ of Fiji’s land today is registered as Native (i-Taukei) Land and managed by the i-Taukei Land Trust Board, formerly known as the Native Land Trust Board (Appendix 8).

There have been changes to Fiji land arrangements in recent times. In 2010, a land use decree was issued that has enabled the voluntary deposit of unencumbered land into a Land Bank, officially known as the Land Use Unit. Landowners are also involved in the arrangements and conditions surrounding subsequent development leases. Once the land has been surveyed and approved for lease, there are 5 years available for a lease to be taken up. If it is not leased for development, then the land can be returned to the owners if they wish.¹³⁵ With the permission of owners, and after the requisite approvals such as environmental impact assessments, the government can use the land for development purposes and on-lease it at market rates. Potential investors and farmers can sub-lease or lease this banked land from the state for a period of up to 99 years. Investors need to come up with concept plans and to publicly advertise. As demonstrated in Appendix 9, the idea of the Land Bank is to speed up opportunities for development.

¹³³ See Dodd, 2012; France, 1969.

¹³⁴ The TLTB website claims 90% of Fiji’s land is Native. Another more common figure is 83%, taking into account freehold and state land.

¹³⁵ Pers. comm. July 2016. Fiji Land Use Division, Acting Director Taraivini Ratumudu with L. Lakeba and A. Bole.

Many issues were highlighted in the visit to Fiji landowners, TLTB, Lands Bank staff, international agencies, donors and developers, which have great resonance in other Pacific countries. Fiji was, for example, particularly interested in the fact that in countries where land is not formally registered (such as Solomon Islands), people prefer to record land ownership rather than formal land registration. They are of the view that given a choice, people prefer to register only when land is under dispute.

Doing Business with the Iwi: Sustainable Commercial Use of Māori Land

Aotearoa New Zealand has a good relationship with Solomon Islands, most recently as part of the RAMSI partnership since 2003, but also historically through the Christian missions and during World War II. The Premier of Malaita commented that they were interested in looking at New Zealand Māori “who also have a land system where white people work for corporations of Māori tribes.”¹³⁶ There are some interesting lessons to be learned by looking at the experience of New Zealand Māori in carrying out commercial enterprises on land that was once termed ‘customary.’ It is not the role of this report to go into the history of Māori land claims and Treaty settlements, but as background, and according to Land Information New Zealand (2017),¹³⁷ Māori freehold land¹³⁸ came about firstly when the Crown set aside land for Māori from customary land purchased for settlement of New Zealand when certain Māori were

granted Crown Grants for joint ownership of such land. Later, “the Māori Land Court investigated ownership of Māori customary land that had not been alienated and appointed (up to) ten Māori individuals into joint ownership. Ownership of the land was confirmed by the Māori Land Court and title was granted by the Crown.” The purpose of this was “that the Crown wished to move from the Māori practice of joint customary ownership to the European practice of individual ownership” in order to give more certainty to land ownership (from the point of view of the early colonisers) to give confidence to future purchasers.¹³⁹

What remains today is only around 6% of total land area of New Zealand (about 1.3 million ha) as the remainder of those original Crown Grants not sold to non-Māori ownership or not converted to general land by Māori owners. Much of the land is considered to be of poorer quality than elsewhere in New Zealand for the same reasons that this has happened elsewhere in some Pacific countries (such as New Caledonia), as fertile land was generally taken up by settlers. Thus, the land often has limited ‘productive potential.’¹⁴⁰

In the words of the Hon Te Ururoa Flavell, it is his belief that:

many Māori business practices centre on whanaungatanga (relationships) and tau utu utu (reciprocity) to facilitate the aspiration to koha tuku rua atu (redistribution) of resources to support whanau, hapu, iwi, owners, community, shareholders and stakeholders.¹⁴¹

¹³⁶ Solomon Star, May 23.

¹³⁷ <http://www.linz.govt.nz/land/land-records/search-for-land-records/Māori-land-records>

¹³⁸ Māori freehold land accounts for around 98% of all Māori land (Kingi, 2008: 138). There is also customary and general land.

¹³⁹ LINZ, 2017.

¹⁴⁰ Kingi, 2008: 134.

¹⁴¹ KPMG, 2016:8.

This sounds familiar to Solomon Islands where practices of relationships, reciprocity and redistribution are fundamental to the workings of society. With land, the issues relating to boundaries, property rights and rights of access and use are also completely familiar. The Māori land court is a key institution and the repository of Māori land information. A key role is to provide quality information to landowners and to register all outstanding freehold land titles.¹⁴² Notably, from the point of view of areas of interest to the Pacific countries, a “provisional title enables landowners to use their land as collateral, which increases development options.”¹⁴³

Ngāi Tahu

In the development of commercial enterprises, Māori face many similar issues found in Solomon Islands. Lack of business experience and management skills, political affiliations of families, lack of familiarity with the law and financial practices, lack of access to credit, issues surrounding multiple owners, and debt recovery were all familiar themes, along with concern over individual (rather than group) approaches to land registration and poor quality of land information data.¹⁴⁴ There are also very successful enterprises, such as those of Ngāi Tahu. The Whale Watch company in Kaikoura, for example, is a multi-million-dollar business with the majority of shares held by the four founding families, through a charitable trust with Ngāi Tahu Capital owning 43.5%.¹⁴⁵ Ngāi Tahu is a passive shareholder, providing advice and

experience¹⁴⁶ whilst remaining in the background.

