

Youth Employment in Solomon Islands

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Youth Employment in Solomon Islands

SECTION ONE

INTRODUCTION

The ILO requested the services of a local consultant to conduct a study on Youth Employment in Solomon Islands. The aim of the study report is to provide background information for discussions at a National workshop on Youth Employment as well as to provide a national context within the framework of the regional ILO/Japan project Regional Meeting on Youth Employment in Asia and the Pacific.

Terms of Reference

The Terms of reference are outlined as Annex 1.

Output

The output is for the consultant to produce a Country Report on the study on Youth Employment and conduct a National workshop for presentation of the report.

Approach & Methodology

As outlined in the Terms of Reference, the consultant has adopted the following methodology for the study:

Secondary Research

Extensive literature review was made of available reports. Information gaps were filled through interviews with relevant staff / authorities and from young people

National Sources include the following:

- Existing statistics such as the 1999 National Census Report
- Labour Division Statistics where available
- Government statistics
- Chamber of Commerce data
- Central Bank reports
- Financial institutions reports
- Social security institutions reports

International & regional sources/ reports

ILO, UNICEF, ADB, World Bank reports

Most reports provided an international perspective and particularly of relevance to the country report are the regional experiences on youth unemployment problems.

Survey & Interviews

Face to face Interviews with key informants from both the public & private sector, financial institutions, academic institutions etc [refer: list of interviewees and Timetable of Appointments]

Sample Interviews: Using **Questionnaire Guideline** of a range of Low income Workers: Wharf employees, shop assistants etc
Total: 40 young people
To obtain views & perceptions on work conditions

Focus Group Discussions

Random sample of youths at Don Bosco: Vocational training center on their views on the type of training offered & how they are going to apply what they have learnt at the training centre. [Self-employment opportunities]

Focus group discussions with key authorities on the first draft report.

The comments and consensus outcomes were incorporated in the final draft.

Constraints

A number of constraints were encountered during the process of doing the study on youth employment, which has affected the timeframe of the consultancy. Although this has in no way affected the accuracy of the report. These are discussed below:

- Lack of disaggregated data on youth employment. This has been a long outstanding issue faced by responsible government ministries & department. Specific employment surveys that were planned and designed under ILO and UNDP funding recently were not conducted mainly due to the current ethnic/social unrest and its effects on government services and the resultant changes of priority in programme funding. Outcomes of the designed survey would have provided realistic & specific data of the current youth employment situation. Never-the less, the recent Population and housing survey of 1999 has provided useful up to-date information, widely used in the report. The list of sources of secondary data sourced as at the list of references.
- The proposed Tripartite National Workshop on Youth Employment, planned for the end of the consultancy period has had to be postponed for early 2002. This has been due mainly to the lack of funds to meet workshop local costs, the timing of the national general elections and other logistics problems. One of the workshop aims is for the presentation of the findings of the study.
- The current problems with essential services & public service financial problems has also affected and delayed the consultancy work plan.

SECTION TWO

1 BACKGROUND: SOLOMON ISLANDS - AN OVERVIEW

Employment is not created in a vacuum. The environment in which opportunities for productive and decent jobs are created is an essential determinant in the setting, the process and the outcome of the employment creation process. In realising this, the environment in which the promotion of youth employment takes place needs to be identified as it would form the whole scenario in terms of the various challenges the country faces in providing for better livelihood for young people.

This section of the report outlines the important components most likely to be influencing the background of youth employment situation in the country.

1.1 Geography

The Solomon Islands form an archipelago that is located in the Southwest Pacific and comprises about 922 islands stretching over some 1,667km in a South East direction between Papua New Guinea and the Republic of Vanuatu and North East Australia. The typical terrain range from ruggedly mountainous islands to low lying atolls spreading over 8,000 square kilometres of sea. It is tropically hot and humid and prone to tropical cyclones.

The total landmass is 28,369 square kilometers with six large islands making up the majority of the landmass. The islands are Choiseul, New Georgia, Isabel, Guadalcanal, Malaita and Makira. The capital, Honiara is located on the island of Guadalcanal.

The geographic layout of the islands in the country is scattered in nature and thus increases the challenges faced in development of infrastructure, transportation, communications network and rural development in general.

1.2 People

The population of Solomon Islands is 409,042 with an annual growth rate of 2.8%. 41.5% [170,000] of the population is under 15 years and the majority of the population is under 25 years. Solomon Islands has a total of 131,231 young people from 14-29 years. The total labour force for 14 years and over in Solomon Islands is 249,168 of which 53% are young people aged between 14 and 29. The majority of people, around 80% live in rural areas.

Solomon Islands is historically a Melanesian society with traditional social structure and customs based on strong family ties and kinship system. However, the scattered nature of the islands also reflects the diverse ethnic cultures and traditions that exist. 93% of the population are Melanesians, 4% Polynesians and the remaining 3%

comprise other ethnic groups. About 87 languages are spoken throughout the country. Pidgin is the lingua franca and English is the official language.

The scatteredness of people in the islands and the diversity of culture, let alone diverse languages, pose greater challenges for youth development. The basis of livelihood for the majority of people, including the young people is mainly on subsistence farming in the rural areas. The inevitably option for job creating opportunities therefore, is in the informal sector through self-employment and enterprising initiatives.

The development of human resources is a crucial component for the labour market requirements. Focus must be re-directed to training young people to be employable, enterprising with gender considerations taken into account.

1.3 Political Environment

Solomon Islands attained political independence from Great Britain in 1978 and is a sovereign state with a unicameral legislature, the National Parliament. The National Parliament has 50 members, all elected by universal suffrage. The executive arm is headed by a Prime Minister who is elected from and by the Parliament members and assisted by Cabinet Ministers appointed by the Governor General.

The country is administratively divided into nine provinces. Each province has its own elected provincial assembly and government. Area councils were part of the provincial government system until 1999 when they were abolished. The structure resembles a federal system of government

The political environment is crucial with large implications for youth employment in terms of developing human resources suitable for the labour market, the re-directing of social & economic policies that set the driving force for an active and job-creating labour market.

The advocacy of state government demanded by all provincial government reflects the greater demand than ever for decentralised decision making and management of individual state affairs. Implications of such intended move on youth employment would result in more challenges that would need in-depth studies to identify and overcome.

1.4 Economic Environment

The economy of Solomon Islands is dualistic, comprising a large rural subsistence sector and an urban monetary sector. The subsistence agricultural sector provides the main source of livelihood for about 80% of the population. Prior to 1997, the commercial sector was predominantly based on primary commodity mainly round logs, fish, palm oil and copra. Gold mining started in 1997 and exploration for other minerals is continuing.

Nominal Gross Domestic Product grew in Solomon Islands through the mid-1990s, plateauing at close to US 400 million in 1998. Since the second half of 1998 and during the first half of 1999, the Solomon Islands economy was also slowly recovering from the adverse effects of the Asian financial crisis. The introduction of the economic and public sector reforms by the former government resulted in some signs of positive developments. Thus there was growing optimism at the beginning of 1999 for a strong economic performance. However, the onset of the ethnic social crisis not only threatened this optimism but also prolonged further into 2000 leaving the economy deteriorated to an alarmingly low level. As a result, the current economic aspects that may influence efforts in promoting youth employment and need immediate action include:¹

- The shrinking national economy
- The closure of major industries
- The loss of jobs and the high turnout of school leavers
- The declining export sector
- High inflation rate
- Loss of confidence by foreign investors
- Low income of household in both urban and rural areas
- Unsustainable use of resources
- Cash flow problem of the government
- Demand for good governance
- Impact of social unrest
- Private sector growth
- Trends in the global economy

Table 1 provides some figures on selected indicators of the economic situation of the country over time. There it is noted that the economy contracted further in 2000 after a decline of 0.5% in 1999. The economy had already been badly affected by the effects of the Asian financial crisis when the social unrest erupted and worsened the situation. Table 2 presents the wage employment situation over sometimes. There are no figures available for 2000. However, nearly 8,000 waged employees had lost their jobs due to closure of the Gold Ridge mining and the Solomon Taiyo Ltd. as a result of the social unrest.

Table 1: Selected Economic Indicators over five over time (\$ millions)

Economic Indicator	1990	1995	1999	2000
Imports	53.2 (Unaudited accounts)	73.0	532.4	469.9
Exports	12.6 (Unaudited accounts)	77.9	724.0	352.6
Net External Reserve	42	51.1	255.0	159.8
Direct Investment	26.2	4.6	-89.8	7.1
Real GDP	0.9	6.7	(0.5)	(14.3)

Note: Exchange rates US\$1.00 = SI\$5.00

Source: CBSI Annual Report 2000 & Economic Report on Solomon Islands, 1997

¹ DEHRD, Human Resources Development Planning, 2001

Table 3 is presented to indicate the employment situation of young people in comparison with the overall employment sector in the country.

Table 2: Wage Employment, by gender, over time

Year	Males	Females	Total	% Male	% Female
1987	8,980	4,052	23,032	82.4	17.6
1991	21,524	4,502	25,933	82.6	17.4
1995	24,754	7,413	32,167	77.0	23.0
1999	28,382	11,114	39,496	71.8	28.2

Source: 1999 National Census & Economic report on Solomon Islands, 1997

Table3: Population 14-29 years, by employed, unemployed, not active in paid work, by province, sex

Province 14-29year	Total Employed in paid work		Total Unemployed (seeking paid work)			Total not active in paid work		Males	Females
	M	F	Males	Females	Males	Females			
Solomon Islands 14 years & over	57,472	39,761	17,711	27,652	17,957	9,695	161,223	68,813	92,410
Solomon Islands (14-29 years)	24,933	16,591	8,342	16,760	10,341	6,419	87,792	38,708	49,085
Choiseul	1,037	743	294	528	316	212	4,238	1,868	2,370
Western	5,882	4,029	1,853	2,046	1,257	789	11,610	5,079	6,531
Isabel	1,064	748	316	500	323	177	4,257	1,846	2,411
Central	1,617	1,118	499	477	304	173	4,551	1,958	2,593
Rennell-Bellona	54	44	10	145	68	77	417	214	203
Guadalcanal	3,042	1,974	1,068	2,393	1,545	848	13,759	6,297	7,462
Malaita	3,687	2,303	1,384	6,187	3,811	2,376	26,543	11,093	15,090
Makira-Ulawa	922	609	313	1,169	748	421	7,776	3,547	4,229
Temotu	492	287	205	1,237	649	588	3,903	1,581	2,322
Honiara Town	7,136	4,736	2,400	2,078	1,320	758	11,098	5,225	5,873

Source: 1999 Population Census, SIG

1.5 Social Environment

The social environment is an equally important determinant for creating a basis for a job-rich economy. Some features of the present social environment are:²

- High national population growth
- The low literacy rate of 30%

² DEHRD: Human Resources Development Planning, 2001

- Inadequate education opportunities and relevance of such opportunities to young Solomon Islanders which showed that:³
 - “Education is not compulsory, contributing to low enrolments in schools (41% for age group 5-14 years)
 - Gross enrolment in secondary schools is 24% of those in transition from primary school
 - The bottlenecked selection process in the education system pushes out more school-aged children without necessary skills to successfully make a living
 - The inadequate opportunity for Solomon Islanders to re-enter the education system and progress to tertiary education
 - The inability of the education system to meet the learning and development needs of society
 - Quality of education needs to be improved with a balance in terms of gender enrolment in the formal education sector
 - Misallocation of public funds within the education sector
 - Weak linkages and coordination between technical and vocational training and the formal education system”
- Standard of health services
- The bulk of the population is rural based {80% }
- A lot of displaced people as a result of the social unrest
- High rural-urban migration
- Changing lifestyle of the population

1.6 Recent Events

The last two years of the decade, 1999 and 2000 had unfortunately seen Solomon Islands experiencing an unprecedented ethnic tension resulting in an armed conflict between two militia groups from two Provinces, Malaita and Guadalcanal. The two-year ethnic conflict had caused serious economic, social and political disruptions.⁴ The conflict resulted in loss of lives and properties as well as negating the progress made by the structural reform programme implemented by the government in 1997. The strife has used up resources that would otherwise have gone to improving the delivery of basic services to the rest of the country’s population. Sadly, the event impacted adversely on the weak and vulnerable, mainly children and women.

The crisis seriously damaged the Solomon Islands economy. The export of palm oil ceased in June 1999 with the closure of the company. The Gold Ridge Mine and Solomon Taiyo, the major fishing company, suspended operations in June and July 2000, the latter finally pulled out in early 2001. The central economy was shaken and most social institutions, including sports, recreation and cultural outlets were abandoned or

³ ibid

⁴ (Report of Expert Group Meeting on the post-Conflict Situation, 2000).

severely limited. Around 8000 workers or nearly 15% of the total workforce in the formal sector have either lost their jobs through redundancies or were sent on indefinite unpaid leave by the end of 2000. Since May 2000, inflation has been on an upward movement.

The damage to the economy would still be felt in several more years to come. Likewise, it would take even more years before the economy is restored and rebuilt to its pre-ethnic crisis levels. In some respects, the Solomon Islands society may have changed forever as a result of the social unrest on Guadalcanal.⁵

2 NATIONAL YOUTH POLICY OF SOLOMON ISLANDS

Having been recently established in year 2000, the Youth Policy provides the basis on which efforts to promote youth development can be directed, particularly in its key strategy areas/ challenges that require immediate actions to be addressed. The National Youth Policy defines “youth” as being men and women who are between the ages of 14 to 29 years. The concept of youth is relatively new in the society. Traditionally “youth” is not associated with any particular age group. Young people are generally referred to as girls and boys and remain with parents until they are married. Some married ones still even live and depend on parents.

The policy provides a framework for the coordination & strengthening of current youth programmes & activities. It is an important instrument for the cause of youth empowerment to become an integral part of the overall development. Incorporated are guidelines for the purpose of developing programmes in the form of a National Plan of Action for Youth Empowerment. To date it is yet to formulate its National Youth Plan of Action. The country also does not have a Youth Employment Policy.

Outlined below are the main components of the policy, the implications of which are crucial to promoting productive employment for young people.

2.1 Key Issues: National Youth Policy

Youth unemployment in both the rural and urban setting is intricately linked with the state of the economic & social development of the country.

The key issues summarised under the policy include the following:

- High Population annual growth rate of 3.2 % during the last decade which has now dropped to 2.8 %. There is the continuing widening gap between the country's population and its declining economy, and thus its ability to economically sustain its people. Employment growth has fallen while the population growth remains stable
- Inadequate education system for young people; a system which is selective and also eliminatory pushing out a lot of young people prematurely at all levels of the

⁵ Statement of the Governor of Central Bank, 2000

education system in a lot of instances, without the basic skills for employment & self-employment

- Lack of employment opportunities for young people; where about 7,500 young people enter the workforce each year whilst there is a declining number of job opportunities due to the closure of major industries, limited employment opportunities within the Public service and the lesser prospects of private sector growth & expansion to absorb job-seekers. Recent figures have indicated that there are more young people looking for work than those engaged in work.
- Human sexuality; reproductive, sexual and mental health problems; teenage/unwanted pregnancy, prostitution, suicide, STD/HIV/AIDs. These are some of the social consequences of youth unemployment and idleness, which is on the increase.
- Crime and juvenile delinquency
- Drug & substance abuse; alcohol, tobacco, betel nut and homebrew and emerging abuse in marijuana and cocaine
- Lack of self-esteem and sense of hopelessness
- Changing lifestyles[social problems]
- Rural to urban migration: Young people constitute the majority of people who migrate to the urban centres for various reasons, including the search for employment and the bright lights of town life. The urban centre offers more services and facilities that are not available at the rural areas and villages, which attract young people.
- Recent social unrest: consequential effects

2.2 Youth Strategies

The National Youth Policy has identified the following key strategy areas to be addressed through the National Plan of Action for Youth Empowerment.

