



Committee for Development Policy 20th Plenary Session

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Solomon Islands: graduation road map at a glance

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1.

Parameters of the Solomon Islands pre/eligibility for graduation from + , C status
in the 201' review* of the list of + , Cs

' () CA ' ITA
I * C + ! (

(o pre/qualify for
graduation in the 201'
review* of the list) an
+ , C had to meet at least
t*o of the follo*ing
three graduation
thresholds E

E to have a gross
national income per
capita of at least

Sustained economic growth since 2010 (at 2.7 per annum on average) explains the significant rise in the GDP per capita (from US\$1,110 in 2010 to US\$1,110 in 2011) and the country's ability in 2011 for the first time to reach the glass ceiling of pre-eligibility for graduation from LDC status.

Substitution of the GDP per capita for the GNI per capita in 2003 in the methodology for identifying graduation cases did not entail any major change in the performance of the country under this threshold. Unlike most other countries in the region the Solomon Islands do not have a particularly high GDP to GNI ratio: near parity between the two aggregates as calculated by the UN Statistics Division was observed between 2000 and 2002: it still prevailed in 2013 and 2014 after a significant downturn took place in the GDP to GNI ratio from 2008.

Table 3 indicates the primary income components (in credit and debit terms) of the balance of payments of the Solomon Islands as calculated by national authorities (Central Bank of the Solomon Islands) with a consistently negative balance between 2000 and 2011 except in 2013. The table shows the magnitude of investment income outflows (in Solomon Islands dollars) between 2008 (US\$331 million) and 2012 (US\$22 million) and by contrast the relative smallness of investment income inflows in the same years (US\$1 million and US\$11 million respectively). Table 3 also shows that labour income outflows (denominated

Table 3

Solomon Islands: primary income account (in SM, I millions)

Primary income components	2006	2008	2009	2010	2011	2012	2013	2014	2015	
Balance on Primary Income	(105.2)	(257.2)	(432.8)	(450.0)	(354)	(564)	(420)	28	(105)	(144)
Primary Income Credits	44.5	114.2	144.1	166.6	144	214	246	224	338	444
Compensation of employees	13.3	14.1	14.1	16.6	14	21	24	22	33	44

(%ased on the &uman A et 5nde!)

NB: data u" to , -.3 are ba ed on actual CDP finding *
the , -. / "ro4ection i "rovi ional

Source: 23C(! ,) %ased on C , P data up to 201'

3.1 Proportion of undernourished in the population

C , P estimate in 201': 12.' J (2012/201)

! Iso note*orthy is the fact that according to the Solomon Islands , emographic and Gealth Survey 200D- (SI , GS)) less than 3 J of men and less than 2 J of *omen have %een affected %y malnutrition. In Goniara) ' 1 J of *omen and - J of men have %een reported as o%ese.

3.2 Child (under five) mortality

C , P estimate in 201 ': 30.1 per 1)000 live %irths (data period: 2013)

(he latest 7no*n national estimate of the child mortality

4. The Solomon Islands and the economic vulnerability criterion

Like all other small island +, Cs) the Solomon Islands has been economically highly vulnerable. (The country) in the 2011 review of the list of +, Cs) was standing at -3 J of the graduation threshold relevant to this criterion. It is provisionally estimated to have come down to -1 J of the threshold in 2011 (see Graph 3). Four of the eight components of the Economic Vulnerability Index (EVI) weigh heavily in explaining the country's measurable vulnerability:

(i) the smallness of the population (-D 000 in 2011) in accordance with the structural definition of vulnerability by the C, P) is an indication of the limited ability of the Solomon Islands to achieve structural economic transformation:

(ii) the economic remoteness of the archipelago is estimated to be 3- J greater than the average for other +, Cs) and it is noteworthy that in the light of remoteness data within the EVI only Piriati demonstrates lesser remoteness than the Solomon Islands among Pacific +, Cs:

(iii) the share of the total population consisting of people who live in low-lying coastal areas is higher than the average for other +, Cs) by 1 J: among Pacific +, Cs) alone) the proportion of Islanders living by the sea is 10 times greater than the counterpart proportion in the +, C geographically nearest to the Solomon Islands) namely Vanuatu:

(iv) the level of merchandise export concentration in the Solomon Islands) in the 2011 review of the list) has been 23 J higher than in other +, Cs) considered on average) while remaining lower than the export concentration records of the three other Pacific +, Cs.

While these four indicators of vulnerability kept the country from achieving progress toward the graduation threshold relevant to the per capita income criterion) four other components of the EVI counterbalanced the impression of economic vulnerability by pulling the overall EVI score of the country nearer to the threshold:

(i) the share of the primary sector in the economy has not been greater than the +, Cs) average:

(ii) the proportion of the population consisting of victims of natural disasters has been 11 J smaller in the Solomon Islands than in other +, Cs:

(iii) instability of agricultural production has been lower than the average for other +, Cs

(iv) Exports of goods and services have been less unstable in the Solomon Islands than in other + , Cs %y - J .

In short) the country is correctly portrayed %y the " &I as a State structurally e\$posed to ris7s as a conse@uence of its geographical and economic concentration) and at the same time) as a country *hich has not %een significantly desta%iled %y shoc7s %eyond domestic control) though a variety of shoc7s have affected the islands) as indicated %y (a%le -.