Building on its history of traditional trade and commerce,¹⁴⁷ Ngāi Tahu has, since the 1950s, developed many successful commercial enterprises such as property, seafood and tourism, and views these as fundamental to iwi development. In 1998, as a result of a claim settlement,¹⁴⁸ Ngāi Tahu received \$170 million NZD. Later it also received money from fisheries, aquaculture and other settlements to a total value of \$152 million NZD. Careful management and wise investments, as well as distribution through education scholarships and other iwi support, have meant that the assets of Ngāi Tahu have now reached \$1.2 billion NZD with more than \$320 million NZD distributed to support tribal programmes. They also contribute over \$200 million NZD to the South Island economy through job creation and spending and purchasing locally.¹⁴⁹

Although highly successful as a corporation, Ngāi Tahu (and indeed this applies to all Māori communities) suffers from a common problem that also affects Pacific countries. That issue is of the future for its youth, and, more particularly, how to ‘grow’ its youth into leadership roles in the iwi. The fact that there is a “huge disparity between the age of the current leadership, and those who are growing through the iwi” is of concern “with around 35% of Ngāi Tahu aged under 40 and... 75% under the age of 15.”¹⁵⁰

142 See Kingi, 2008: 141.

143 Ibid.

144 Kingi, 2008: 139-147.

145 KPMG, 2016: 27.

146 Ibid.: 38.

147 Before colonisation, Ngāi Tahu was the key player in the pounamu trade and later whaling and agriculture. <http://ngaitahu.iwi.nz/leadership/>

148 Ngai Tahu Claim Settlement Act.

149 <http://ngaitahu.iwi.nz/leadership>

150 <http://ngaitahu.iwi.nz/leadership>

To provide a good future for youth, Ngāi Tahu is very focused on education as crucial to the sustainable development of its people. Educational scholarships at all levels have been part of investment since the 1950s, targeting potential, encouraging participation and success at all levels and funding (for example) literacy and numeracy tuition. This all resonates with Solomon Islands where education is key and there is much unmet need for scholarships and training.

The success of Ngāi Tahu as an iwi and a corporation has occurred through good management, a focus on education and training, and obviously access to funding. Solomon Islands is watching New Zealand, and whilst New Zealand sees a number of business opportunities in the country, and has provided RAMSI assistance, there are also lessons to be considered from examples such as the success of Ngāi Tahu. To date, visiting delegations have focused on forestry companies, but it would seem pertinent for delegations from Solomon Islands to also make specific visits to look at education, training, and perhaps fisheries and to consider that with Māori, the embeddedness of culture is not something lost when commercial enterprises start, but instead culture is considered to “bring meaning to work... it is the enabler, and, if shared,... will be our most powerful competitive advantage.”¹⁵¹ For Solomon Islands, with its many diverse and strong cultures represented materially, visually and orally, the role of culture could be fundamental to commercial development and not hidden in order to financially succeed.

Where New Zealand can be Involved

As New Zealand is very well aware, Solomon Islands is a large country with a widely scattered population, most of whom live away from urban areas and are largely living through subsistence agriculture and fishing. As discussed above, New Zealand is already deeply involved with a number of development and large infrastructural projects in Solomon Islands, as well as, until recently, with RAMSI policing.

A key finding to emerge from this study to date is that whatever assistance is provided, it must always be in the context of village, community and custom domains, reflecting local needs and capacities. People are not saying that they do not want overseas aid (although some would prefer not to have it at all), but where it is provided, it cannot be in the guise of charity, and should not be in order to promote employment and profiles of the donor. Most do understand that there is a certain amount of give and take, or reciprocity with donors, however, and are also knowledgeable enough to recognise that issues of inappropriate aid can come from non-government, volunteer and civil society organisations as often as from bi- and multilateral donors.

As the overwhelming view of small operators and land owners was for bisnis to be conducted in context, this should be taken very seriously. At the government level, looking at other examples of possible land reform, registration and recording, such as the Fiji case, is also significant. Whatever happens with land reform, it will take a very long time to be finalised and enacted. Solomon Islands is currently working its way

151 KPMG, 2016: 45.

through a series of land reform negotiations and ideas both with multilateral donors and within its own administrations. This will not be a rapid process, or one that may be readily accepted by all provinces. Whatever solutions are found, there will also be objections. For these reasons, the approach to sustainable commercial use of land needs to occur alongside the lengthy negotiations around land reform, involving people from all sectors, and not focusing so narrowly on formalised tenure, but more widely on possible use.¹⁵²

Several themes have emerged that may bear further investigation by New Zealand when examining more targeted and practical assistance to Solomon Islands. Aid assistance overall by New Zealand is not large in global terms, with around \$1 billion NZD to be invested in the Pacific between 2015 and 2019, but it is a modest growth over earlier years. Priorities of the current assistance package are renewable energy and agriculture (the two flagship programmes), IT, fisheries, tourism, trade and labour mobility, economic governance, law and justice, health, education, resilience and humanitarian response. New Zealand does not carry out these programmes alone, of course, but works in multi- and bilateral partnerships.¹⁵³

There has been criticism by some that New Zealand, instead of looking at what is needed, is instead focusing on “areas where we think we have business strengths,”¹⁵⁴ but it seems (to this researcher at least, and certainly to those interviewed in Solomon Islands) that taking advantage of New

Zealand’s business strengths and other areas of expertise remains a sensible option, so long as it is supported by a wide range of people in Solomon Islands, who may have a voice in setting the aid agenda. In a peer review of New Zealand’s aid effectiveness, it was stated that “NZ was clearly committed to aligning its work with the priorities and policies of partner governments, focusing on results [and]... strengthening inclusive development partnerships.”¹⁵⁵ The Pacific Island Forum Compact Peer Review which looked at Kiribati and Samoa in terms of New Zealand’s aid effectiveness, recommended that New Zealand be encouraged to “tap... into all available sources of development capacity and evidence-based knowledge sharing analysis, including research.”¹⁵⁶

The fieldwork in Solomon Islands demonstrated quite clearly that there are opportunities to work with all of these agencies and individuals and that until countries, including their non-government organisations, and leading thinkers are fully involved in setting the goals of development as well as administering them, then important changes will not happen, or will be slow. It is understood that New Zealand’s current involvement in Solomon Islands, which includes some of the larger ticket items (such as the Munda airport runway project), has, as anticipated, been delayed by land tenure discussions. There are also the difficulties of aid recipients being able to effectively enact the assistance, but the question still remains one of effective targeting.