- Culture:
- Education and skills[Vocational] training
- Employment:
- Religious/spiritual/moral activities
- Health development
- Sports & recreation
- Youth Entrepreneurship scheme
- Law & order
- Family issues
- Environment

On employment, the policy speaks of equal opportunities for all young people to train and enter employment of their choice. It also recognises the limited formal sector jobs and therefore seeks to encourage the development of semi-subsistence and the informal sector as the main source of employment for young people.]

2.3 Special Policies for vulnerable groups

Whilst the Youth Policy is intended for all young women and men living within Solomon Islands, specific focus is also made on the following priority target groups.

- Young people with disabilities
- Rural youth
- Young school leavers
- Students
- Alcohol and drug users
- Young offenders
- Unemployed Young women & men
- Street children
- Young Women

The specific policy statement to address " Unemployed Young women & men" calls for the following:

" To ensure positive social change, young people must be encouraged to become involved in the socio-economic surrounding in which they live", through training programmes that ensure positive development of young people and are geared towards developing motivation, self-esteem and morale boosting. It also calls for these to be built into curricula of the formal, informal and non-formal education programmes.

The policy also aims to encourage greater cooperation between the government, NGOs and the private sector to offer employment opportunities.

2.4 Implementing Youth Policies

2.4.1 Implementing Mechanisms

The policy document calls for the integrated and collaborative approach by all government agencies, non-governmental organisations and other groups in the implementation of the policy objectives. The identified implementation mechanisms to ensure a collaborative approach to service delivery include the following with roles and tasks:

- **Department of Women, Youth & Sports** as the lead Department to coordinate government efforts & initiatives & to maintain regular consultation with all departments, churches, NGOs, youth organisations and all other stakeholders in youth empowerment.
- **National Youth Congress** as the lead youth organisation. Currently it is defunct and will be revitalised and strengthened to oversee the implementation of the policy and the programmes of the National Youth Plan of Action once it has been formulated, in relation to those of other organisations. The NYC is also to be a "mouth piece" for young people and represent their views and opinions to government on issues of concern to them.

- **Interdepartmental consultative committee** of senior government officers is also recommended to be established, with a primary task of coordinating cross- sector policies and programmes on youth empowerment.

The policy has also outlined decentralised mechanisms at the provincial level for consultation and participation by young men and women, which includes **Provincial Youth councils** to be established by respective Provincial assemblies. The respective Provincial Area councils are also expected to establish **Community Youth Forums**, which is close to the rural youths within the communities and villages. To serve the needs of the Urban Youth, an **Urban Youth Council** is recommended to be established under the Honiara City Council.

A further recommendation is for the establishment of an **Inter-agency Consultative Conference** for the effective coordination and collaboration on policies and youth programmes of all stakeholders including the youth organisations/groups.

At the government policy levels, the above recommended implementation mechanisms are yet to be fully established, resourced or effected. Churches and other non-governmental organisations however have always played a significant role in youth empowerment through their respective structures.

2.5 Action Plans & Youth Organisations

Presently there is missing key medium through which the national youth policy would be realised and that is a National Youth Plan of Action. It is an important accompanying document of the youth policy that is yet to be developed. Plans to establish one were disrupted by the social unrest.

As stated above, youth organisations and youth programmes have been in existence for decades mostly through their existing structures. For example, the Churches have for years had very effective youth groups as an integral part of the church structures. On the part of the government and other stakeholders, efforts to effect programmes for young people were hampered by the continuous lack of adequate funds, clear policy directives and an integrated national plan of action.

2.6 Youth Development Partnership

The Youth Policy seeks to address youth issues in partnerships with all stakeholders including:

- government agencies,
- social partners- *Education & health sectors* ,
- civil society,
- donor agencies,
- international organisations,
- relevant NGOs,
- other Stakeholders.

SECTION THREE

3 OVERVIEW OF EMPLOYMENT OPPORTUNITIES AND LABOUR MARKETS

3.1 Employment Situation

3.1.1 Youth Labour Force

The Labour Act of Solomon Islands generally permits employment of persons between 12 and 17 years with certain restrictions in terms of types of industry and work environment without the prior approval of the Minister. Only persons from the age of 18 years are employable without legal restrictions. In practice however, the lower limit to work in Solomon Islands had been 15 years which, was changed in 1986 14 years, for most children are out of school by then. The upper limit is difficult to define for many people in the rural areas work past the formal retirement age of 55 years. For the purpose of this study 14 years is used as the lower limit of the working age and 59 years for the upper limit. For ease of reference to statistical information available, especially the national census, the labour force is discussed in the context of this study for population 14 years and above, although visibly there are children under 14 years that are employed but without statistical evidence. Labour force refers to all persons doing paid work, irrespective of involvement in unpaid work, and persons looking for paid work.

According to the 1999 Population and Housing Census, the total labour force for 14 years and over in Solomon Islands is 85,124 representing 21% of the total population and of which 49% are young people aged between 14 and 29 years. The total working age population according to the above definition is 56% of the total population and of which 57% are in the youth age group of 14 – 29 years. Table 4 shows the total population of all ages in comparison with the total youth population (according to the Solomon Islands Youth Policy youth definition of 14 – 29 years) by Province and sex. Table 5 shows the youth labour force in comparison with the total labour force in the country.

One big portion of the population that is not classified as being part of the labour force is those categorised as not active in paid work. Those in this category who are 14 years and over represent 39% of the total population of which 54% are young people between the ages 14 and 29 years. Paid work for purpose of this study also is any type of work for which the worker receives no pay, either in money or in kind.

Although there had been some steady growth in formal employment in recent years, it failed to keep pace with the increase in labour pool. The annual population growth of 3.5%, although it had recently dropped to 2.8%, had largely contributed to the unparalleled growth in employment and the labour supply. The most affected by this situation are the young people. According to a Central Bank estimate, about 7,500 young

people enter the workforce each year. However, the maximum annual increase in employment since 1982 has only been by 3,800 persons. While most of those who cannot find employment in the formal sector can earn a living in the subsistence sector, these figures indicate a high level of hidden unemployment and underemployment.⁶

Table 4: Population 14 –29 years, by Province and Sex

Province	Total population All ages	Total population 14-29 years	F	M
Solomon Islands	409,042	131,231	64,672	66,559
Choiseul	20,008	5,897	2,921	2,976
Western	62,739	19,749	9,266	10,483
Isabel	20,421	6,074	3,032	3,042
Central	21,577	6,709	3,294	3,415
Rennell-Bellona	2,377	622	291	331
Guadalcanal	60,275	19,380	9,464	9,916
Malaita	122,620	36,555	19,098	17,457
Makira-Ulawa	31,006	10,070	5,056	5,014
Temotu	18,912	5,660	3,132	2,528
Honiara Town	49,107	20,515	9,118	11,397

Source: 1999 Population and Housing Census, SIG

Table 5: Youth Population 14 – 29 years in the labour force

Province	Population 14 years and over in the labour force	Females	Males	Youth Population 14 – 29 years in the labour force	Females	Males
Solomon Islands	85,124	27,406	57,718	41,693	14,761	26,932
Choiseul	3,585	1,189	2,396	1,565	506	1,059
Western	16,623	5,414	11,209	7,928		5,286
Isabel	3,498	1,005	2,493	1,564		1,071
Central	4,503	1,314		2,094		1,422
Rennell- Bellona	492	322	170	199		112
Guadalcanal	10,719	3,456	7,263	5,435		3,519
Malaita	19,524	6,475	13,049	9,874		6,114
Makira- Ulawa	4,326	1,346	2,980	2,091		1,357
Temotu	3,596	1,394	2,202	1,729		936
Honiara Town	18,258	5,643	12,615	9,214		6,056

Source: 1999 Population and Housing census, SIG

⁶ UNDP, Sustainable Human Development Report on Solomon Islands, 1997

The highest number of unemployed persons who have been looking for work is found in the youth aged group. All Provinces reflect the same trend, but notably, more youth males than females are unemployed and still looking for work. The situation has further deteriorated as effects of the ethnic tension in 1998, 1999 and 2000 take their tolls resulting in more young people becoming unemployed. For example, In 1999 in Malaita Province, 5,187 young people aged between 14 and 29 are unemployed and seeking work and only 3687 are engaged in paid work while 26,182 of them were not active in paid work nor looking for paid work. However, these figures do not take into account persons working in subsistence and semi-subsistence sector and who may be engaged in some form of periodical income earning activities. They also under-represent the productivity of the semi-subsistence sector.

3.1.2 Occupation, Status and Industry

(i) Occupation

With the declining economy, worsened by the adverse impacts of the ethnic tension which, saw both large and small businesses closing down, the future in terms of employment opportunities and the labour market is very bleak for people of all working ages.

Table 6: Population 14 years and over active in paid work, by age group 14 – 24 and by occupation

Occupation	Total population 14 years & over with paid work			Age group and sex 14 - 24		
	Total	Males	Females	Total	M	F
All Occupations	57,472	39,761	17,711	13,721	8,763	4,958
1 Legislators, Senior officials, managers	2,502	2,085	417	146	94	52
2 Professionals	6,514	4,052	2,462	911	410	501
3 Technician & Associate Professionals	3,044	2,510	534	428	314	107
4 Clerks	2,301	1,155	1,146	589	229	360
5 Workers in Services, Shops & Markets Sales	7,826	4,902	2,924	2,211	1,304	907
6 Skilled Agricultural & Fishery Workers	15,220	9,626	5,594	3,877	2,466	1,411
7 Craft & Related Trades Workers	7,327	5,728	1,599	1,703	1,349	354
8 Plant & Machine Operators, Assemblers	5,783	5,262	521	1,730	1,439	291
9 Elementary Occupations	6,955	4,441	2,514	2,133	1,158	975

Source: 1999 Population Census, SIG

Table 6 shows employment by occupation, sex and youth age groups. The youth age group 14-24 years is used in the table as the age group 25-29 is grouped together in source (the National Census) with the age group 30-34 years that falls outside of the youth definition of this study. Most of the youth employed, for males and females, in paid work are employed in the skilled agricultural and fisheries sector. This sector covers market-oriented agricultural and fishery workers including market gardeners and crop growers, market-oriented animal workers, hunters and trappers. The operations of big agricultural and fishery companies such as the Solomon Islands Plantation Limited (SIPL) and the Solomon Taiyo Limited (STL) had largely contributed to this high employment of young people. The STL and SIPL had since year 2000 closed down as a result of the social unrest (ethnic tension), leaving a lot of these workers without jobs. The STL that normally employed around 3,000 workers is replaced by Soltai Company, which now employs only a total of 604 workers. However, figure for the total young workers is not available.

Table 7 shows unpaid work by main unpaid activities in which young people also are engaged. However, breakdown in Provinces is not available. The total people in the same youth age group 14-29 years in this unpaid category is alarming compared with the total in paid work, 48,842 and 24,933 young people respectively Table 8 shows the sector of paid work.

Location of occupations are mostly centred in the urban areas especially the capital, Honiara. However, occupations generated by primary industries such as forestry, agriculture and mining are mostly located in the Provinces.

Table 7: Population 14 – 29 years in unpaid work, by main unpaid activities

Main unpaid activity	Total youth population with unpaid work	Age group and sex								
		14		15-19		20-24		25-29		
		Total	M	F	M	F	M	F	M	F
Unpaid activities	48,842									
1 Agriculture	37,314	670	878	4,448	6,229	5,255	7,988	4,866	6,980	
2 Fishing and hunting	3,501	161	25	821	136	816	105	728	709	
3 Craft and related activities	3,691	90	35	817	234	1,164	166	908	277	
4. Community work	3,588	95	88	699	490	733	486	600	397	
5 Unpaid activity not stated	748	21	20	116	141	112	147	78	113	

Source: 1999 Population Census, SIG

Table 8: Population 14-29 years in paid work, by sex

Age group	Total in paid work	Male	Female
Solomon Islands	57,472	39,761	17,711
14	261	147	114
15-19	3,855	2,339	1,516
20-24	9,605	6,277	3,328
25-29	11,212	7,828	3,384
Total	24,933	16,591	8,342

(ii) Status

Activity Status

According to the 1999 Census, a total of 57,472 persons have been in paid work, 39,761 males and 17,711 females. From then until now these figures had greatly reduced as a result of the closure the big employing companies such as the SIPL and STL closed down. Table 9 shows the 1999 activity status in paid work, in unpaid work and by five-year youth age group. Out of the total of 127,974 males in both paid and unpaid work, 52% are young males in the age group 14-29 years. The total female in both activity statuses is 121,194 of whom 53% are young females.

Table 9: Population 14-29 years, by activity status in paid and unpaid work

Youth age group	Activity status in paid and unpaid work			
	Employed in paid work	Unemployed (seeking paid work)	Not active in paid work	Paid work status not stated
Solomon Islands	57,472	27,652	161,223	2,821
14	261	568	1,732	195
15-19	3,855	5,080	36,169	717
20-24	9,605	6,395	23,881	429
25-29	11,212	4,717	18,839	405

Source: 1999 Population Census, SIG

Activity status by Provinces reflects the total population in those provinces. Populations in bigger provinces such as Malaita, Guadalcanal, Western and the capital of Honiara have more people in all categories - paid, unemployed and inactive in paid work, than any of the other provinces. The same trend is reflected in the youth age groups. Out of the total of 24,933 youth age group persons in paid work, 19,747 are in the bigger provinces and Honiara representing 79%. Honiara has the highest of 7,136 reflecting the concentration of paid occupations in the capital. Similarly, out of the total of 16,760 young unemployed and seeking employment 12,724 are in the bigger provinces and Honiara and 50% of whom are females.

Employment Status

Table 10 indicates the employment status by youth age groups. Although the total waged labour are more than the other categories of employment status, it would have greatly reduced by more than 10,000 by now as a number of logging companies had closed down. The waged labour is also attributed to more workers employed in the Public Sector rather than the private sector. Further planned mass redundancies in the Public Sector would, however reduce the total waged workers.

The total number of youth under each employing status is much less than the total number of unemployed young people who were looking for work. However, the number of unemployed youth is expected to have increased following the social unrest. For example, the total young people for waged labor were 14,107 while the unemployed 16,760. Given the current weak economic situation, there is a very uncertain future for any employment prospect.

Table 10: Population 14 – 29 years, by employment status & percentage of total labour force in each status

Age Group	Employment Status for persons working for pay						Not employed, but looking for	
	Total	Self Employed	Waged labour	Family help	Contract labour	Other	Not stated	work
Both Sexes								
14	261	130	67	28	23	6	7	568
15 – 19	3,855	1,471	1,573	342	332	71	66	5,080
20 – 24	9,605	2,645	5,672	413	624	103	148	6,395
25 – 29	11,212	3,096	6,795	386	646	123	166	4,717
% of total population 14 years and over		37	46	49	46	41	46	60
Males as %		22	32	24	40	27	30	37
of total Females as % of total		15	14	25	6	14	16	23

Source: 1999 Population Census, SIG

Similar to other employment trends, Honiara and the bigger provinces have higher number of employees in all employment status, the former having more workers under waged labour, while the Western province has more under self-employed status. Total females engaging in all status are still less than males.

(iii) Industry

The total population working for all industries was 57,472 in 1999. Waged and contract labor accounted for almost 80% of the total for both males and females. Table 6 shows activity in paid work by employment status by industry. The 1999 Census statistics covered both the formal and informal sector and this records the agriculture, hunting and forestry as the sector providing the most employment. Similarly, by occupation, the skilled agricultural and fishery workers represent 26% of the employment. The services, shops and market sales are also significant employing industry.