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S4+4 # 4 3 IS+ ! 3 , S: distance from the graduation threshold
under the economic vulnera%ility criterion
(%ased on the Economic Vulnerability 5nde!)

Table 4
Solomon Islands: most e\$ported products) 201 '

/ S Code	&escription	(xports (I :000)	Share	Cum. share
03 1 '11	L.ood in the rough) stripped or not of sap* ood P	1 .)'11.1	-D.3J	-D.3J

Over the past 10 years the Solomon Islands have suffered from some of the most natural disasters which affected more than 300,000 inhabitants¹⁰ (World Bank). According to an estimate by the regional Pacific Catastrophe Assessment and Financing Initiative the country has incurred an average loss of US\$120 million per year as a result of earthquakes and tropical cyclones. The 2001 earthquake and tsunami is estimated to have

Table 6
Solomon Islands: history of natural disasters since

Disaster type	Year/month	Location	(stim. no. of deaths)	(stim. no. of persons affected)	(stim. damage in US - millions)
(sunami)	2003/01	Solomon Islands			
(tropical cyclone)	2003/0-	Aaea Cavenga areas ((i7opia Isl.) Solomon Isl. province)		1'0	
(sunami)	200D/0	Solomon Islands	'2	2)31	
(sunami)	200D/0.	Santa Cru; Islands			
Civerine flood	200. /02	&atu7a7a%o) # ataru7a) &erasa%a/ (a7a%oru) (a%a%oru Sasa) &atu7alau) (a7a%uru) &atusi) (alangia) # ato%a) Marevo) Paru) &anago%uli) (ina) (anamao) &ura) (alulo7i villages) # alaita) # a7ira/2la*a) Central areas	21	D)000	
Ground movement	2010/01			1)12-	
(sunami)	2010/01	Solomon Islands		1	
(tropical cyclone)	2010/03	Guadalcanal) # a7ira) Cennell		23	
Civerine flood	2010/02	Guadalcanal) Isael) # a7ira) # alaita Isl. areas	2	1-)01D	
Alood	2010/03	Isael) # alaita) Guadalcanal) (emotu) # a7ira/2lua*a) Cennell/Mellona areas		' .0	
Alood	2011/02	Solomon Islands			
Alash flood	2012/02	# i7ira/2la*a area)13-	
(sunami)	2013/02	Santa Cru; Islands	10	3)32.	
Civerine flood	2013/0.	Guadalcanal area		10)22D	
Biral disease	2013	Guadalcanal) Gii;o provinces	3	1).D0	
Alash flood	201 /0	Goniara) Guadalcanal) # a7ira) # alaita) Isael) Island areas	D	'2)000	2
(sunami)	201 /0	Solomon Islands			
(tropical cyclone)	201 /'03	(emotu) # alaita areas)0. -	
(tropical cyclone)	201 /'0D	Solomon Islands	.	00	
(sunami)	201 /'0D	Solomon Islands			
rough	201 /'12	Mellona) Cennell) # a7ira			
(sunami)	201 -'12	Solomon Islands			
Ground movement	201D/'12	Guadalcanal) Cussell Islands			
T+TA1			864	432.3\$6	44

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(*o other elements of the graduation rule also imply durable structural progress in the graduating country:

T at least two of the three graduation thresholds must normally be met for the relevant + , C to @ualify for graduation) *hereas a symmetrical application of the admission rule and graduation rule *ould imply that) ceasing to meet one of th

7 graduation criteria and indicators

7 graduation criteria used in the 2011# review of the , * list of 1&Cs) relevant indicators
Per capita income criterion	<p>Gross national income ; GDP per capita:</p> <ul style="list-style-type: none"> U based on a 3-year average (2011/2013 in the 2011 review*) U graduation threshold in 2011: 2SD 1) 2 2 U income/only graduation threshold: 2SD 1) 1
Human assets criterion	<p>Human Assets Index ; HAI:</p> <ul style="list-style-type: none"> ! composite index based on the following indicators: U percentage of undernourished people in the population U under-five mortality rate U gross secondary school enrolment rate U adult literacy rate
Economic vulnerability criterion	<p>Economic Vulnerability Index ; EVI:</p> <ul style="list-style-type: none"> ! composite index based on the following 11 indicators: U population U remoteness (average distance from major markets) U share of population living in low-lying areas U share of agriculture) forestry and fisheries in GDP U merchandise export concentration index U share of victims of natural disasters in the population U index of instability of agricultural production U index of instability of exports of goods and services
Summary of the graduation rule	<p>For all three criteria) different thresholds are used for identifying cases of addition to) and cases of graduation from) the list of +, Cs. ! country will qualify to be added to the list if it meets the addition thresholds on all three criteria and does not have a population greater than 10 million. Qualification for addition to the list will effectively lead to +, C status only if the government of the relevant country accepts this status. ! country will normally qualify for graduation from +, C status if it has met graduation thresholds under at least two of the three criteria in at least two consecutive triennial reviews of the list. However) if the per capita GDP of an +, C has risen to a level at least double the graduation threshold and is deemed sustainable) the country will normally be found pre/eligible or eligible for graduation regardless of its performance under the other two criteria.</p>