152 Roughan et al., 2011, felt that private sector development ideas tend to have a “narrow focus on land tenure, especially customary land. Their VCK approach was an attempt to broaden this narrow focus” (p. 2).

153 MFAT, 2015a.

154 NZADD, September 27, 2015.

155 PIF, 2015: 9.

156 Ibid.: 17.

Key Themes for Support

Finance and Collateral

- Access to finance and the utilisation of alternative forms of collateral need urgently to be supported, no matter how sustainable commercial enterprises are developed. Training of women and youth receives support from several donors, and the chambers of commerce and Women in Business. The support is not universal, however, and possibly also sometimes misses alternative, cultural ways of doing business and incorporating those understandings into business models.¹⁵⁷ The involvement of young entrepreneurs (and perhaps the exposure of some of the more urban based) to other provinces of Solomon Islands may also assist in wider understanding of what is needed).
- The lack of a business and financial literacy background was seen as an important issue as few have the skills, being largely subsistence farmers or public-sector employees. Access to finance requires a number of additional skills such as management of financial records and security for borrowing. This is where some lessons may be learned by observation of local businesses, as well as of other Pacific countries that have worked their way through early business development. New Zealand can also provide some assistance here, particularly with highly successful iwi-lead businesses. What is needed above all if business is to be successfully conducted in the local context is a

“culture [that allows] operational flexibility.” Key is building relationships, face-to-face contact, training and support.¹⁵⁸

Mentoring and Management

- Business mentoring by locals would be a relatively simple scheme to execute, along with internships with local enterprises for men, women and youth of all ages. Such mentoring could assist with the need to provide not only immediate employment but also succession planning and financial literacy for small and medium-sized enterprises (including for family enterprises, which are the most common, but also the most likely to fail).
- Where successful enterprises have been developed on customary land, the leasing and other arrangements (such as micro-finance, small loans and ‘other’ forms of collateral) could be widely publicised and possibly replicated. Successful businesses have a number of things in common throughout the Pacific. Many have all been established with good social contracts with landowners. Customary owners are part of management, are frequently shareholders and they make decisions on how the finances are to be managed. But they also face difficulties when tenure is challenged. A way of overcoming such problems is by having open management structures, offering training, investment, employment and

¹⁵⁷ It is fully understood that what is called cultural can be very fluid and can often include the ignored levels of domestic violence on women and children. For this reason, women in their own communities

would have to be involved in discussions of cultural practices in business.

¹⁵⁸ Roughan et al., 2011: 11

open communication, opportunities and training for youth and women, and, if possible, not being involved with land tenure issues.

Commodities

- It is important to find ways for a wide range of rural and urban people (including women and youth) to participate in the broader economy, and to look at how they may be fairly paid for their efforts. Any sustainable, commercial enterprise will need to work within existing structures, and some of the best examples currently include the efforts of KPSI as well as cocoa growing. With the multi-billion-dollar logging industry now in decline in Solomon Islands, good examples of replanting and sustainable logging, and utilising aging coconut plantations as alternative sources of timber and other products, should be followed up. All new and continuing industries will require finance, either as a 'kick start' or in smaller units such as those already being implemented by several donors.
- Regionally, consolidation of some productive groupings such as cocoa growers and coconut enterprises throughout the Pacific may also bring about economies of scale and a more powerful entity to approach markets, but it is the view of this report that this needs to be further examined to not only test for support, but also long-term viability. In tourism, there is some attempt at Pacific-wide marketing through the SPTO but its scale largely limits it to better airline routes. For smaller, niche products such as coconut oil, cocoa, chocolate, spices and coffee, there may be some regional advantages with more

private sector involvement and quality marketing.

Cultural Industries

- Many of the externally funded projects, discussed above, have omitted the central elements of culture and heritage in both their planning and execution. Where New Zealand has some strength in business development is the example of the successful business model of Ngāi Tahu, which has consistently emphasised the centrality of culture, family and iwi in sustaining practices that have undoubtedly brought about its success. Close examination of other models from around the Pacific will also be of most benefit to Solomon Islands, but where New Zealand is best placed for sustainable commercial use is through Māori business (particularly, but not exclusively, Ngāi Tahu).
- The development and marketing of cultural industries, particularly in relation to the tourism industry (but also for export) was viewed as a key issue. A centre, or hub, or a series of these throughout the provinces, is seen as essential for not only training people on how to market items, but also to make people aware of legal and marketing issues such as intellectual property and exporting laws. Along with the commercial side of cultural industries, however, there is concern that heritage, an understanding of it, loss, theft and illegal sales of very precious objects and songs for example, is being degraded and devalued. There are many local experts in their communities, and some sort of support needs to be given to them, not only in remote areas, but also in urban centres where cultural knowledge is under threat.