With the opening of gold ridge mining in 1998 and the rapid upsurge of forestry operations, these primary industries have become an important employing sector, although a lot of less profiting and unsustainable harvesting was done to the forest. For example, while whole log exports increased by 12% - 1994, log export earnings fell from

51% of all export earning to 46%. The effective rate of log taxation also fell from 30% of all revenue to 23% as a result of excise duty exemption. Income lost from duty exemptions alone accounted to SI\$24 million in 1995.⁷ The current rate of unsustainable harvest of the forest is an unacceptable practice that does not promote employment sustainability.

Employment prospects from other upcoming industries such as oil palm plantation in Vangunu in the Western Province are good and should positively contribute to overall economy. However, the recent insurgence in the country had greatly reduced those prospects. The large scale of employment previously provided by these companies could never be replaced in the short to medium terms.

The total youth age group workers by the industries in 1999 were approximately 24,744. This is attributed to employment of young people in log industries; however, the wage levels are far below the ILO wage standards. The agriculture, hunting and forestry industry again accounted for more employment for young people at 8,545, with males totaling 5,496 and females, 3,049. Services/shops and market sale accounted for the second largest employment of young people. These figures, however, do not reveal whether or not such paid workers get regular incomes.

3.1.3 Formal And Informal Employment Sectors

(i) Formal Employment Sector

Formal employment is referred to as employment or self-employment in the wage sector and involves contribution to the Solomon Islands National Provident Fund (NPF). The total labor force in the formal employment sector in 1976 and 1986 were 16,400 and 24,000 respectively. Formal employment increased by an average of 4.6% between 1990 and 1996, from 26,100 to 34,000. Most of the growth occurred in 1993 and 1994 particularly in the finance and services industry. Within this industry, most are employed in public administration. The primary industries altogether account for almost 33% of formal employment. Trading and manufacturing industries are also significant employers, accounting for about 25%⁸.

The formal employment in 1999 totaling 39,496 represents 46% of the total labour force and 17% of the total working age population. Table 11 shows the youth population in the formal sector by industry. Out of the total labour force by occupation and industries 24% ranges between 14years-24 years. The bulk of the youth are employed in market-oriented agricultural and fisheries workers totaling 3,877 which constitutes 28% of the total youth force in the formal sector.

⁷ Judith A. Bennett, Pacific Forest, 2000

⁸ UNICEF, Sustaining Livelihood, 1997

Table 11: Population 14 – 24 years in paid work, by industry

Industry	No. of employees	% of Total		No. of employees	% of Total
Agriculture, Hunting & Forestry	3,914	25	Finance intermediation	142	24
Fishing	841	25	Real Estate, Renting, Business	274	28
Mining and Quarrying	138	24	Public Administration, Social Security	374	9
Manufacturing	2,234	31	Education	689	16
Electricity and Water Supply	76	14	Health & Social Work	273	15
Construction	747	25	Other Social and Personal Services	337	16
Wholesale and Retail Trade, Repair	1,966	27	Private Households with employed persons	521	49
Hotels and Restaurants	226	26	Extra-Territorial organisations and Bodies	26	13
Transport, Storage & Communications	768	24	Industry not stated or inadequately Defined	175	25

Source: 1999 Population Census, SIG

Public sector

The cost of the public service and its performance in terms of efficiency and effectiveness, particularly value for money has long been subjected to criticisms by the public and a longstanding subject of serious debate in the house of Parliament, labeling it often as a “sleeping monster”. Increasing corrupt practices in the service has also raised concern. Government actions taken against such corrupt practice had resulted in termination of 30 officers at one time. Other times isolated termination for malpractice was also done.

A targeted objective under the recent public sector reform was to reduce the number of Public Servants by 5% between 1998 and 1999 to balance recurrent budget. The focus is to make public agencies more productive and more accountable for their performance. It has also been the policy objective that by reducing the size of the public sector, greater involvement of the private sector would be promoted. By 1999, about 500 employees were made redundant and progress to reduce further was started but only to be disrupted by the social unrest. The pace of reform slowed down due also to budgetary constraints and difficulty in absorbing the wide array of changes being implemented.⁹

Prior to the recent public sector reform, the size and growth of the public sector reached their peak in 1996, 8,700 persons, an increase from 7,300 in 1985 and represented a growth by 1.6% annually. The Provincial Governments recorded a drop from 1,497 in 1985 to 1,034 in 1995 and 1996, despite establishment of two more provinces, (Choiseul and Rennell/Bellona). Similarly, employment in statutory authorities, which peaked in 1988 at 3,168 persons, dropped to 1,214 in 1995. Teaching service, however, grew at 6% annually. Similar growth is also reflected in the disciplined forces.

⁹ Economic Survey, 2001

Before the public sector reform, changes in the size of the Public Service were partly due to changes in institutional arrangement including corporatisation of Government Supply Division, Printing, Shipping and the Postal Services and the 1995 sale of the Government-owned Viru Forestry Plantation. On the other hand, there has been re-absorption into the public service of health and agricultural staff from provincial governments. Employment data in the public service are therefore not comparable from year to year. However, it can be reasonably concluded that the size of Public Service has been reduced in recent years.

In view of the above remedial actions taken by government to address acute weaknesses in the public sector, it consequently reduced its size, both the central and provincial governments as well as the statutory bodies. The outlook therefore, in terms of employment opportunities in the overall public sector, options in other employment sectors have to be researched and developed for the growing labour force and particularly, the youth age population.

Private sector

As very limited employment opportunities in the public sector services is forecasted and becoming more evident as a result of the government reform programme, although it is yet to be fully implemented, the inevitable option for mass labour absorption is the private and informal sectors. Much of the rapid expansion in private wage employment in recent years has been based on unsustainable exploitation of timber resources.¹⁰ Between 1985 and 1996 employment growth in the private wage sector recorded 4.8%, compared to 0.7% in the public sector. Table 12 shows wage employment by public sector and private sector.

Table 12: Wage Employment, by Public and Private Sector, 1995

Year	Number by end of June		Percent of total	
	Public sector	Private sector	Public sector	Private sector
1993	10,255	19,352	34.7	65.4
1994	10,599	21,920	32.6	67.4
1995	10,515	22,588	31.8	68.2
1996	10,789	23,417	31.5	68.5

Note: Public Sector includes central government, Provincial, Statutory Authorities;

Source: S.I. Economic Report, ADB, 1997

The current and forecasted capacity of the private sector and the great potential for job opportunities in the informal sector have been described throughout the earlier sections of this paper. Labour related legislation and policies must be set to support this trend, drawing particular attention to situation of women and young people. Actions must be taken to narrow the gap between growing demand for wage employment and

¹⁰ Economic Report, 1997

opportunities. Such actions entail support for private sector and sustainable rural development, while maintaining rural living standards.¹¹

Formal Employment Opportunities

Young people as present and future assets and not problems, is an outlook that needs effective and action-oriented focus in Solomon Islands. As far back as mid-1990s, there has been very bleak indication that the formal employment sector would provide opportunities for young people. With approximately 7,000 young people leaving primary and secondary schools each year, the rate of job creation and the labour absorption capacity for the young workforce by the formal sector is impossible. Extra 2,500 new jobs per year need to be created in order to maintain the existing proportion of employment labor.¹²

The increasing number of people seeking job is driven by three processes: rapid population growth; shift in the population age structure; and a growing demand for cash incomes. These trends translate into demands for formal employment that are increasingly difficult to meet.¹³

- ***Population Growth***

The population growth in the country is one of the highest in the world. It stood at 3.4% in 1996 and the reduction to 2.8% in 1999 still does not improve employment opportunities. In fact, the economic effects of the social insurgence only worsen opportunities. Education, health services and investments have not been able to be maintained due to lack of funds. Employment prospects for young people in the formal sector are limited.

From 1976 to 1986, the proportion in formal employment (17%) did not change, indicating that growth in formal employment more or less kept pace with the growing population. This seemingly parallel growth is no longer the current situation. Employment growth has fallen while the population growth more or less remains the same.

- ***Changing Age Structure***

Fertility in the country declined and this contributes to the increase in proportion of the working age population. Figures on fertility rate over time are not available. In 1999, more than 50% of the total population is of working age and 50% of whom, is in the young age group, 14-29 years. The bulk of the population is under 30 years and account for more than 70% of the total population.

¹¹ Economic report, 1997

¹² UNDP, Human Development Report, 1999

¹³ UNICEF, Sustaining Livelihood, 1997

If the moderate decline in fertility declines, the proportion of children will decrease and that of the working age population will increase. The result would be more people seeking work thereby putting more pressure on the already bad employment prospects in the country.¹⁴

- ***Cash Income Demand***

The need for cash at the household level is rapidly increasing. “While most people still depend on subsistence and semi-subsistence activities, the cash economy is becoming more important at household and village levels”¹⁵. The economic resilience based on strong traditional subsistence and once enjoyed in the country is fast eroding as the population increases to the level where it outstrips subsistence food production. This is already evident in such Provinces as Malaita. Also, almost throughout the country, reliance on supplies of imported food is increasing and which further increases the demand for cash incomes. Moreover, expensive imported food exacerbates the epidemiological shift towards cardiovascular and dietary diseases, hence an unhealthy workforce.¹⁶

The social unrest that resulted in a lot of displaced families only further increases the demand for cash income as they struggle to re-settle elsewhere. Not only houses have to be built but also immediate subsistence food production is impossible as food crops take time to harvest. Cash is therefore, needed to purchase food items from shops. The massive displacement of females included 20,000 in Malaita, 12,000-18,000 in Guadalcanal and 10,000 in other provinces. To date, such families are awaiting compensation of lost properties from the Government to re-start livelihoods. However, the government can only meet small portions of the values of damaged properties and therefore, the high demand for more cash is set to continue in order that displaced families re-establish livelihoods once enjoyed prior to the ethnic unrest. As a result also, young people are further displaced when unsuccessfully looking for jobs to try and support their families to re-settle.. Unsuccessful job seeking further leads to frustration in young people who, instead end up engaging in indecent and criminal activities to live and support families.

With the current lawlessness situation in the country, prospects for decent employment are limited as economic activities and investments come to almost a halt. Box 1 outlines some immediate impacts of the social unrest on the economy and which by now are taking their tolls.

¹⁴ UNICEF, Sustaining Livelihood, 1997

¹⁵ *ibid*

¹⁶ *ibid*

Box 1

- “The closure or suspension of several large industries resulting in loss of exports and employment;
- Loss of economic activity on Guadalcanal and slowdown in private sector investment and business in Honiara;
- Displacement and relocation of a large part of Honiara and Guadalcanal population
- A deepening fiscal deficit as government revenues fell, while expenditures rose as the cost of policing and maintaining security, law and order increased and the government has began borrowing from the Central Bank;
- A depressed monetary sector as money supply stagnated; credit to the private sector stagnated in the second half of the year 2000 while credit to government (especially from the Central Bank) has increased since July 2000;
- The balance of payments swung into deficit and the external reserves declined as exports stopped or slowed down;
- The balance sheets of most businesses and public institutions deteriorated as the quality of assets declined or were damaged;
- Loss of investor confidence in the economy and damage to the reputation of Solomon Islands.”

Source: UNDP/UQ/ILO, Experts Group Meeting on the Post-Conflict Situation in Solomon Islands, 2000

Foreign Investment

The CBSI Annual Report, 2000 states that “the turbulence experienced in 1999 and 2000 further impaired investment opportunities. As a small developing nation, to have its fragile economy indiscriminately torn apart and in dire need for immediate rehabilitation, it underscores the need for Solomon Islands to strengthen and diversify its investment base. Investment opportunities, however, are further limited and flawed by various obstacles including traditional land tenure system, tight government taxation policies, lack of skilled labour, law and order problems and political instability”¹⁷.

In 2000, the Foreign Investment Board (FIB) approved 40 investment proposals worth SBD \$1,852 million, rejected 6 worth SBD \$380 million. Of the 40 applications approved, 23 were new ones worth \$355 million, seven (7) were additional activities worth \$473 million and seven (7) were share transfer (\$1,011 million) and three (3) technology agreement worth \$12 million. The sectoral distribution of the approved applications were mining – 54%, agriculture – 20%, fisheries – 9%, forestry – 8%, other services 7% and tourism, manufacturing and transport made up the rest. However, to date information regarding which, if any, investment proposals have materialised, is not available.

According to the Investment Corporation of Solomon Islands (ICSI), a body which, looks after Government shares of investment, several applications have been received and are still being considered. The taking over process of the STL has been completed and thus now fully owned by the Government. The company, however, has really scaled down from the STL level of employment to only about 600 jobs. ICSI is optimistic that employment opportunities look positive if and when investment establishments pick up again.¹⁸

¹⁷ CBSI Annual Report, 2000

¹⁸ General Manager, ICSI, 2001

Despite such optimism, the overall outlook of job creation is very bleak in view of the overall weak economic activities, especially in the formal sector. The challenge in generating sufficient employment only gets larger. At the same time labour force planning is very weak. One reason for the challenge faced is the under-developed private and informal sectors, despite recent structural adjustments recently carried out in the Public Sector including the Public Service. The growth prospects for wage employment in Solomon Islands in 1997 had positive forecast. However, since the social unrest, these prospects have become more unrealistic and far-fetched.

Sustainable use of local resources

Studies of economies of Pacific Island countries have found that if resources are used in sustainable ways the various sectors – formal, informal, private formal and informal would only complement each other rather than operating in isolation. Growth in the formal private sector can reinforce and accelerate growth in the informal employment, particularly when the linkages between them are deliberately strengthened”¹⁹

Solomon Islands is endowed with more resources than other smaller Pacific Island countries. For example, it has one of the richest waters in terms of tuna fish stock in the Pacific. The country also has abundant coastal marine resources. While these resources provide better opportunities to create a job rich economy, it depends on their good management, as their sustainability is critical to employment prospects. The fisheries sector accounted for 12% of GDP in 1998 which, was then the country’s major export but fell behind log export in 1999. It was also then the largest employer. However, the increasing high demand for marine resources is a growing concern. The current level of harvest is difficult to ascertain due to lack of information about the volume of domestic and international trade. However, the growing population together with increasing monetisation of fisheries resources encourages widespread use of efficient but often destructive use of fishing methods. Moreover, the reefs and fishing ground are vulnerable to land-based human activities.

Forestry together with fisheries and manufacturing sectors had contributed to the bulk of the 4.6% growth in employment between 1993 and 1998. This growth occurred largely between 1993 and 1994 and particularly in those sectors. Forestry sector has been one of the major exports providing over 50% of the country export revenue earnings. However, the rate of harvesting is far above the sustainable harvest rate of 250, 000 cubic meter per year. Moreover, the sector’s share of the formal employment has been very minimal, 8% in 1993, 1999 the direct forestry paid employment was only 2,700 despite 19 large operating logging licenses. The Forest Act 1999 is an attempt to regulate unsustainable forestry harvesting. In 2000 log production declined due to disruptions from the social unrest to logging companies. Furthermore, owners of log boats had either postponed or cancelled trips to Solomon Islands due to security risks. At the same time, there was subdued demand for Solomon Islands’ log in the Asian markets.²⁰ However,

¹⁹ UNDP,PDHR, 1999

²⁰ CBSI Annual Report, 2000

the current rate of log extraction, although reduced from 1999 rate, remains high above sustainable level. The Central Bank Report 2000 does not forecast any slow down in the felling rate for the near future, thereby long-term sustainability of the resources poses threat, hence limited opportunities for future job creating.