- It is recommended therefore, that a resource centre for the arts be established. Solomon Islands shows that the type of knowledge needed for sustainable commercial use in the creative sector needs to be publicly available with access to advice, Internet and documentation. The facility could double as a data collection place for registering and recording art works as well as commercial, IPO and trading advice.¹⁵⁹ It could be located at the National Museum, tourism offices and/or associated heritage organisations and would link to regional bodies dealing with these issues. It is possible that the centre would attract some UNESCO support, but may also be of interest to New Zealand. Such a move is very important in the long term in moving the creative sector towards being commercial and sustainable within the growing tourism market.
- In this post-conflict era in Solomon Islands where many missed formal education and many more have become urbanised, there is also the opportunity to give support to contemporary creative arts and fashion as well as heritage industries. Building on what already exists is important and will achieve far more in time than commencing projects that do not have buy-in from communities. Resource owners need to be involved at all levels and set their own policy. It is crucial this is done with knowledge, though. People need, for example, to understand marketing, laws of supply and demand, and to have financial and managerial literacy skills, but these skills can incorporate cultural

values and ways of running businesses and becoming commercial. Solomon Islanders have always been traders, engaging with people hundreds and even thousands of kilometres away, so this knowledge is there.

Gender

- It has been said that “investing in women is smart business.”¹⁶⁰ In terms of land tenure, however, and the recognition of women’s role through inheritance rights and opportunities to decide on what happens to customary land, the changes will take time and shall most likely go together with more active political representation of women at all levels. Savings schemes have done much to empower women at the rural level. This is not to say all problems are solved; many challenges remain for women across the region, particularly in relation to land tenure.

Integrating Many Skills - Fashion, Sports and Bisnis

In 2023 Solomon Islands will be hosting the South Pacific games (SPG). Preparations have begun and the New Zealand government is actively involved through its support for a flexible floor in the multisport centre in Honiara. During discussions in Solomon Islands in March 2017, it was commented that people would very much appreciate the involvement of New Zealand in high-performance training, similar to Australia’s role with Papua New Guinea when they hosted the SPG. There are many good and potential sportspeople in Solomon Islands, particularly in football (soccer) and there is high interest in athletics of all types.

¹⁵⁹ It is anticipated that interested and knowledgeable professionals, including lawyers could

volunteer their services to respond to peoples’ questions concerning all the areas outlined above.
¹⁶⁰ SIWIBA, 2015.

A key suggestion was for New Zealand to assist the local fashion industry with the making of uniforms for athletes and officials by providing quality materials, training in pattern cutting, sewing machines, etc. so that they can be made locally. Local production of all the other paraphernalia that accompanies major events (flags, wrist and head bands, track suits) would also provide a boost to the local economy as well as giving focus to the many unemployed youth of Solomon Islands. Such an involvement would have important linkages such as the small, but very vibrant, fashion industry, which is already showing designs at regional competitions.

Final Comments

Commercial development that is sustainable and equitable means many things. Much of government and donor policy focuses around private sector investment such as state-owned enterprises, import substitution, public-private partnerships at both the large scale (ports, airports, roads) and on the smaller scale where individuals, landowners, and communities, both urban and rural, have opportunities to earn a living through commerce whilst acquiring skills and security.

In reforming the Solomon Islands economy after the period of civil conflict attention has been given to increased economic growth and to improving the quality of people's livelihoods. The reform involves attention not only to policy and infrastructure but also to reform of taxation and financial systems,

Overall

- The assistance by New Zealand over the past decades has focused largely on agriculture, infrastructure, IT and tourism (along with peace and security). Some of the ideas suggested above are on the margins of these, and may often seem small, but with regard to what people want in terms of a long-term vision and sustainable outcome, where countries are not committed to long-term dependency, a focus on fundamental issues such as utilising local expertise, finding ways to share knowledge, and keeping away from appearing to promote 'land reform' would suit New Zealand's long track record of good community engagement.

registration of foreign investment, skills development at all levels, better gender relations (including access to finance, education, pensions and resources, including land, and opportunities) and a nationwide strengthening of technical, vocational and skills training.¹⁶¹ The current government of Solomon Islands, through its National Development Strategy, agrees with such a focus, and from the interviews conducted for this study, it would appear that many people do, or wish to, take advantage of the commercial focus, in a sustainable way that results in long-term employment and income-earning opportunities. Interviews highlighted that people do expect wider consultation in the face of development.

None of this is new. Solomon Islands has long had a history of utilising land

¹⁶¹ Asian Development Bank, A Private Sector Assessment for Solomon Islands, 2016.

(customary and otherwise) for commercial development. Different areas of the country have, through participatory and consultative approaches, made land available for commercial developments; where this is not possible, slow or difficult, alternative ways of establishing commercially viable industries are being found, building upon cultural practices, heritage and what is already there. It is perfectly possible for 'bisnis' to be carried out in context.

As Foukona has stated:

what exactly are we trying to 'unlock' or 'open up' in terms of land reform? Customary land in Solomon Islands is already working as it always has. Many current economic activities such as logging, copra, cocoa and other agricultural crops are happening on customary land.¹⁶²

This is a crucial point and one emphasised in earlier studies of using land in context. Customary land is there, and always has been, so perhaps alongside efforts to 'reform' land, it is more important to look at ways of working with what already exists. This might involve registration or recording, similar to the Fiji land examples, and of course leases and other arrangements are already in place, but it should also involve the village/community/custom sphere, incorporating relationships, women, youth and innovative ideas working together. The fact of economic development in Solomon Islands is that it should be able to continue with differing arrangements. So too can commerce and a growing GDP occur on customary land as well as other forms of tenure.