Agriculture is critical to future employment in the country. In 1999, the sector provided the bulk of paid work. The same trend is reflected in the youth age group of 14-25 years. While agriculture provides job prospects, studies have suggested that more job opportunities can be created in the sector by: increasing production of traditional commodity crops; by diversifying production; and through import substitution that can compete without subsidies and protection. Overall all commercial agricultural commodities including copra, cocoa, palm oil & kernel, rice and honey had recorded falls in production in 2000 largely attributable to financial plights experienced by responsible authorities as well as the effects of the social unrest in Guadalcanal where, large scale agricultural activities are situated. Production in other provinces has been continuing, however, in minimal scales.

Semi- subsistence and subsistence agriculture are widely practised however, the majority does unpaid work. There is more subsistence production then marketed production. For example, 5,531 households do subsistence production in rice and only 1,657 for marketed production. About 12,448 people do paid agricultural work compared to 74,940 unpaid work, the majority being females, 60% and is in the provinces. Agricultural diversification offers more opportunities for new employment. However, in the case of Solomon Islands, there are obstacles such as poor transportation links and major fruit fly problems, which inhibit fruit and vegetable exports, that are first to overcome to be able to create more job opportunities in this sector. Access to villages is crucial to development efforts and delivering services.²¹ Also creating a more vibrant private sector has proved more effective and efficient than government in creating jobs. Table 13 indicates the poor means of access for the rural population, which hinders creating of job opportunities throughout the country.

Table 13: Number of villages, by Means of Access

Province	Motor road	River	Truck	Footpath	Sea
Choiseul	0	17	0	99	248
Western	1	3	20	56	419
Isabel	1	8	9	130	156
Central	20	2	17	105	161
Rennell/Bellona	1	0	38	44	9
Guadalcanal	215	105	327	779	317
Malaita	465	143	236	1,008	357
Makira/Ulawa	14	15	128	353	256
Temotu	7		10	59	149
Total	724	293	785	2,633	2,072
Percentage	11.1	4.5	12.1	40.5	31.8

Note: Villages may be accessed by more than one means
Source: ADB, 1997

²¹ ADB, SI Economic Report, 1997

(ii) Informal Employment Sector

Informal employment is the residual of the formal employment. It is mainly characterised by a large percentage of the population (about 83% of the working age population and 54% of the total labour force) that are semi-subsistence producers who operate in both traditional exchange and cash sector and are mostly rural-based. Informal employment in the urban setting is mostly seen in small enterprise activities and domestic service providers. They operate mainly in cash economy but with no regular cash payment and do not necessarily contribute to the NPF.

The nation's market economy is almost totally centered in Honiara, which is one reason why it draws young people. A result of the ethnic unrest saw the labour force further outstripping the formal sector jobs as big employing companies closed down. This situation only reinforces the need to sustain and develop the semi-subsistence and the informal sector as the main source of employment for young people.²² Figure 1 indicates the importance of the informal sector to the majority of the population.

To come up with any remedial action to engage youth in any productive and decent work and prevent unsustainable use of natural resources, the nature and impact of current economic and education policies of the government and donors need to be reviewed. "Creating employment opportunities for all school leavers is clearly unrealistic but creating as many new jobs as possible, particularly in the rural sector, is a high priority".²³ Currently most economic activities in the rural areas are categorized under informal sector. There are two main segments of the informal sector in the country.

Informal Sector in the Rural Areas

Rural refers to all areas apart from the capital of Honiara and the Provincial centres that are referred to as urban areas. Rural areas include all villages whose people practice subsistence and subsistence farming. The rural informal sector predominantly involves semi-subsistence agriculture and fishing. Table 14 shows the number of households by some selected subsistence and marketed agricultural/marine production and their production method. The total number of private households in the country is 63,404. Thus, these two groups of households undertaking subsistence and marketed production are not mutually exclusive. However this still indicates that a large proportion of the population especially in the rural areas is still operating subsistence for living. The production method refers only to the marketed production. Generally, simple and labour-intensive technology is used, such as bush-knife, digging forks, axe, outboard motor, fiber canoes, and chainsaw. Subsistence and semi-subsistence productions provide 55.5 million of the GNP in 1999. The finding by the UNICEF in 1997 is a true account of the situation in Solomon Islands. That is the rural living is changing as population increases, higher consumption and demand for commercial expansion are stretching the limit of the semi-subsistence economy to absorb labour. New forms of enterprises are needed to

²² *ibid*

²³ UNICEF, *Sustaining Livelihood*, 1997

sustain rural livelihood. More rural people are looking for opportunities to supplement their current means of receiving cash. Such means, however, must fit around other demands in their time for subsistence work and social obligations to kin and village.²⁴

Women play a major role in the informal sector although the social and economic significance of the sector is rarely recognised in conventional economic statistics. The informal economy has grown in the last few years with more women marketing produce and cooked food or raising pigs and chicken. Figure 1 shows this increased involvement. More and more women are involved in the informal sector as a means to get cash income, despite having had very little formal education or very low literacy level. The bulk of these women are engaged in the agriculture sector – growing crops, fruit, market gardening, horticulture and farming of animals for market production. According to the 1999 Census statistics, more women are engaged in agriculture. The bulk of these women engaged in agriculture spend 17-24 hours unpaid work compared to the bulk of men who spend 9-16 hours. The bulk of women doing paid work in agriculture spend 9-16 hours while the bulk of men spend 8 or less hours of paid work. More men than women, however, show more engagement in fishing and hunting sector in both paid and unpaid work, the bulk of whom spending only 8-16 hours.

Other main economic activities in rural areas include small-scale retailing, transport, house building, local produce marketing, handicraft making. These activities are mainly family oriented and engage unpaid family workers. They mostly fit into self-employed category, although mostly

Table 14: Number of households, by Selected Subsistence and marketed products & production method

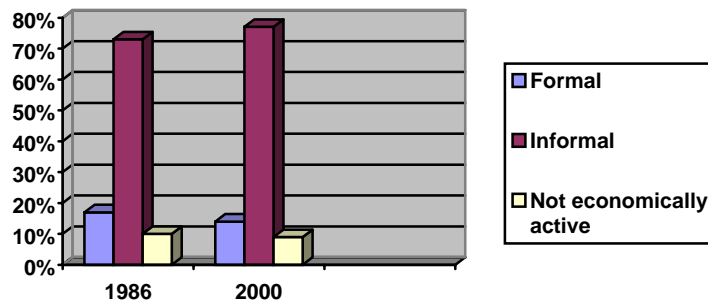
Product	Subsistence production	Marketed production	Production Method	
			Commercial	Traditional
Coconut	47,511	27,018	10,508	15,271
Chillie	4,758	1,378	473	806
Rice	5,531	1,657	1,087	405
Fish	40,256	15,787	N/A	N/A
Shellfish	25,593	4,759	N/A	N/A

Source: 1999 Population Census, SIG

on unpaid basis. Tribal and extended family help is traditionally a cultural obligation. Today, however, this practice is fast eroding as demand for cash income increases. Help and support provided by community members outside the nuclear family is rewarded with small income. In some rural communities, the rate of pay has gone up as high as SBD 20.00 (US 4.00) per day. This has put more pressure on households to work for more income. Family members who have regular incomes are expected to support families in the rural villages by hiring such labour.

²⁴ UNICEF, Sustaining Livelihood, 1997

Figure 1: Formal and Informal employment for 1986 and 2000



Source: UNDP, Sustaining Livelihood, 1997

Informal Sector in Urban Areas

Urban refers to areas such as the Provincial centres and the capital and is characterised by having diesel powered electricity and water supply and where central and provincial governments and administrations are located. Some areas in the Provinces other than the Provincial centres may be referred to as semi-urban centres such as Munda in the western Province and Maluú in Malaita Province, as they also have Government sub-stations. Honiara also has an adjacent peri-urban area. Informal enterprises in urban areas are largely small scale and mainly comprise farming and fishing, retailing, small-sized manufacturing (mainly cooking, tailoring, carpentry and handicraft marketing), repairs and domestic work. The latter mostly involve women who work as house girls, laundresses and men who work as gardeners.²⁵ There are a lot more informal enterprises than before, even illegal business activities, such as black market beer sales, that are currently taking place in Honiara following the social unrest. As more formal enterprises scaled down their operations and some even closed down, a lot of local people are engaging in small informal income generating activities. The boundary between formal and informal is even more difficult to define.

Informal sector in town is generally characterized by certain groups of people who are involved in informal income generating activities and micro businesses. These groups of people include poor and low-income urban households seeking multiple sources of income to sustain their livelihood. A lot of primary and secondary school dropouts are usually employed in such activities. Another additional group of people is the residents of provinces who frequent Honiara to sell their market goods. It is the general tendency, however, that they stay on in Honiara after selling their goods and get involved in small income generating activities to try and multiply incomes obtained from market goods, before returning home. This is more evident at present than in the past as economic activities in the Provinces experience a more rapid slow-down than in Honiara.

²⁵ UNICEF, Situation Analysis, 1999

More women spend more time in semi-subsistence and small income generating activities in efforts to earn small cash incomes. However, the majority of these women received no assistance from financial institutions in starting their businesses and is largely unaware of services provided by the government to assist them.²⁶ Start up capital for most women are obtained from informal money lending schemes, relatives, and friends or from small savings made.

Because informal employment has been more visible in the rural areas, “ the development of opportunities in these areas and decentralization of resources to the provinces are essential”.²⁷ Better utilization of appropriate technology to enhance job prospects for young people, is important. There is scope to increase access in rural areas, to both new and conventional media through the use of radios and computers powered by alternative energy sources such as solar energy. The introduction of the E-mail and Internet communication in the Provinces by the SIDDAP project enhances access for rural people to labour market information. National policies promoting such technology are essential to establish and put into actions.

3.1.4 Wage Employment and Self-employment

Wage employment is found both in the formal and informal sector. According to the 1999 census statistics, the various employment status for persons in paid work include: self-employed, waged labor, family help, contract labor, and other not stated. The waged labor accounts for 36% of the total labor force. Total waged labor for the youth aged groups, 14-29 years is 14,107, about 46% of the waged labor. The self-employed on the other hand, account for 23% of the total labour force, 37% of which is in the youth aged group 14-29 years. The rest of the other status in paid work makes up the remaining portion of the labor force.

While the waged employment is bigger than the self-employed at the time of the national population census, the sector is hard hit by the social unrest, with the unprecedented closure of the big companies such as Gold Ridge mining, SIPL, STL in 2000.²⁸ Employment figures for 2000 are not available, however, many waged labor workers left their workplace either voluntarily or were sent home on unpaid leave or through redundancy. However, this does not really affect the membership of the Solomon Islands National Provident Fund (SINPF see note 29 below) as there have been more part-withdrawals than full-withdrawals of contributions and membership.²⁹ (see Table 15). This indicates that more part-withdrawals are under the age of 40 years, the qualifying age under the NPF Act for voluntary withdrawal upon leaving ones job. The age group 14-30 years comprises 41% of the total NPF members with only 24% of the total amount of contributions by all members. On the basis of the NPF compulsory minimum contributions of 5% of any employee’s wage, this indicates the low wage level of young people. While total contributions of young people would grow as they get older

²⁶ *ibid*

²⁷ *ibid*

²⁸ SIG, CBSI Report, 2000

²⁹ SINPF is a Statutory authority that is responsible for paid employees superannuation.

and work longer, they would by then be in older age groups. It also shows their low level of engagement in employment, an alarming situation, as they constitute 52% of the total labour force and 32% of the total population.³⁰

Table 15: Total NPF members and Balance by age group

Age Group	No. of Members	Balances
13 and below	29	5,612.64
14 – 20	1,220	218,066.75
21 – 25	17,773	15,789,327.42
26 – 30	27,440	65,792,132.09
31 – 35	24,505	85,997,534.62
36 – 40	17,388	80,376,607.48
41 – 45	11,588	51,858,659.94
46 – 50	7,024	28,073,648.58
51 and above	6,100	13,903,799.38
Total	113,067	342,015,388.89

Source: SINPF Statistics, 20001

A preliminary survey conducted by the Central Bank towards the end of 2000 revealed that nearly 8,000 employers have lost their jobs in 2000 through redundancies or by being sent home on unpaid leave. While some of these laid off workers may have been re-absorbed into other wage employment, the majority would by now be still out of job and/or absorbed into the informal sector, especially in the semi-subsistence production. Figures, however, are not available.

In 1999, a wage freeze began and continued into 2000 and was adhered to by the Public Sector and the private sector. The shift in government policy towards performance related remunerate was also adopted by the private sector.

Income Distribution

At the peak of the social unrest in June 2000, income per person or GDP per capita has drastically declined despite some strong growth in the early 1990s. The Asian financial crisis had affected this growth. Some recovery had started in 1997, recovery had started when the social unrest erupted in late 1998 and worsened in 1999 and after June 2000.

There has long been uneven distribution of income in the country. Income distribution is skewed markedly towards the high-income groups and to the urban areas. For example, in the early 1990s, the average monthly income for all households in the rural areas was roughly US115, US128 for Provincial Centers and US442 for Honiara households. A very few households, therefore, receive most of the income. The Household Income and Expenditure Survey also carried out in early 1990s suggested that the bottom 93% of households got 22% of total incomes and top 1% received 52% of

³⁰ SINPF Statistics, 2001

incomes. This disparity between the top and bottom income levels is most likely to have widened as the effects result of the social unrest take their tolls.³¹

Skills Training for Self-employment

The originally church established Rural Training Centres (RTC) are an important avenue for youth in rural areas to access training and skills for self-employment purposes. RTCs offer vocational training geared towards life-skills learning and development and are assisted by the national and provincial governments. However, financial assistance is insufficient to sustain the centres. The RTCs were established to provide young people with appropriate skills to work and develop their villages and based in rural areas in the provinces.

The SICHE in collaboration with the Labour Division of the MCET and ILO offers courses, under its School of Industrial Development, in plumbing and allied trades, electrical, light automotive, heavy plants and drafting survey. However, the current enrolment for each does not reach the current capacity of the programme. There is need for more promotion of such programme and encouragement to young people to take up such courses. See Table 16.

Table 16: SICHE Programme Capacity

School	Programme	Current Capacity	Current Enrolment
School of Industrial Development	Plumbing & Allied Trades	15	9
	Electrical	18	15
	Light Automotive	36	25
	Heavy Plant	36	32
	Drafting & Surveying	30	21

Source: National Human Resource Development Planning, 2000, Fourth Education Project World Bank

Various NGOs, companies and government departments also carry out on-the-job and in-house skills training, which some employees utilise when they leave their waged jobs and become self-employed. The National Youth Congress, the umbrella body for all youth organisations, is subsidised by the national government. It too had been conducting skills development training programmes that successfully produced 760 graduates between 1994 and 1996. Since 1994, about 90% of the total graduates each year successfully took up employment in either the formal or informal employment sector. However, there is a need for evaluation exercises to be undertaken to determine if such

³¹ John Martin, Economic Survey, 2000

training programmes have helped young people to gain decent and productive work. Other programmes carried out by the NYC included entrepreneurial training, leadership/discipline training. There was also a plan to establish a National Youth Entrepreneur Scheme. However, financial constraints of the government which, was worsened by the social unrest, had completely halted all NYC programmes.

The newly established Don Bosco vocational school also specifically target young people for skill development training with the aim to prepare them mainly for self-employment. Besides, Don Bosco also aims to develop young people for self-confidence building. Currently, Don Bosco is targeting urban youths as plans to expand into provinces are disrupted by the social unrest.