162 Quoted in McDonnell, 2015: 7.

Appendices

Appendix 1: Public Land

Public lands are “vested as perpetual estates in the Commissioner of Lands and held in trust for the benefit of the ... Government” (World Bank: 2), as well as by provincial governments under the Provincial Government Act (S26-28 PGA). Such land is considered valuable because of the impact it may have of overall GDP. In the case of Solomon Islands, the governance of public land can affect up to 10% of GDP. This is because government does not charge enough rent given the prime location of the land, nor is it collecting rent owed, as despite being the biggest landlord, it is also the biggest tenant. So purely in economic terms public land could be said to be managed inefficiently. Currently all public land in Honiara is being assessed by the town

council with the intention of improving its administration and making the growth of businesses easier. At the same time, it will be able to give access to the informal settlers and marketers within the town boundaries. Reform of public land would presumably also bring regular income to the Commissioner of Lands and make it easier to both provide basic infrastructure and other benefits for the growing poor in the town and provide the fundamental security needed for better and more sustained economic development. Such reform would particularly benefit the provinces, for example, in Renbel, the town of Tingoa mostly consists of PG land but there is no rent being collected, thus no income.

Appendix 2: Solomon Islands Land and Titles Act

Land and Titles Act

PURPOSE	<p>Details the major categories of property rights and land tenure arrangements in Solomon Islands. Includes the following provisions around customary land:</p> <ol style="list-style-type: none">1 The manner of holding, occupying, using, transacting, enjoying and disposing of customary land shall be in accordance with current customary usage (s 239(1)) (s 240).2 Can only be alienated by a Solomon Islander (s 241(1)).3 The only way to transfer an interest in customary land is to alienate it through sale or lease to the Commissioner of Lands so that it is registered as a perpetual estate (s 60). In creating a perpetual estate the Act states that all existing village residential areas, burial grounds or sacred places, village nut or fruit groves, waterholes and other special purpose areas must be exempted (s 46). <p>Under the Act, Perpetual Estates are held by up to five 'duly appointed representatives' listed as trustees in the land title (s 46).</p>
STATUS AND MAJOR ISSUES	<p>Enacted and operational but has numerous problems. The Act provides wide pseudo-judicial powers to Acquisition Officers to hold hearings and determine landownership (s 61-65). Acquisition officers can potentially abuse these powers in favour of one party over another. Almost all determinations are appealed (s 66) thereby clogging the court system. Registration of interests in land to trustees creates major problems in terms of the distribution of benefits to the broader landowning group.</p>

Customary Land Recording Act

PURPOSE	Arrangements for recording customary interests in land.
STATUS AND MAJOR ISSUES	Enacted but non-operational. One trial conducted at Alutua Basin. No clear link between the processes in the Land and Titles Act and the recording process in this Act.

Tribal Lands Dispute Resolution Act

PURPOSE	Proposes a new land tribunal model to resolve customary land disputes.
STATUS AND MAJOR ISSUES	Proposed Act based largely on a repealed Vanuatu Customary Land Tribunal Act which had several problems with it. Solomon Islands could consider the problems identified in the three separate reviews of the Vanuatu Act.

(McDonnell, 2015)

Appendix 3: Ten Steps on the Pathway for Land Reform

1. Genuine, broad-based consultation across the nation on the directions for land reform.
2. Public debate of key land issues. This could include holding national consultations that lead to a National Land Summit.
3. A clear policy vision from government setting out a holistic approach to how customary land can be developed.
4. Development of models for identifying custom landowners and for resolving land disputes.
5. Genuine broad-based consultation on new models for identifying custom landowners or resolving land disputes. This could also include piloting new models to determine what does and does not work.
6. New legal arrangements for land dealings debated and consulted on, before being finalised in legislation.
7. Support for the land ministry, and funds for implementing the new legal arrangements.
8. The new legal arrangements need to be passed by parliament.
9. Piloting of the new legal arrangements on customary land. These pilots should be monitored and evaluated.
10. Further amendments to the new legal arrangements based on the reviews of the pilots. (Repeat steps 9 and 10 as many times as needed.)¹⁶³

¹⁶³ McDonnell, 2015: 27.

Appendix 4: Utilising Customary Land: The Out Growers of Kolombangara

An important case that demonstrates moves towards sustainability of forestry as opposed to exploitation is the situation of the company operating in Kolobangara, a small volcanic island, with a population of around 6,000 and also in the Western Province. This case has been well documented by Hviding and Bayliss-Smith¹⁶⁴ and looks at what has happened since Lever Brothers used 36,000 ha of the small island for timber cutting and, after independence in 1978, sought temporary logging concessions on customary land.¹⁶⁵ By the early 1980s the island was almost logged out and Levers moved on across the Gulf to New Georgia then left Solomon Islands altogether. Levers' departure opened the way for Kolombangara Forest Products Ltd. (KFPL) to move into sustainable forest plantations, working with local villagers (known as 'out growers') who are able to earn an income from "individually-managed plantations of commercially valuable trees." By the 2000s, KFPL was a very successful company, jointly owned by the CDC in London and partly by the government of Solomon Islands.¹⁶⁶ According to Hviding and Bayliss-Smith, the provision of infrastructure, availability of capital and expertise and access to freehold land have played a large part in the success of KFPL. This is interesting, for, as the authors say, future forestry and in fact the alienation of that land, is unlikely to happen again. For others in the nearby Marovo lagoon, and in many other places in

Solomon Islands, such alienation has had disastrous consequences, and indeed the logging industry is now almost defunct.

The people of Kolobangara¹⁶⁷ continued to plant plantation, fast growing exotic trees, in the 1990s, most probably as a way of asserting their claims over the land in order to have undisputed title. From 2010, however, and continuing until the present, the situation on Kolobangara took an interesting turn. In 2015, the Success Company Ltd. (owned by Gordon Darcy Lilo, former PM) faced a legal challenge from landowners determined to protect logging in the cloud forest on Kolobangara Island. The cloud forest exists above 400 metres and is not only home to rare endemic species, but also provides food and water to villagers and has important cultural sites.

The basis of the legal challenge is the company had failed to carry out an Environmental Impact Assessment and also had no development consent from government or permission for logging above 400 metres. The other logging company, KFPL, does have a lease for above 400 metres, but since 1998 when it obtained Forest Stewardship Council certification it agreed to restrict its activities to below 400 metres. When the Kolombangara Island Biodiversity and Conservation Association took its complaint to the High Court, the logging company successfully argued that the

¹⁶⁴ Hviding & Bayliss-Smith, 2000

¹⁶⁵ Ibid.: 246

¹⁶⁶ Ibid.: 246.

¹⁶⁷ The island is called Kolobangara and the company Kolombangara.

association had no standing to make such a claim “because it was a group representing landowners and not a landowner itself.”¹⁶⁸

The company was granted a development consent in March 2011 by the Director of Environment and Conservation, but the Biodiversity and Conservation Association were not told. Later in 2011 the then Prime

Minister declared all of the 20,000 hectares above 400 metres a “special area for conservation.” This was then declared invalid and with no legal clout. The case continued on with attempts to declare the area as a national park and remains unresolved being due to return to court ‘soon.’ An injunction was then issued against the company in 2015.

¹⁶⁸ <http://www.abc.net.au/news/2015-02-16/solomon-islands-landowners-challenge-logging-approval-kolombangra/6091994>

Appendix 5: Further Possibilities for the Coconut

The future of timber logging is widely discussed in Solomon Islands. It is well known that it is fraught with serious issues of corruption and major consequences for landowners and is now also finally in decline.¹⁶⁹ The important question now is how to replace the equivalent of \$5 to \$6 billion SBD per annum that logging (which was largely raw timber), was bringing into the economy. Apart from being unsustainable, much of the money earned from logging was not reaching government coffers due to unscrupulous dealings.¹⁷⁰ Efforts are being made to move towards a sustainable logging industry, but, in the meantime, government is looking at a range of alternatives, including alternative uses for the aging coconut plantations.

According to the ADB,¹⁷¹ around 40,000 rural households in Solomon Islands are directly involved with harvesting coconuts for personal consumption, fuel and building materials (as well as generating cash). It is estimated that there are 9 to 10 million coconut trees planted in Solomon Islands, but at least 60% are considered to be ‘senile’ trees in that they are aging and now declining in output.¹⁷² Nearly 65-70% of the total population directly depends on the coconut industry for their livelihoods and these are largely as smallholder plantations. Although the industry contributed around 7% to national export earnings in 2013, copra has declined significantly (from \$119 million

SBD in 2012, to \$33 million SBD in 2013) while VCO has substantially increased.¹⁷³

There is a government strategy looking at the future of the coconut industry but given the labour shortages, as young people migrate, as well as the deteriorating state of plantations, it may be time to consider some new approaches. Because the coconut industry is so important to the rural economy, in 2015 the ADB, with the Central Bank of Solomon Islands, used the financial requirements of the industry in order to understand the needs of rural communities. What the study found was that holdings are often small (10 – 20 palms), much of the marketing is informal, there is little investment into the care of palms and growers have limited access to finance to invest. In any case, most transactions are in cash. VCO, as discussed earlier is, through the 50 small and decentralised units, producing quality oil for export, and is therefore creating rural employment and increasing local incomes.¹⁷⁴ More complex products, such as perfumed body lotions that also use coconut milk, are marketed locally. Every level of the coconut value chain requires finance but there is a need to boost financial literacy, banks have (until recently) limited involvement in rural areas. All areas need investment, but so too do the plantations, and smaller groups of palms, need care, management and replanting.

169 Raw timber exports were, at their height, bringing in around (SBD 5-6 billion p.a.) and in the past 2 years around SBD1.5 billion p.a. for unprocessed round logs, clearly unsustainable for the survival of the forest. Sawn timber exports earn around SBD81.5 million (DFAT, 2014).

170 For detail on corruption in the logging industry, see IUCN roundtable on logging in Solomon Islands, 2013; Kabutaulaka 2000.

171 ADB, 2015.

172 Tome & Sura, 2013.

173 Ibid.

174 ADB, 2015: 2.

Appendix 6: Alternative Uses for the Coconut

Alternative Uses

Several interviewed felt that the coconut industry needs to be rebuilt and reorganised, but not along the lines of traditional replanting and the production of copra (for which there is a limited market), instead using the large and aging plantations for the logging of coconut timber. In one estimation, the size of plantations could equal what logging was bringing by producing by-products from coconuts themselves, with the timber manufactured into niche market furniture such as that produced by the Swedish company, Ikea.

Clearly this would need to be carried out in a sustainable manner, especially as the VCO trade is growing and providing employment, but at the same time, use of the old, non-productive trees is worth considering. The major competitor for such a venture is Indonesia, which also produces coconut timber on a large scale. Solomon Islands is currently looking at revitalising the coconut industry and various ideas have been floated, particularly around replanting, and in conjunction with better infrastructure such as shipping, ports and better road networks.

There are other possible uses for coconuts which, done well, would bring more income to Solomon Islands whilst adding value to coconut use and production. These include for example, the production of coconut sugar (as found in Indonesia), gluten-free flour, and the husks being used for mats and many other items. Biofuel from coconut oil and husks is also widely used in the Pacific, particularly Marshall Islands, and is currently being explored by large companies such as Fonterra, the New Zealand dairy company, in discussion with Solomon Islands.