While such positive steps and promotion have been taken more vigorous actions and sustained political and financial commitment to young people are needed. The 1999 statistics showing self-employed as the second largest group by employment status is reflective of the importance it plays in relation to the labour market, although considerable undercounting may be the case with women whose occasional cash income activities are sometimes classified as household duties and not self-employed.

Entrepreneurial training and micro-credit schemes to facilitate self-employment are also required. The Commonwealth Youth has recently started a pilot credit programme for young people in the urban capital of Honiara through the credit unions. The project also provides training and monitoring for purposes of expansion over the next few years.³² The Development Bank of Solomon Islands (DBSI) provided a similar loan scheme for young leavers of RTCs few years' back. However, such programmes are small and started on a pilot basis thus very few young people can access these innovative actions. Lack of finance to sustain such schemes is also a problem as returns from such funded projects are low due to lack of management and basic bookkeeping skills. In turn, loan repayments to sustain the schemes are poor.

Problems faced by young people in sustainable development of the rural areas and self-employment opportunities are common across all provinces and which reflect poor rural infrastructure – lack of shipping and marketing opportunities and credit etc. While all provinces generally experience similar problems, the bigger provinces record more waged employment changes/growth than the small ones. This is reflective of the different scale of economic activities in the provinces where, the bigger ones have more activities than the small ones. See Table 17.

³² UNICEF, Situational Analysis, 1999

Table 17: Employment Changes , by Provinces, 1985 – 1995, 1995-1999

	Western	Isabel	Central	Guadalcanal	Honiara	Malaita	Makira	Temotu	Rennell-Bellona	Choiseul	All
1985	4,489	695	2,805	4,522	8,424	1,772	766	523	N/A	N/A	23,996
1995	5,719	855	2,391	2,401	17,667	2,646	805	619	N/A	N/A	33,103
% of all 1995	17.3	2.6	7.2	7.3	53.4	8.0	2.4	1.9	N/A	N/A	100.0
% Change	27.4	23.0	(14.8)	(46.9)	109.7	49.3	5.1	18.4			38.0
1999	6,120	1,186	1,827	3,023	12,093	3,447	1,051	609	118	892	30,366
% of all 1999	20.1	3.9	6.0	9.9	39.8	11.4	3.5	2.0	0.4	3.0	100.0
% Change	7.0	38.7	(23.6)	25.9	(31.5)	30.3	30.5	(1.6)	-	-	
% of all, 1999, 14-29 years	51.3	43.8	45.0	45.8	48.2	41.9	37.6	33.7	26.3	38.3	

Note: 1995 employment in Choiseul has been attributed to Western, and Rennell/Bellona to Central, for purpose of comparison.

Source: 1985 and 1995 from Employment Survey (approximate only), 1999 figures -1999 Population Census, SIG

The limited opportunities to earn cash in many rural areas often encourages people, especially young people, to move to Honiara to find work. Their remittances are an important part of rural cash incomes. The limited formal employment opportunities in rural areas further underlines the importance of self-employment and food security. The concern for food security has been largely evident during and after the social unrest when, displaced people and families, especially of Malaita origin, could no longer find amicable resettlement in Malaita thus posing concern for their livelihood in terms of

Box 2

The rural economy still provide a strong buffer against the economic and social dislocation that unemployment in the modern wage economy would otherwise generate. In some areas this security is coming under pressure from larger populations, environmental stress and growing demand for larger cash incomes.

Source: Situational Analysis of young people in Solomon Islands, 1998

subsistence food production. Increasing the productivity of the semi-subsistence sector and expanding the range of non-farm activities therefore can demand for rural people's labour increase and their incomes rise. It is critical that this process be sustainable and supportive of food production.

3.2 Unemployment

According to 1999 Census Statistics, the total unemployed persons (those who are seeking paid work) is 27,652 representing 32% of the total labour force 14 years and over. The youth aged group 14–29 years that is unemployed comprises 60% of the total unemployed.

The Situation Analysis carried out in 1998 by UNICEF identified the burden of unemployment borne by young people had been a result of a stagnant economy and an over-extended education system which provides them with few skills for self-employment, the only employment status having more prospects for employment opportunities.³³ Young people with class 6 or Form 3 qualifications have very limited opportunities of finding paid employment. Even university graduates today find more difficulties securing jobs. The aftermath of the peak of the social unrest in 2000, left the economy at a standstill and as Dr. John Roughan of the Solomon Islands Development Trust (SIDT) puts it – “No economy, no employment”

While more prospects for employment opportunities are forecasted in the self-employment sector, major deployment of resources are needed to provide training, credit and marketing information and ongoing monitoring and support. There is no such large-scale undertaking as yet in place. Training and access to credit facilities are limited, especially for women and young people who would like to start up small income generating activities. Past programmes on credit schemes, such as the one previously offered by the Development Bank of Solomon Islands, specifically for young people, had not been very successful due to lack of basic knowledge in small business operation. Programmes for young people run by the National Youth Congress and funded by the governments had not been sustained due to lack of continuous funding and poor management of such programmes.

In the national context, youth unemployment in the country is characterized by certain factors including the following –

- Urbanization - the nation’s market economy is almost totally centered in Honiara, which draws young people. When getting to Honiara and found no paid work, they become unemployed urban youth (*‘master liu’*).
- Over-stretching of 'wantok system' in town. Working people are now feeling the pinch of the effects of over-crowded households due to unemployed persons, especially young people lodging with their relatives in town, whom could no longer sustain them with their small incomes. * Wantok literally means One Talk that refers to people who speak the same language. Nowadays it is a reference to a system of social organization that offers unparalleled opportunities for children to have a sense of belonging. Kinship systems and institutions like customary land tenure do protect Solomon Islanders from absolute poverty or destitution. However rapid destructive changes from unsustainable resource exploitation and increase cash demands have put a lot of pressure on the system.
- Erosion of cultural values – young people are fast adopting non-indigenous values imitated from foreign cultures as a result of exposure to western media. Inter-island marriages also created children whom are not closely attached to either of the parents’ cultural values. Such young people are in some cases, creating ‘new’ values that are mostly of western cultures.
- School push-outs – the highly selective system of education in the country in a lot of student drop out in Standard 6, Form 3, Form 5, Form 6 and Form 7 as well as the selection for further education, which are mostly in scholarship funding.

³³ UNICEF, Situational Analysis, 1998

- Health Issues: Young people without employment are most vulnerable to getting involved in unhealthy activities including: Alcoholism; Tobacco and drug abuse; Mental health; Sexual activity and social change; STDs and the issue of the sex
- Juvenile offenders – more young people get into mischievous and criminal activities because of boredom and to try and make a living;
- Armed conflict – The recent ethnic tension had seen an unprecedented situation where young people were easily mobilised to join up in armed militia groups. Such mobilisation of young people should be promoted for good cause and not for wrong reasons.

While the above are indicative of the situation young people are in today, continuing factors and constraints contributing to the unemployment situation both in the formal and information sector include the following:

- stagnant national economy that is now shrinking as shown by the decline in Real GDP by 14.3% in 2000 and 0.5% in 1999;
- high population growth with shortage of skilled labour;
- weak decentralisation policy that impairs social and economic development in the rural areas, hence high urban migration;
- under-developed private and informal sectors, thus rigid labour market;
- culture of dependence that discourages initiative-taking attitudes;
- non-conducive environment for investment;
- Lack of youth employment policy and effective directives and resources to regulate the supply of and demand for labor.
- Lack of coordination between the responsible Government with all other stakeholders including NGOs, educational institutions and the private sector.
- The education curriculum is not always appropriate sufficient to develop the skilled labor required in the labor market. While more training were geared towards general qualification in the past, the labor market based in the industrial development of the country required more skilled labor.
- The need for proper and appropriate training of youth workers, both in the formal and informal sectors including the community youth workers who, often work on voluntary basis, especially church youth workers. Such training should enable the workers to plan and work in a coordinated, integrated and holistic approach. Similarly, the knowledge imparted to young people should evolve around such approaches as well as necessary skills to enable them to plan, manage and operate in similar manner.
- The lack of proper, appropriate/ updated data on employment trends in urban and rural areas, let alone data and information on the labour market. There is no coordinated planning between the supply and demand sides of labour.
- The national education system should provide equal focus and development on both academic and vocational/skills training or manual and mental skills. Specialised and skills training are essential for the increasing prospects for employment in the informal sector rather than in the formal sector. The combination of both mental and manual skills is required to create new economic activities.

The general local business environment has numerous obstacles that hinder vibrant economic activities that could generate employment opportunities. Until the recent structural adjustment of the Public Sector including the public service in 1997, successive governments have been directly involved in local trade or intervene in local markets in direct competition with private enterprises. The SIAC government in 1997 made radical macroeconomic policies that promote strong private sector development. The economy had actually begun to pick up when the social unrest contributed further to the economic downturn resulting in the current lowest economic level since independence in 1978.

The business environment has not been assisted when bureaucratic procedures and regular changes in government policies frustrate large investors and small operators alike.³⁴ Other factors constraining strong business activities in the country include shortage of skilled local labour, insufficient access to credits by local financial markets, poor infrastructure, high cost and unreliable transportation.

The finding of the study on Sustaining Livelihood in the Pacific is correct in the case of Solomon Islands. The finding states that “access to resources such as land and other natural resources are not easy. The complexity of the land tenure system whereby land is owned by tribes and not any one individual often brings about disputes over land and the natural resources on it. Such situation discourages and scares investors who feel insecure to start or expand foreign investment activities. Internal migration within islands in the country had seen increasing numbers of people using land and sea they have no traditional rights over. This often results in disputes and tension between the immigrants/settlers and traditional owners of resources as had happened between people of two provinces, Guadalcanal and Malaita”.³⁵

3.3 Underemployment

In the context of this study, the conventional reference to underemployment is adopted and therefore, involves people working fewer hours than they like to and others involving long hours with little gain. It also represents people able to obtain part-time work and people who work in household production units in rural and urban informal sectors. Underemployment is high among young people. It is also characterised by their efforts to eke out a living by means of low productivity work in the lower subsistence-oriented informal sector or in low yield activities as odd jobs, car washing and so on.³⁶

There has not been any comprehensive study done on young people in relation to underemployment. However, unskilled young people are evidently involved in jobs that are lowly paid and involve long hours with low wages. This particularly clear in females engaged in wage employment in traditional areas of female employment and in low wage

³⁴ UNDP, Sustaining Livelihood, 1997

³⁵ *ibid*

³⁶ ILO, Youth Employment: Labour market challenges, 2001

occupations such as clothing manufacturing and fish canning rather than in male-dominated sectors. This situation is a reflection of disincentives for female child to strive more in education and the rigid education system. Efforts to strengthen women's ability to fulfill both traditional and new economic roles have to involve creating equal education and training opportunities, employment legislation and programmes for young people with gender considerations taken into account.

A result stemming from such female employment situation is seen in young women resorting to commercial sex to supplement extremely low wages. For example in Noro in the Western province, a study in 1995 found that "fish cannery relies heavily on young female labour, many of whom are as young as 16 years old. Working conditions of 48-65 hours a week as below \$0.30 per hour, make these young workers particularly vulnerable to the readily available cash for sex proposed by the regular visits of foreign seafarers in fishing vessels"(Emberson Bain, 1995).³⁷

In the urban areas, young people are evidently engaged in low paid jobs such as car wash, vehicle refueling, night club bar services, hotels and restaurant services, casino attendants, shop attendants. For young people aged 14-29 years, they represent 45% of the total workers in hotels and restaurants and 65% employed in private households. In rural areas where 80% of the population live, young people are also engaged in infrequent sale of market produces to earn some cash incomes to meet family needs. However, not only the cash incomes from the market sale are mostly small, long travel time is involved to get to markets for such small incomes. Throughout the provinces, the average time to get to markets to sell produce is 3 hours by walking, 3 hours by canoe and 1 hour by truck. An in-depth study is required to comprehensively account for underemployment situation of young people.

It is now a global trend that people less pursue long term careers and prefer to pursue more than one source of income through part time jobs or seasonal work particularly in the finance and service sector. Young people, being mostly unskilled are most vulnerable to be offered less attractive jobs that entails potential career advancement. Alternatively, they would have to seek part-time jobs in the formal sector that are lowly paid and offer less job satisfaction. However, without appropriate skills they would not also get into more than one part-time job that could sustain their living. Therefore they need multi-skills to be employable in different areas. The education system in the country needs to prepare young people in multi-skill training. People engaging in the informal sector also require such training to earn sufficient cash incomes.

The random survey done with 20 employed young people shows that most of them prefer to do more and better jobs. This reflects the dissatisfaction of employed young people with the amount and kind of work they are engaged in.

³⁷ UNICEF, State of Pacific youth, 1998

3.4 Summary of Issues/Problems facing young people

Based on the overview in this section the following summarises general issues that young people face in terms of employment and the labour market and which are further discussed in the next section:

- Young people (14 – 29 years) make up 49% of the total labour force
- Scarce opportunities for employment in the formal sector
- Annual influx of young people into the workforce does not match employment opportunities
- High level of hidden employment and underemployment
- Closure of big companies, SIPL, STL which provide most opportunities for youth employment
- Concentrated paid occupations in the main capital
- More males in paid employment than females
- Underdeveloped private and informal sectors that can generate more employment opportunities
- Rigid labour market and saturated formal sector
- Limited education and training opportunities especially for females
- Limited skill training opportunities to match the labour market requirements
- Increasing demand for cash incomes

4 ACTIVE LABOUR MARKET POLICIES

4.1 Supply Side: Improving human capital

4.1.1 Education and Training

National education service has always been a priority area of successive governments. Thus, indicates the importance based on developing human resource for own individual development as well as for nation-building and national development. Solomon Islands subscribes to various international conventions that promote quality education for all. However, while for so long education and training policies aspire to strongly develop human resource, financial provisions from the national government are never adequately committed.

There is a coordination breakdown between the authorities responsible for human resource development and the labour market. This needs to be improved to balance the supply and demand sides. Such is the situation that the rest of the school drop-outs, accounting for about 7,000 young people each year, are either absorbed as unskilled labour in the formal workforce or informal employment sector or become unemployed. 1999 Census shows the bulk of the total current paid workforce, 21% had educational attainment of only primary level, standard 6 or 7. Twenty three percent (23%) of them in

this level is aged between 14-24 years, and 34% of whom are females. This portion of females is alarming given that less girl than boys are sent to school.

The total labour force in paid work reaching secondary schools is only 15% of total paid workforce, 2% attaining vocational education and 12% tertiary level. About 30% of those attaining secondary education are in the age group 14-24 years, 2% at vocational level and 11% at tertiary level. Out of the total workforce, 31% are female, of whom 30% in the age group 14-24 years. This reflects the majority of the females are not in regular paid work.

The lack of labour information and database is also attributed to poor planning. In realising this weakness, the recent review of National Human Resource Planning suggests among other needs the following in relation to the labour market:

- “The national, provincial/state governments and employers must make the commitment to develop human resources as a national investment, through the allocation of adequate resources and time for quality learning;
- Human resource development need to be integrated into other human resource management to facilitate a commitment to quality productivity and output in the national economy;
- National human resource development planning recognise the role of all stakeholders which include individuals, industries in the private sector, the public sector, representatives of civil society, NGOs, training providers, policy makers, employer and employees associations and the governments and development partners in the development of national human resources.

On the same note, the Education Strategy 2002-2005, states actions in relation to the labour market including:

- Conduct national skills survey; conduct latest opportunity list; consult with province on their training needs; award scholarships in line with skill needs; employers to contribute up to 50% of cost of in-service training.

The foregoing aims indicate the importance now placed in the national supply side of the labour market that should strongly pursued to meet future challenges for young people.