In June 2015, supported by the Solomon Islands Government, the Coconut Technology Centre was launched in Honiara, designed as a training base to teach individual producers at the village level how to harness the full potential of VCO production, including financial management and how to add value to a full range of products such as creating “down-stream products such as soap and to increase... incomes even further by using the left-over meal as livestock feed

for farming fish, pigs and chickens.”¹⁷⁵ The cost-effective nature of production at the local level is supported by the fact that VCO “has a long shelf-life, is low volume and potentially high value, and import regulations are not difficult to meet.”¹⁷⁶ Essentially, the many uses for the coconut provide food security in villages (a fact that has always been known but which can now be also turned into sustainable income opportunities).

¹⁷⁵ Pacific Trade Invest, 2015.

¹⁷⁶ Bell, 2009: 39.

Appendix 7: Security of Land Tenure (*Making Land Work* Report)

Secure land tenure appeared to have a particular meaning in the MLW reports. From a neutral standpoint, secure land tenure means that land ownership rights are recognised and respected, and the owners are in control of what happens to their land and related rights. Various land tenure systems, from customary, group-based ownership to more modern, individual-based ownership can achieve this and secure land tenure is not restricted to a particular system. MLW recognised this, defining secure land tenure as “the certainty that a person’s or a group’s rights to land will be recognised by others and protected in cases of challenge,” and stating secure tenure “can exist or cease to exist with respect to any land ownership structure – freehold, state or customary.” The basis for the level of security achieved is “the cumulative recognition by others of a person’s or a group’s rights to the land.” Acquaye and Crocombe also admit that security under customary law can be just as effective as security achieved through modern systems of registration. Importantly, they note that economic development has been achieved under customary systems: “spectacular agricultural development and production has been achieved entirely on land held under customary law without the benefit of registration, for example coffee among the Chagga of Tanzania, cotton in Uganda, or cocoa in Ghana.” Clearly, the meaning of secure land tenure is relative to its context and can be attained through both customary and modern land tenure systems.

So, whilst secure tenure is important, it needs to reflect local conditions, access and support for those who may not ever be registered as ‘land owners,’ but it can be secure within a range of contexts, including customary. The countries examined here

very much represent different stages along the road towards land reform and security of tenure. They reflect the complexities, the possibilities of alienation and failure for some sections of societies, but so too do they demonstrate that whatever form land reform takes, the process has to be locally owned and led. The specific case studies introduced here also show new and innovative ways that people can start commercial ventures that are successful in that they provide income for many, even before land reform is finalised.

The study examined the need for land policy reform in the Pacific through formalised legal and economic systems as a way of giving customary owners some sort of tenure security to enable development. Both the MLW and this study are not advocating the end of customary tenure, but instead seeking a way of supporting custom and making the system work for people’s benefit – in effect linking formal and customary land institutions through land registration or recording, enabling customary land to be leased (and fairly distributing benefits of such leases and their enterprises). In MLW it was hoped that such reform would avoid and resolve land disputes. These aims are still in process today and some countries are further along than others in formalising use of customary land. Not all are in agreement about the processes. Differing interpretations of land registration and use can be found everywhere and all dealings with land, especially customary land, take time, and for them to achieve a widely supported outcome, must be supported by those upon whom the changes will have the most impact – the wider populations, particularly those who are marginalised through geography, gender, and economic power.

Appendix 8: Taukei Land Trust Board (Formerly Native Land Trust Board)

The NLTB was established in 1940 to administer lands for the owners (Mataqali, Yavusa, Tokatoka relationships) and deals with any leases over this land. It is also the facilitator for development projects that may be carried out on i-Taukei land. Such land may not be sold and remains the property of the ethnic Fijian owners, including those of extinct mataqali. It is the TLTB that maintains the VKB, collects rents from leases and distributes payments to land owners.

The balance of Fiji land is freehold (approximately 10%), and state (approximately 7%). Freehold land is registered under the Torrens System of land registration, by which titles to land are guaranteed and can therefore be sold or transferred. There are restrictions, however, where non-Fiji citizens and companies have to fulfil various terms of investment in order to buy, or lease land.

Appendix 9: Fiji Land Bank

Fiji Land Bank

By mid-2014 the Land Bank Unit had attracted around three quarters of a billion dollars' worth of investment, with 64 landowning groups having deposited their land leases with the unit. These had been rented out to investors who "brought in \$730 million FJD worth of business to Fiji" involving 4388 hectares with 23 leases issued to 19 investors. There remain some issues with the Land Bank concerning customary obligations and the distribution of funds, the need for annual general meetings, auditing of the finances and the broader need for financial advice and literacy, but, on the whole, the concept of the Land Bank is one that facilitates investment on i-Taukei land.

Examples of developments on land deposited with the Land Bank include a new water bottling plant (480 Holdings) adjacent to the Fiji Water company on Viti Levu. This company has a development lease of 5 years, needs to assist local villagers with employment and other humanitarian assistance and comply with geotechnical reports.