Non-formal Education

With the declining trend in the formal employment opportunities, non-formal education, vocational and community education has become essential for the entire economically active population. Three major factors gave rise to this need – population growth pressure, high drop-out rate from primary and secondary schools and the high unemployment rate.³⁸

Recent reviews of education policies and strategies for both the formal and non-formal education, have now placed more emphasis on non-formal education and skills training. This is in line with economic policy changes that emphasizes private sector

³⁸ DEHRD, Review of Non-Formal Education, 2001

development that only got disrupted by the social unrest. However, in order to develop this sector, it needs a skilled workforce. Hence, a pool of skilled labour has to be available. This in turn demands the education sector to provide the pool, but with supporting resources, particularly, financial commitment. A Non-Formal Education (NFE) policy is currently being finalised and it covers vocational and community education as well. The policy formulation emanated from the country background situation of limited formal employment opportunities; high dropout rate from schools; high employment rate of young youths and adults; high illiteracy and numeracy rate in youths and adult; inadequate skill and technical people; insufficient income-generating projects in the rural community and; insufficient skills to manage scarce resources of the rural community.

The present NFE providers provide mainly skills training, on-the-job training, specialised training such as for handicapped children, literacy training for adults. Participation numbers however are not available. Those NFE providers include:

- Don Bosco vocational School;
- In-house training in the government departments, semi-government organisations, private sector;
- NGOs (SIDT-LASI, Red Cross Handicapped centre, Honey Association, etc);
- Willies Electrical skills centre;
- SICHE vocational training;
- SITAG literacy programme
- Commodity Export Marketing Authority (CEMA)
- Rural Training Centres (RTCs)

Except for the RTCs and a few community educational programmes. Most NFE providers are self-financed or assisted by sources outside the government. However, even the government grants to the RTCs are very minimal. For example, figures from the 2001 education budget indicate only 2% is allocated for NFE Division and 6% for RTCs.

Currently, there is lack of comprehensive data on NFE in the country. The availability of such data is essential for formulation, implementation and evaluation of sound educational policies in relation to the demand of the labour market. NFE providers have kept some basic records of their training programme and outputs. However, consolidating these records so as to establish a well-coordinated and comprehensive database for purposes of integrated planning in relation to employment opportunities in the labour market, is needed.

While there is still inadequacy in the education system and arrangement to maintain or increase the supply side of human capital, the demand side, the formal labour market is already outstripped. There is less jobs even for academically qualified people and the situation only worsened by the closure of major employing industries. The shrinking national economy further leaves a bleak future of employment and severely affect the ability of household earning to meet even the basic education of young Solomon Islanders.

Because the economic growth rate has not been able to keep pace with the population growth (although it has declined to 2.8% from 3.5%), it is foreseeable that a very large proportion of the future labour force must continue to seek employment in the subsistence and semi-subsistence sector.³⁹ This is where NFE is vital to be developed and expended. To seek to be competitive in the global market, advance skills training, especially technological skills need to be developed.

However, all involved in this process, the employers, students, DEHRD, labour office, and so on, have limited knowledge of the exact labour market situation especially in the absence of any employment database and clear directions of the labour market. In recent years, job opportunities/vacancies are getting lesser and lesser while school leavers each year continue to increase in number.

The absence of information on supply and demand for skills makes young people face tough choices in what studies to undertake and what careers to pursue. Such information should be able to assist them and their counselors in making decisions regarding transitions from secondary to post-secondary studies, training or the workforce and to take advantage of emerging labour market opportunities.⁴⁰

According to the government labour office, there has never been any needs analysis carried out in terms of the labour market and appropriate training to meet the needs of the labour market. As a result, priority needs for areas of training to meet the labour market demands are difficult to identify.⁴¹ These further results in young people with tertiary education attainment unable to get jobs quickly as, skills acquired do not often meet the required skills of the labour market. The current approach makes no correlation between the supply and demand side. For example, the DNP and DEHRD training needs projection for 1999/2011 by sector and industry is only 423. The majority of the training is for social and personnel services and the lowest for construction and mining. This projection, however, is not determined by the labour market or vice versa but rather on economic growth of each sector. No clear correlation is established between labour market and the national manpower training needs projection.⁴² Also accurate projections are not easy to make, as there is inconsistency in the economical development and growth due to fluctuation in the industry sector activity.

There are other training and development modes in the country that is assisting in developing human capital for the labour market. The review on the National Human Resources Development Planning acknowledges the importance of those other modes. Thus, it sets out as one of the principles – “the training and development to cover a wide range of modes, which include but not restricted to full time on-campus learning, distance education, professional development seminars and workshops, on the job instructional coaching, apprenticeship, research and structured discovery learning in the

³⁹ Donald Kundu, DDP, SIG, 2001

⁴⁰ ILO, Decent Work Deficit, 2001

⁴¹ John Fotewale, Commissioner of Labour, DCET, SIG, 20001

⁴² DEHRD, NFE Review, 2001

environment”.⁴³ The review also suggests other needs that ought to be addressed in relation to the labour market. They include:

- “National human resource development planning needs to equally focus on academic formal training and development to address high and middle level skills, as well as on national professional development and vocational skill development needs of industry and the rural population. The development of school leavers and continuous development of the existing workforce is significant;
- National Human resource development planning encourage the development of skills that are appropriate to both the formal employment and informal employment sectors, by providing the training and development opportunities to both sectors.

The government with all stakeholders in youth employment should take concerted efforts and integrated approach to implement policies and actions to promote decent work for young people and for all.

4.1.2 Guidance and Counseling

Guidance and counseling in terms of employment opportunities can only be effective and influential if there was comprehensive labour market information. It is essential for guidance and counseling workers to have a wider and in-depth knowledge about job prospects and opportunities in the labour market. While secondary schools have within their establishments guidance and counseling units, and the DEHRD, a Selection and Guidance Division, their tasks have been made difficult in the absence of labour market information. Limited information on employment opportunities is available to the guidance counselors to adequately counsel school leavers. Invited counselors from employing organizations also have limited knowledge of the overall labour market and thus could only provide guidance regarding job vacancies in own organisations or individual sectors. It thus makes it more difficult for young students to grasp an overview of the whole labour market opportunities. Their knowledge of and exposure to the world of work remains limited.

While employing organizations could only present job opportunities in ones own organization, these are limited and therefore selection of potential employees from among the young school leavers is rigid and very competitive. In cases where no suitable candidate is identified, no recruitment would take place, leaving the situation of more unemployment. More organisations require skilled and experienced candidates for their jobs. This is not easily found among school leavers whose education qualifications are more general rather than skill-based. There is need for comprehensive review of school curricula and system which gives student some job exposure while in schools.

Apart from limited LMI, the guidance counselors are themselves inappropriately placed to provide counseling. They are mostly non-qualified workers/teachers whose guidance is provided only as far as employment vacancies are available and not beyond. The national career’s week usually held at the end of each year provides the opportunity for job matching and placement between employers and school leavers.

⁴³ DEHRD, National Human Resource Development Planning, 2001

In terms of business guidance and counseling, it is important that counselors are aware of their roles and responsibilities in promoting youth enterprise. The commonwealth Youth Programme summarised the role as follows: “Youth workers are faced with the challenge of creating a climate and environment in which young people can learn to be enterprising. Young people must be able to develop skills, in relative safety and take reasonable risks before venturing out on their own into real enterprise”.⁴⁴ Because young people are not a homogenous group, the counseling task requires skills and sensitivity. In the case of Solomon Islands, cultures vary across the country and even within a province. Barriers to enterprises can therefore, be peculiar to each province. Young people should be assisted to identify these peculiar barriers and overcome them based on their individual skills, experience, needs and capabilities.

Currently, there are assistance offered in small business advisory scheme under the DCET, and courses in SICHE and a few private and aid-funded Start Your Business courses. However, there is very limited access for young people because of limited intake and fee barriers.

Business guidance and counseling for young people should consider a wide range of business possibilities rather than the common or popular business whose markets are often limited. Such venturing into new business possibilities could create new and more job opportunities for more young people.

4.1.3 Job Placement and Labour Mobility

According to 1999 Census Statistics, the majority of young people in age group 14-24 years in paid work are in the agriculture and industries, and account for 28% of all workers in the industry. This is the situation for both males and females, the latter representing 38%. The labour concentration in the agricultural sector reflects the contribution played by employers such as SIPL and STL in terms of employment, as well as the semi-subsistence farming. However, these major employers have closed down in 2000 and adds on to the total unemployment situation. By occupation, the majority of the young people in the same age group are also farmers and fishermen, forming 25% of the total farming and fishing workforce. This trend is also reflected in the unpaid work where agriculture takes up the majority of the total unpaid workforce, accounting for 78% of whom 67% are females. In the subsistence and marketed production, census was done on agricultural and marine products and it shows the great reliance on subsistence and semi-subsistence activity by the population, particularly the rural populace in the Provinces. By production method, traditional production method is still higher than commercial production.

The 1999 census shows a shift in the labour to manufacturing industry and wholesale and retail trade. This indicates that the economic activity in the country has shifted into the secondary industries including services industries. The closure of the major employers in primary industry such as SIPL and STL would again affect the

⁴⁴ White S & Kenyon P, Enterprise- Based Youth Employment Policies, Strategies and Programme.

mobility especially in the formal sector. The closure affects the primary industries and thus the shift in labour from those industries sector. Sectors with major falls are fisheries (42.4%), mineral (51.4%), construction (31.5%), agriculture (25.2%) and electricity and water (32%), transport and communication (20%) and manufacturing (19.8%). Other sectors recorded drops less than 14%.

Underlying falls in the fisheries sector was marked by the closure and suspension of the major fishing companies namely Solomon Taiyo Limited and Solgreen Limited and the downscaling of the National Fisheries Development (NFD) operations. The agricultural sector was also affected by the slow down in cocoa and copra production as result of the decline overseas market prices, the effects of the social unrest and financial plight of Commodity Export Marketing Authority (CEMA). The decline registered by the mineral sector was attributable to the closure of Gold Ridge Mining Limited (GRML).

The restoration of some peace towards the end of 2000 has, to a certain degree, gave way for more optimism for economic development, 2001 and beyond. However, 2001 has seen the impact of the unrest beginning to take its worst effects which, based on current forecasts, would continue to take their toll into the immediate future.⁴⁵ Given such situation, and the withheld assistance from overseas development partners, job creation let alone replacements of those lost during the social unrest is far reaching to pace with the growing population.

4.2 Demand Side – Creating Job Opportunities

4.2.1 Job creation and public works

Successive government policies including the current labour policy stipulate “creating more employment opportunities to go in line with the increase in the population”.⁴⁶ On the same note, the National Youth Policy states as one of its key strategy areas, the “equal opportunity for all young people to train and enter employment of their choices”. The policy recognizes the limited opportunity in the formal sector and thus “reinforces the need to sustain and further develop the semi-subsistence and the informal sector as the main source of employment for young people. It also promotes the possibility of expanding employment opportunities and practicing sustainable development of resources in rural areas to encourage young people to actively participate in the economy and as a means to curb the great influx of youth to the capital where there are already very limited employment opportunities. However, the policy also re-emphasises that to take this direction, young people must be given easier access to financial assistance to get started in any business venture.”⁴⁷

Economic growth, although not in itself, is necessary for employment opportunities. Such economic growth requires boosting by investments both from

⁴⁵ CBSI Annual Report, 2000

⁴⁶ SIG, Labour Policy, 1998

⁴⁷ SIG, National Youth Policy, 2000

foreign sources and through domestic savings. (An environment conducive to investment must be created to retain current investors as well as attracting new ones to increase employment opportunities), [Central Bank Report, 2000, p.10]. The effects of by the social unrest, however, have really worsened the economic situation of the country with the GDP in real terms falling drastically as a result of falls in all sectors except finance.

4.2.2 Job prospects for youth in the information economy

Being tagged along in the globalisation process, Solomon Islands has not fully realised the positive implications of innovations in information and communication technology (ICT) on employment relations let alone the job prospects in the ICT economy. Apart from the national post and telecommunication organisations which employ about close to 400 people (there are no self-employed persons or entirely private companies in this industries), ICT is a relatively new introduction in the country. This reflects the very few people engaged in this profession. 1999 statistics shows a total of 33 computing professionals and 57 computer associate professionals with 10 and 12 females respectively. The occupation/industry by age groups is not specified.

Recent studies in the Pacific including Solomon Islands emphasise the great potential export-oriented services including ICT-based industries has in creating more job opportunities in the country. It is equally important in both the supply and demand sides of labour markets. A recent study in April 2001 on human resource development planning in the country highlighted the importance of technological environment and ICT availability and innovation that could have implications on: the use of electronic learning (E-Learning) in distance education as an option along with on-campus studies; improved communication; appropriate technology; on employment relations; in production and implications on the need to train human resources; the speed of changes and rate of obsolescence; and the need to invest human resources into research and development in technology.⁴⁸ . The country needs to heed such findings and take appropriate actions to create job prospects for young people in this industry. Such actions can include providing conducive and market-friendly policy environment as well as sound economic management that would encourage investors in the industry. Some good recommendations are outlined by the Secretary-General's High-Level Panel on Youth Employment. SICHE is taking a right step in planning to undertake a needs assessment of the labour market to determine what courses to offer in 2002 and onwards as part of its scaled-down operation resulting from overall national financial constraints. The need for ICT is hoped to be gauged from the planned assessment.

4.2.3 Promoting Self-employment

With the declining capacity of the formal employment sector to absorb the fast growing labour force, recognition on national level has been given to the importance of promoting self-employment as means of livelihood in today's growing cash economy world. As mentioned earlier, even the rural population, which used to enjoy the

⁴⁸ DEHRD, Human Resource development Planning, 2001

subsistence living and had less need for cash income, is increasingly in need of cash. They need it to meet other social needs such as education fees, better living standards, health and medical diagnosis as well as food from shops as diets have increasingly switched from traditional styles that were normally derived from subsistence farming.

National policies and programmes such as the education and youth policies, human resource development and indigenous business as well as NGOs programmes, have all acknowledged the fast emerging problem of employment opportunities. The concern is especially for young people and their future livelihoods as the traditional safety net of kinship sharing and caring that ensures everybody is sheltered and fed, are equally fast eroding. These policies and programmes recognised self-employment prospects by promoting actions and researches that facilitate young people to access this employment status.

Problems faced by young people in sustainable development of the rural areas and self-employment opportunities are common across all provinces and which reflect poor rural infrastructure – lack of shipping and marketing opportunities and credit etc.

A study of Form 3 leavers undertaken by the DEHRD in 1988 found that young people prefer to live in their rural communities but with opportunities to generate income. The study also found that they expressed a preference for self-employment and that 35% of those studied have chosen not to seek wage employment. Of those who preferred to live in town, 30% felt the standard of living is higher and 30% felt that their parents expected them to find a job. However, in view of the saturated formal sector and after the experience of the social unrest, there are even more limited opportunities for self-employment especially in Honiara. Focus must therefore be directed on sustainable rural development with the view to create more opportunities for self-employment. The adoption of the Parliament accepted State government system might be a right step towards addressing this issue, but without repeating the mistake of centering economic activities in provincial urban capitals.

4.2.4 Supporting Small enterprises

The national Youth policy promotes as one of its key strategy areas, initiative to set up a Youth Entrepreneurship Scheme as well as related advisory services provided through various Departments that should accompany such set up. Private firms currently undertake some short entrepreneurial training courses with some funding from donor countries. SICHE also offers certificate and diploma in business programmes, while other young people study these on tertiary level in overseas educational institutions.

The policy also emphasises the need to review various forms of grants, whether from the government or elsewhere, with a view to establish policies that enable young men and women to have equal access to such funds to start small and medium scale enterprises both in rural and urban areas. The national youth policy signals the direction and priority the country intends to give to the development of its young people. However,

development of sub-policies, strategies and programmes such as Enterprise-based Youth Employment policy have been found in other countries to have re-focussed attention on specific opportunities and problems experienced by young women and men who enter self-employment and wish to engage in small enterprises. Solomon Islands has yet to develop such specific policy, strategies and programmes let alone a national employment policy or Youth Employment policy. This absence can also be attributed to the misdirected and uncoordinated approach to addressing youth unemployment problems and the overall labour market issues in the country.

The current economic situation on the national scale is far from being conducive to creating better opportunities for self-employment through enterprising undertakings. Young people are the most affected and any intention to effectively support them getting into small enterprises can not presently be realised. The government support for small enterprises given in terms of small business credit scheme and business advisory services under DCET is presently non-functional due to lack of funds. Moreover, this scheme is not specifically for young people and so accessing it is more difficult for them. The lack of general support has seen difficulties by not only young people to start up small enterprises as well as difficulties in sustaining small enterprise operations. Factors contributing to these difficulties are common problems throughout the country and include:

- The general business environment that is frustrated by bureaucratic procedures; shortage of skilled local people; poor access to credit, savings, or investment capital; and insufficient but expensive infrastructure, especially transport. Successive governments have tried with little success, to improve infrastructure to better connect rural and urban economic linkages. The structural reform started in 1997 aimed to strengthen the private sector was disrupted by the social unrest during 1998-2000. More research is needed to better understand the environment in which the informal and small enterprises operate and actions that ensure development programmes meet the needs of the informal sector.⁴⁹ (PHDR,p86)
- Access to resources especially land is not easy given the complexity of land tenure system throughout the country. Land is often a source of dispute, which makes it difficult for quick start of enterprises. Many informal enterprises in urban areas have insecure tenure. Commercial/ formal sites are difficult to obtain so that many operate from homes or on roadsides or vacant land against local regulations.
- Access to finance to start up or for operating capital constrains a lot of small and informal business enterprises.
- The legal environment is very cumbersome for growth of small businesses and hinders transition from informal to formal enterprises. Such legal elements include – licensing, registration, premise regulations, labour law and taxes. Their administration is often confusing, inconsistent, frustrating and not facilitative enough for business activities.

⁴⁹ UNDP, PHRD, 1999

Unless the above hurdles are addressed, young people would not get much support for local enterprising initiatives.

4.2.5 Community development through local initiatives

Not often realised is the factor that young women and men are an important source of varying skills, energy, creativity and vision for local communities. These strengths, if fully developed, are essential for community economic development. Young people are an important part of the community as well as a potent resource that the community can benefit from.⁵⁰ But firstly, communities have to create an environment for youth enterprise. This can be done by promoting young people's participation in economic planning and action and through specific measures directed to supporting business development amongst young people (bid).

Rural Community

Past and present efforts of successive governments to decentralise development into Provincial rural areas have been impaired by varying factors. Some of these have been earlier stated in previous sections and include - poor rural infrastructure mainly transport facilities; inaccessibility of credit schemes; poor information about market demand; high cost of transportation means because of the scatteredness of islands.

One such effort has been the Rural Constituency Development Fund (RCDF) given annually by the government to members of Parliament for any needed development in each constituency. While the mechanism to disburse funds through Constituency Committees that screens project applications from constituents has been the practice, a lot of discrepancies do take place as RCDF are entered into Parliament members' personal bank accounts and in most cases they have the sole discretion to disburse fund. To date it is a contentious issue, often said to be mismanaged and benefit only a few and the members themselves. The fund is often associated by many with corruption and buying vote, as members do not often adhere to accountability for the fund.

The traditional reliance of young people on their parents until they are married has created the dependency attitude that is reflective of the non-enterprising mentality of young people and is increasing pressure on the traditional safe-net of family kinship, especially in urban areas. The growing pressure/demand for more cash economy is slowly changing this attitude. More and more young people want to have own earnings to be able to make free choice as to what they wish to purchase. This is an opportunity to tap and harnessed by providing as much support for young people to be enterprising, both mentally and physically.

A lot of rural youth groups are in existence in rural communities. Most are religious-based groups, which carry out voluntary work for communities. Some are sports-based, music groups which when need funds would do fundraising drives.

⁵⁰ White Youth Enterprise-Based Report

However, activities of such groups are not enterprise-oriented, thus, cash income needs for livelihood are not satisfied. In most cases, this situation drives young people out of rural communities into urban communities. Some rural youth have engaged themselves in eco-forestry and tree planting for future harvesting. These efforts need to be encouraged and sustained to expand such enterprising undertakings as well as to keep youths back and from migrating to urban towns where limited opportunities are available in sustainable resource development.

Traditionally children and young people are not given community responsibilities nor involved in decision making process. Such practice leaves young people feeling left out and useless. Most small enterprises started and run by young people, have been unsuccessful for number of reasons including not being able to take responsible decisions. Competitive attitude for enterprising purposes is not developed. Negative competitive attitudes to run down small businesses operated by others are high and not positive for economic development. Rural communities need more educating in how different small businesses can complement each other and contribute together in developing a buoyant business environment thus, job opportunities.

Urban Community

Presently, economic activities are more visible in urban communities because the formal sector industries are almost all centred in those areas. However, their increasing population due also to more migration of people from rural communities, had seen increasing informal sector enterprises starting up. Young people who migrate more are not evidently involving much in these enterprises. They are seen more on streets without jobs and therefore a key-contributing factor to why they were easily mobilised for criminal activities including the recent armed conflict.

Urban youth groups, like rural groups are mostly religious, sports and music-based and not undertaking enterprise-oriented activities. The results of the social unrest leave even more limited employment opportunities and young people getting into law-breaking activities including shops and house break-ins and more young females involving in commercial prostitution to support their living in town.

The present environment in Honiara is not conducive for both sustaining and starting up business, as there is a breakdown in law and order, illegal possession of arms and so on. Unless the environment is safe, law and order restored, more and decent job opportunities are difficult to create.

4.2.6 Supporting Private Sector Developments

Before the events of June 2000, the peak of the social unrest, the government's reform programme embarked on three years earlier, established strong ground for optimism after years of uncertainty and little prospects.. The programme entailed three

main elements: macroeconomic stabilisation, public service restructure, and privatisation and reform of state-owned enterprises and joint venture companies. The macro-economic setting envisaged include “tight monetary policy designed to contain inflation under 10% while allowing for adequate credit expansion to the private sector to boost economic activities in the country...”⁵¹. The result was the impetus was in place for renewed domestic investment and more economic activity by the first quarter of 2000. The Solomon Islands economy could have therefore recorded positive developments in 2000 had it not been for the social unrest. Employment opportunities could have also expanded as a trickling effect.

The persistent social unrest during 2000 had instead deteriorated the economy. All major industries that were also major employers either closed or scaled down due to security situation and law and order breakdown. As a result, Government revenues fell sharply, and many most needed lost either through redundancy or eviction or indefinite unpaid leave.

The 1997 ADB Economic Report in Solomon Islands acknowledged that support provided for village economy through self-employment and wage employment, together with common aspiration to wage employment, justified adapting policies that generate wage employment and dash-earning opportunities in general. However, it identified that the missing key ingredient in the situation in Solomon Islands is a stable macro-economic environment. This is one of the target areas of the SIAC Government reform programme which, only got disrupted by the social unrest. To date, the "economic plight of the country looks gloomy and very precarious both for the immediate and medium term while the peace process remains fragile. Economic revival can only be achieved with a strong private sector led growth". The Government as a facilitator of private sector development has to restore fiscal balance and most importantly, restoration of investor confidence by restoring security situation and regain public confidence in the rule of law⁵².

Crucial to the rehabilitation and rebuilding process is the return of law and order and a redirection of infrastructure and industry support services to rural areas where prospects of private investment generating wage employment are good. Such investment includes the approved Bina Harbour development in Malaita, international airport development in the Western Province. The effective use of external grants and loans when donors see evidence of responsible economic management is essential.

Other facilitative processes for private sector development as highlighted in the CBSI Report, 2000 include:

- reliable power and water supply to lessen heavy costs on private business; reasonable telecommunication charges; full cost-recovery tariff charges; a productive and health workforce as a basic input in the growth process; access to quality and appropriate education; technology promotion in especially agriculture research and extension for future productivity growth; conducive institutional infrastructure encompassing legal

⁵¹ CBSI Annual Report, 2000

⁵²CBSI Report

framework within which the private sector and micro-economic policy environment operates; clear trade, taxation and investment policies and procedures and stamping out outrageous volume of tax remissions, simpler access to land for private business such as the recent initiative of the provision of the Ranadi industrial estate private businesses. To offset relatively high labour costs and other utility charges, the government has provided cheap access to natural resources. Also attractive incentive packages are established for foreign investments such as siting and security of land, import duty concessions on capital goods are some of these incentives. However, approval procedures are vulnerable to corrupt practices. The government needs to address tax compliance problem and its tariff structure to ensure effective protection in some industrial input.⁵³

Credits to the private sector were available through the Development Bank of Solomon Islands and commercial banks, loans from which can be guaranteed under the CBSI Finance Scheme. However, the over-borrowing by the Government has halted such credit access. Credit Unions extend credit to the rural population, however, with the current poor economy, such avenues are no longer accessible. Besides credit, support services are inadequate. The Industrial Development Unit in the Ministry of Commerce promoting small to medium-scale industrial development for Solomon Islanders under an aid-funded project is suspended due to shortage of skilled staff and lack of Government funds. The project provided technical assistance, general business training and credit-guarantees for loans of \$5,000 or less to help establish mechanical workshops, bakeries, furniture construction and fish processing. The project should be revived as it serves as a model for the kind of support Government should provide in the informal sector. The Government Department of Tourism has also been provided aid-funded funds for eco-tourism activities in the rural areas. This too, is suspended due to shortage of funds.

Only a successful tackling of fiscal crisis but first in a secured business environment, can private investment decisions and prospect for sustained economic growth in the immediate future, be achieved. A stable environment in all spheres, political, social and economic can stimulate economic development. Promoting (especially agriculture) technology, public investment in physical and institutional infrastructure and human resources development is essential to creating a productive, complementary relationship between public and private sectors.

4.3 Job Brokerage: Matching job seekers with employment opportunities

4.3.1 Public Employment Services

While the Government has Departments responsible for youth and employment related matters, their primary responsibilities seem generally to deal with legislative and policy aspects. There is no institutional set up within these offices or anywhere in the public service set up for that matter, that facilitates job brokerage for the public let alone young people leaving schools. Job vacancies in the public service are published in the

⁵³ *ibid*

media by the Public Service office and are open for anyone to apply. Recruitment is made through a selection process based on merits. However, like in many other situations, practice of nepotism is difficult to totally escape. To specifically assist young people, there needs to be some form of set up that would facilitate job matching with young applicants for jobs. Again, a strong coordination needs to be established by all relevant government departments and statutory bodies responsible for youth employment.

4.3.2 Private Employment Services

Similar to the government situation, there is no coordinating body that deals with employment and employment seekers in the private sector. Each private business publishes its own job vacancies mostly in the media for anyone to apply. However, the private sector, especially the private formal sector requirements for employees at present are slightly more competitive than the public service in that it needs more skilled and experienced workers. The present less skilled youth population is mostly unsuitable for decent and highly paid jobs in the private formal sector. The private informal sector is presently where a lot of opportunities for employment lie although it is yet to be given priority attention by the government to develop. Similar efforts by other countries around the world to institutionalise facilitation of job matching with job seekers should be taken to assist especially young people.

4.3.3 Labour Market Services

(i) Labour market information

There is a total lack of any comprehensive information and statistics or databank on the labour market in the country. Scanty and isolated information that are found in various writings are not sufficient to provide a comprehensive account of the labour market issues. Thus it does not provide a basis on which human resources planning and development can be properly made in terms of the labour market requirements for a skilled and educated workforce. Human resource development and manpower planning are currently the responsibilities of the government. There is no coordinated link or arrangement in which planning can be done with other actors in the labour market, especially the private sector. This is partly due to the fact that the public sector has been dominant in national economies and until recently, the biggest employing sector. In other words, there is no coordinated approach to matching the supply and demand sides. Government responsibility over employment related matters come under various departments. For example, human resource development presently comes under the Education Department, Manpower planning under the Department of Development planning and employment comes under the Department of Commerce, Employment and Trade. However, there is little coordination between these authorities, let alone with stakeholders outside the government setup.

Although it is important to have an educated population, with the rigidity of the labour market, it is equally vital that the education system provides training in

areas/sector most required by the general economic development to enable creation of more job opportunities. At present, the demand is high for skilled workers and the education system should be more responsive to the demand to produce employable labour supply. This would avoid a having an educated workforce that does not match the labour market demand and reduce the growing number of 'educated unemployed'. Through effective coordination, up-to-date and relevant labour market and business-related information can be produced and made available for planning and development needs. The proposed plan by the Solomon Islands College of Higher Education to collaborate with other key players in the labour market including the private sector, to carry out labour market needs assessment is a step towards the right direction. This would then determine crucial training programmes to be offered, as part of its scaled down exercise, to immediately meet the labour demand.

Information on job availability, career materials and any labour market services as well as their rights is vital for use by young people. Making such crucial information available for young people and especially for target groups or 'at risk' youth such as the young women, disabled and the unemployed that are often on the fringes of labour force, is a helpful service.⁵⁴

(ii) Support Services

There had been negligible assistance in terms of support services tailored for young people. Training and access to credit opportunities remain limited. In terms of training, very limited services are available. They include the RTCs as non-formal education, Don Bosco, the Adult Education Proficiency Award (AEPAD) under SICHE through distance education mode. In terms of credit opportunities, only a couple schemes is known to have been specially established for young people. They were the pilot credit programme for young people in Honiara started by the Commonwealth Youth Programme through credit unions. The other was by the RTCs together with the DBSI to RTCs graduates, however, due to administration and repayment difficulties, it was suspended.

As earlier stated, the need to sustain and develop the semi-subsistence and the informal sector as the main source of employment (particularly self-employment) for young people, would demand deployment of a lot of resources to provide needed support. An in-depth study is required to assess such young people's resource and support needs. However, generally such support services would include, as also stated in the recommendations by the UN Youth Employment Network,:

- Specialised training in entrepreneurship and other skills; gender-sensitive job-search assistance and placement services; internships and monitoring; work experience opportunities; counseling services; role models to advocate positive attitudes; more access to credit opportunities; training for employability; etc.(TOR).

⁵⁴ Youth Employment in SI- Terms of Reference

A lot of improvements to the labour market services in the country is required in order to create more employment opportunities for young people. Such improvements include:

- Sufficient supply of skilled labour; retention of this skilled labour; strengthen the private sector; strengthen rural development to create even distribution of jobs; expand economic development opportunities for women; sufficient and appropriate training for young people that will match labour market needs; comprehensive labour market information and data.

5 BEST PRACTICES AND LESSONS LEARNED FOR DECENT WORK

5.1 Labour standards

Solomon Islands subscribes to the International Labour standards. However, being constrained by so many social and economic factors, it has a long way to reach what other countries have attained in labour standards. Earlier sections of the paper reveal the mismatch situation in the supply and demand sides of the labour market in the country. Lessons learnt from misdirected focus on manpower training have seen recent education and training policy changes being geared more towards developing skills more suitable for the labour market. This would ensure the employability of trained young people.

Required reviews of wages such as highlighted in the recent Solomon Islands Economic Association summit, are now being addressed. Past wage policies have strive to remedy the uneven income distribution across the country as well as to eliminate wage formation determined by the public sector. However, such efforts have not been very successful. Current remedial actions are being designed to base national wage levels on productivity.