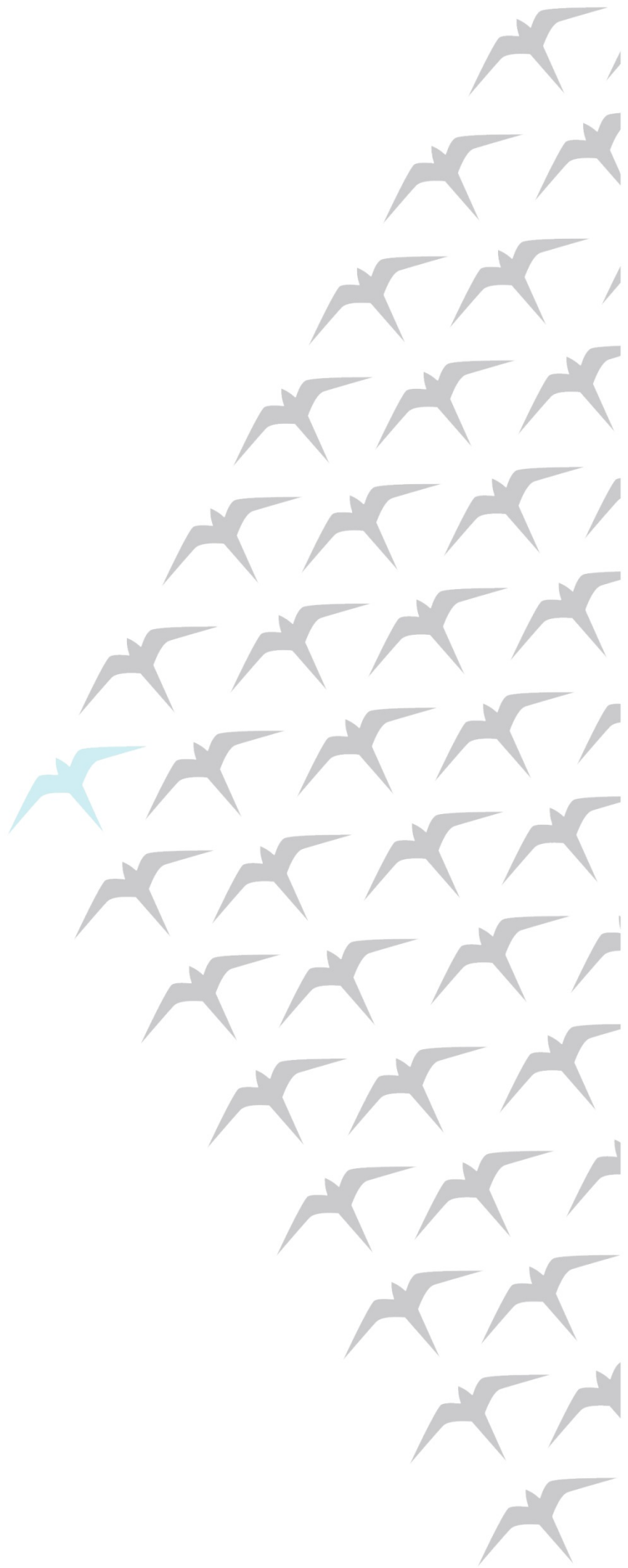
References

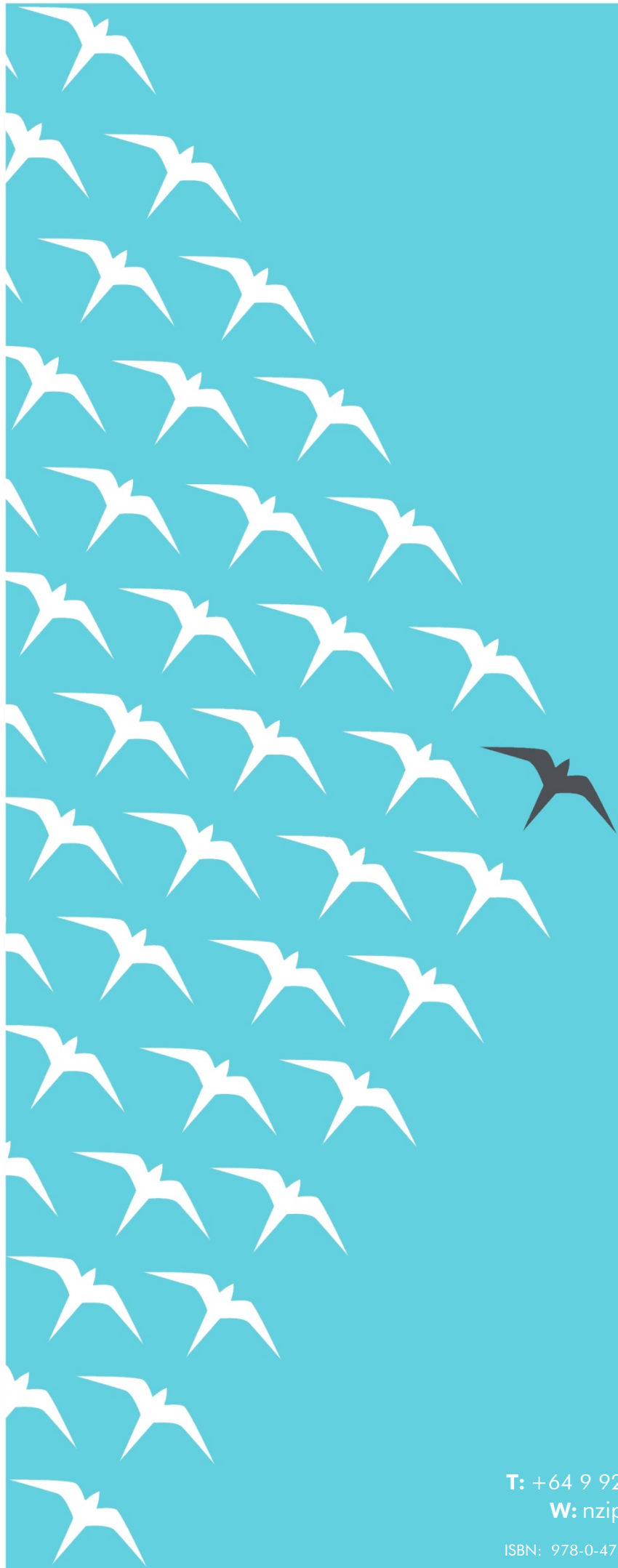
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