Reasonable work safety standards are well covered in the legislation. The weakness, however, lies in their implementations and adherence as responsible authorities fail to monitor and report through regular inspections work conditions and environment. Shortage of financial resources and manpower are also main factors contributing to the failure. There is need for an effective and coordinated support network between the government and industries to ensure reasonable labour standards are maintained. In the light of financial constraints, awareness on issues of work safety and condition should be made through media publicity to ensure workers also play their parts in supporting and maintaining clean and better working environment.

5.2 Employment promotion

Active national economic development is a driving force for creating more employment opportunities. With the current weak economic situation in the country

however, it is unlikely at this point in time that even best practices in other countries would better promote employment in Solomon Islands if adopted. Best practices in terms of promoting employment are hardly well planned for the country, let alone for young people. Past employment growth recorded are due largely to unsustainable resource exploitation such as forestry. National development plans and programme implementations have not seriously been done on the basis of other economic and social dimensions including employment issues. For example, the mass harvesting of forestry resource provided short-term jobs in the rural areas. However, the unsustainable rate of harvest reflects the failure of the government to promote long-term employment benefits. There has been a lack of integrated approach to social and economic development in relation to employment promotion, especially for young people. In the context of the modern economic world, Solomon Islands, as small and struggling developing country, offers no best practices in terms of promoting more employment opportunities. In fact, it has a lot to learn from best practices in other countries. However, based on such best practices and lessons learned, drastic steps need to be taken to promote decent and productive work for young people. These would include:

- Develop and review legal frameworks conducive to job creation and opportunities in both rural and urban areas;
- Develop an Employment Policy and integrated Youth Employment policy that takes into account all other sectoral development for youth. Designing and implementation of such policy must take into account the differences in terms of the nature and locations of young people;
- Expand these employment opportunities by promoting access of young people to emerging employment opportunities in resource based economic activities such as eco-tourism, agriculture, fishery, ICT, sports and culture;
- Review and strengthen labour market services/mechanisms and eliminate barriers to youth employment posed by such services;
- Create employment opportunities for marginalised young people such as the disabled, less-abled, and women by exploring possibilities of establishing special or subsidised employment schemes to attach them to the labour market;
- Strengthen the private sector activities that in turn would stimulate development growth in the informal sector where more prospects for employment opportunities are;
- The development of the informal sector entailing self-employment status must be accompanied with supporting resources such as credit facilities, business advisory, skills training; market information. Most important support in terms of monitoring and evaluations must be provided.
- Social partners including workers' and employers' organization must be involved in the designing and implementing of youth employment policy and programmes.

5.3 Social Protection

The biggest institution in terms of providing social protection in the country is the Solomon Islands National Provident Fund (SINPF) which, has to date a total of 113,067

members, 41% of whom are in the youth age group 14-29 and inclusive of those aged 13 and less and 30 years. The total members represent 45% of the total economically active population and only 27% of the total country population. While another concurrent ILO study is done on social protection situation in the country, these figures reflect the need to develop, expand and strengthen workers protection. The informal sector where the majority of the labour force is engaged has more unregistered business activities that are left to contribute on voluntary basis. There are only two branches in the two Provinces and there are no foreseeable plans to set up branches in other provinces. According to the SINPF General Manager, the current adverse economic situation resulting in the government borrowing, has posed a threat in cash flow problem for the Provident Fund. At current rate, the fund is experiencing monthly deficit with average of \$1.6 million going in and \$5-6million pay-outs. This trend is also affecting its investment and therefore, calls on the need for the national economy to be drastically improved.

SINPF in partnership arrangement with the foreign investors established the Solomon Mutual Insurance (SMI) that covers health insurance of all SINPF members. NPF members and members of the public can voluntarily take up other service product SMI is currently offering.

Other social protection institutions providing services to a small number of people include overseas-owned insurance companies. However, they are also badly affected by the economic downturn and are planning closure of operations. As said, details about social protection issues in Solomon Islands can be found in the above-said ILO study.

5.4 Social dialogue

There is obviously lack of work and institutional coordination, constant consultation and dialogue between and among social partners in youth employment or even employment in general and youth issues for that matter. The National Youth Policy sets out as its implementation mechanisms the basis on which integrated and collaborative approach by all youth stakeholders including government agencies, NGOs and others. It provides for the establishment of consultative and participatory platform for young people through the Provincial Youth Councils, Community Youth Forums and Urban Youth Councils. It also provides for an Inter-Departmental Consultative Committee within the government set up to coordinate cross-sector policies and programmes on youth empowerment. On a wider scale the youth policy provides for the set up of an Inter-Agency Consultative Conference where all stakeholders coordinate and collaborate on youth issues. (National Youth Policy, 2000)

Youth employment as a priority area identified in the NYP, should be approached in the same manner through the same coordinated and consultative mechanisms. Additionally, a special youth employment inter-agency consultative committee is an option to deal specifically with youth employment issues.

Practices in some countries that involve all national and local actors in addressing youth employment issues have seen the emerging emphasis placed by the UN, ILO and

other international organisations on adopting a ‘new approach, a new political commitment, and a new partnership’ for full employment.⁵⁵ All countries are therefore called on to develop a new partnership between their organisations and national governments to adopt the global strategies on decent employment. At the same time policies and action plans are to be developed on national level with the involvement of all local actors including the civil society, the business community, employers, workers trade unions and youth organisations and the government. While the need for such partnership is acknowledged in Solomon Islands, there has not been much effort to formalise any dialogue even between key social players.

Solomon Islands recognises the need to prioritise youth development through the establishment of various policies such as the Education, Non-education policies, Women and Youth policies. However, more commitment is required in terms of translating these policies into plan of actions and most importantly implementing these actions which, like in so many development areas, is the weakest programme phase. The government with its responsible department should spearhead efforts in bringing together all youth stakeholders for dialogue and concerted actions to address youth employment.

6 MEASURING THE EFFECTIVENESS OF POLICIES FOR YOUTH

The National Youth Policy was only passed and adopted by cabinet in May year 2000. Ironically, the coup de tat occurred on June 5th of the same year which saw lot of youth from the two provinces involved in the ethnic conflict and the social chaos that followed until now. Without the formulation of a National Youth Action plan, it is difficult to make any assessments on effectiveness, as the policies are yet to be translated into specific strategies and programmes. Unless these are completed and programme activities are resourced and up and running, measuring effectiveness is unrealistic as very little has been implemented to date in line with the Youth Policy statements.

Besides the above, the proposed implementation mechanisms outlined in the policy, either have not yet been established or re-established. Even the Ministry of Women, Youth & Sports needs to be adequately resourced to be effective in coordinating youth issues, such as youth unemployment.

Since its adoption, it is obvious from discussions that there is a need for the promotion of the policy, so that various stakeholders and those responsible for youth development are made aware of the directions and the priority areas to be addressed. This is particularly true at the provincial government levels and amongst the NGO sectors.

7 YOUTH EMPLOYMENT AND THE SOCIAL PARTNERS

Youth employment is a cross-sectoral area and thus, requires concerted actions by a much wider community, both on national and international levels. Youth related

⁵⁵ SI Youth Employment TOR

legislation, policy or programme designing and implementation require the involvement of a lot social actors. In general, these actors can be grouped into various categories and which can form the basis for wider dialogue and coordination to promote youth employment. These social actors can be grouped into the following:

Government Departments

An Inter-departmental Coordinating Committee can be established drawing representatives from all concerned departments including:

- *Prime Minister's Office, Public Service Division, Department of Commerce, Employment and Trade (Labour, Tourism, Small industries and businesses, Foreign investment), Department of Education and Human Resource development, Department of Women, Youth and Sports (Children, Social welfare), Department of Development Planning, Department of Finance, Department of Health & Medical Services, Department of Agriculture & Fisheries, Department of Energy and Mining*

Other Public Sector

Other institutions in the public sector also have crucial roles to play in youth related employment in terms of providing and managing the economy, investments, loan/credit and social security/protection. These include:

- *Central Bank of Solomon Islands, Development Bank of Solomon Islands, Investment Corporation of Solomon Islands, Solomon Islands National Provident Fund.*

Employees and Employers

Employees and employers can positively and effectively work together with all other social actors to promote youth employment. They can help identify appropriate forms of training and employment programmes for job opportunities. The practice in German is a fine example. By identifying appropriate training, the quality is guaranteed. On the international level, they play more of the informational role, while on national level, they can play the influential role through training, awareness raising on youth unemployment, intervene to ease integration of youth to high-quality employment, develop long-term comprehensive strategies involving actions on micro- and macroeconomic levels.⁵⁶

Employees and Employers organisations would in Solomon Islands context include *Solomon Islands National Workers Union, Solomon Islands Public Employees Union, Other workers Trade Unions, Public Service Commission, Private Sector, Chamber of Commerce.*

Civil Society

⁵⁶ Niall O'Higgins, ILO, Youth Unemployment and Employment policy, 2001

Solomon Islands has witnessed successful civil society participation in the area of education, both formal and non-formal education. In formal education, the development of more community high schools that helped reducing the school drop-outs at primary level, has been the direct result of the commitment by the local communities to see their children obtaining further education. The communities provide free the land, labour and building materials while the government gives annual grant and meet the teachers' salaries. In the non-formal sector, the RTCs that provide the bulk of basic skills training for young people, are church owned and managed. The government gives annual grants to these centres. There is need, however, to sustain such grants from the government to ensure this partnership arrangement is maintained.

A similar partnership scheme can be done between the civil society and all other social actors in promoting youth employment. Actors in the Civil Society include:

- *Churches, NGOs, Provincial and local communities, Business sectors, Non-formal training institutions.*

SECTION FOUR

8 PRIORITY RECOMMENDATIONS

The current constraints to addressing issues relating to youth unemployment cannot be fully resolved until a number of wider issues especially in the national environment, are overcome or addressed. Recommendations based on such issues are highlighted below. Although, more actions are needed to promote youth employment, these recommendations are considered immediate priorities for the country to pursue in the light of its current ability and resource constraints. They should also be translated into realistic action plans for implementation.

- Non-formal education interventions and skills development training must be strengthened and expanded to accommodate more school leavers, including disadvantaged young people.
- Improve coordination between all relevant authorities for better manpower development planning especially in terms of the labour market.
- Provide adequate skills training for young people to meet the requirements of the labour market.
- Develop a pool of qualified guidance and counseling workers to provide relevant advice and monitor for young people regarding employment
- Decentralise economic social and economic development to the rural areas in the Provinces to create more employment opportunities out there. This should curtail most problems emanating from urbanisation.
- Create a secured law and order situation and a conducive business environment for foreign investment as well as for local enterprises and eliminate obstacles including rigid government procedures that hinder vibrant economic activities.
- Support and expand the private and informal sectors where more employment opportunities are in both urban and rural areas. The importance of sustainable development of the resources must however, be promoted.
- Establish a National Youth Employment Policy under the auspices of the overall National Youth Policy to specifically address youth employment.
- Encourage involvement of young people in small enterprises by establishing an enterprise-based youth employment policy framework with emphasis on initial assistance to young people particularly in terms of accessing start-up capital.

- National policies promoting ICT for access by young people to labour market information is important to establish. Thus it is essential that a labour market and employment database be set up.
- Expand vocational education and training that gears towards encouraging young people for self-employment.
- Involve young people in the decision-making process in various levels of the community to encourage them the sense of responsibility.
- Some public and private institutional set-ups should be done to assist young people in job searching efforts. Such institutions should be adequately equipped in terms of labour market information about employment opportunities.
- Establish effective implementation of legislation and policies to monitor acceptable labour standards by providing adequate administrative and financial support and through awareness programmes.
- A wider coverage of social protection through the SINPF should be done to cover informal sector workers.
- Effective dialogue between all stakeholders, on both national and international levels is important for a concerted approach to addressing issues of youth employment.

9 CONCLUDING NOTE

Solomon Islands has a long way to see any positive result from any remedial actions it would now take in terms of preparing the youth population for decent and productive work, let alone for better employment opportunities. In the light of the present social and economic situation in the country, first and foremost, is to restore law and order, provide conducive environment for job creating investments and domestic savings, relevant and appropriate gender-friendly human resource development policies for the labour market as well as for entrepreneur initiatives.

In learning lessons from past and present practices, effective employment oriented social and economic policies need to be developed. Adopting best and appropriate practices from around the world together with strong commitment by the nation would help the country in preparing a job-rich environment for young people. Youth employment need to be prioritised in the national political, social and economic agenda and commitment of concerted actions by all local and international stakeholders including development partners.

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ANNEXES

Annex 1

Terms of Reference

A study on Youth Employment in Solomon Islands (main extracts)

Objectives

The main purpose of this consultancy is to conduct a Solomon Islands country study on youth employment consisting of review of policy and programmes. The aim is to provide a backdrop for discussions at a national workshop on youth employment as well as to provide a national context within the frame of the regional ILO/Japan project Regional meeting on Youth Employment in Asia and the Pacific.

Specific Tasks

- A. Undertake secondary research drawing on such sources as :
- Existing studies related to labour market policies on the Solomon Islands, in particular on youth, with the aim of providing an overview of supply and demand side approaches as well as public and private employment services.
 - National sources including national statistical offices, ministries and academic institutes.
 - Internet repositories of international organisations, development banks, and non-government organisations.
 - The Solomon Islands Expert Group Meeting, ILO reports and the review of the UNDP/ILO Project Document for the Solomon Islands.
 - ILO sources such as:
 - ILO Country Employment Policy Review, in those countries where it is available
 - ILO web sites on Key Indicators of the Labour Market and Bureau of statistics
 - Other ILO web sites and publications
 - Other national and international sources
- B. Produce a country report containing a basic overview of the labour market and labour market policies and an outline of best practices and lessons learned. The report should:
- Highlight the three priorities of High Level Panel on Youth Employment: Employability (supply side), Equity (Gender Equality), and Entrepreneurship (Demand Side). *The consultant should make every effort to follow the common structure outlined in the Annex to this Terms of Reference.*
 - Describe possible short and medium term opportunities that may increase youth employment.

- Elaborate on how to involve youth that were victims of or took part in the armed conflict in employment activities.
- C. The National Consultant may be required to present the findings of the Solomon islands Country Study at the National Tripartite Workshop on Youth Employment. The consultant would then be expected to make a thirty-minute presentation of her/his research at the National Workshop unless otherwise decided by the ILO or the National Planning Committee for the workshop.

A first draft of the report should be made available and which will be reviewed by the ILO BAO/EASTMAT Labour Market and Human Resource Policies Specialist. The consultant is expected to be flexible in incorporating suggestions by ILO specialist if needed. The final report and its electronic copy should be presented to the ILO

Annex 2

Consultations and Discussions

POSITION	ORGANISATION
Under-Secretary	DCET
Commissioner of Labour	DCET
Cabinet Minister	DWYS
General Secretary	National Youth Congress
Youth Director	DWYS
Under-Secretary	DNPD
Under-Secretary	DEHRD
Acting General Manager	SINPF
General Manager	SOLTAI LTD
General Manager	ICSI
Director	SICHE
Lending Officer	DBSI
<i>Private Sector</i>	
Chairman	Chamber of Commerce
President	Solomon National Workers Trade Union
Advisor	SIDT
President	SINWTU
Employer & Employees	IDC Shipping
	Kasu Store
	Malkumas Kindergarten
	Friendship Retailing
	Malaita Shipping
	Market Vendors
	D.J.Graphics
	Family Support centre
	Save the Children Fund Australia
Young People	Don Bosco students
	20 Unemployed youth

Acronym