



GOVERNMENT OF SOLOMON ISLANDS

THE 2022 BUDGET SPEECH

Building Our Resilience: Laying Strong Foundation for Growth



Delivered by

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1.0 PRELUDE

Honourable Speaker,

I rise to beg that the 2022 Appropriation Bill 2022 be now put to the second reading. Mr Speaker, this is the third budget of the Democratic Coalition Government for Advancement (DCGA) that I have had the honour of presenting to this Honourable House in accordance with Section 102 of the National Constitution of Solomon Islands. I am honoured and privileged as Minister for Finance and Treasury to present the 2022 Appropriation Bill 2022 on behalf of the DCGA government and the people of Solomon Islands.

Mr. Speaker, today marks an important occasion in our quest to accord the 2022 National Budget process the seriousness it deserves. In line with the DCGA policy priorities and commitments, we have worked extra hard to ensure early submission of the 2022 Budget in December last year so that the National Parliament can pass this Bill into law early enough to enable implementation by 1st January 2022. Sadly, this was not possible as a result of the civil unrest and riots in November 2021.

Sir, the 2022 Budget was prepared amidst a challenging global and domestic environment due to the persistent headwinds from the Coronavirus Pandemic and November 2021 unrest. The resulting global economic uncertainty, and November 2021 self-inflicted crisis have had grave implications for our economy.

Mr. Speaker, Solomon Islands economy is currently facing serious challenges, with the macroeconomic environment being significantly disrupted by the Coronavirus Pandemic and November 2021 civil unrest. In early 2021, Real Gross Domestic Product (GDP) growth was forecasted to rebound by 1.0 percent, from minus 3.6 percent in 2020. Unfortunately, 2021 ended with real GDP contraction of 0.2 percent. The economy is expected to further contract by 4.5 percent in 2022, as a result of both the COVID-19 Pandemic transmission and aftermath of the November 2021 civil unrest.

Mr. Speaker, while COVID-19 had significant economic and fiscal implications, at its heart is a health issue. Therefore, the key issue going forward is the pace and rate of vaccinations. The government will do all it can within its mandate and resources, but all eligible Solomon Islanders must also vaccinate as their health and destiny is also in their own hands.

Mr. Speaker, the fight against the covid-19 pandemic is not yet over. Until COVID-19 vaccination rates in the country increases dramatically, the pandemic will continue to be a handbrake on our economic growth prospects and a likely driver over a longer period.

Sir, as everyone has now realised, the Covid-19 global pandemic has drastically changed our economic and social landscape. As a responsible government, we must adapt to the new environment. We must strengthen our economic base by putting

resources to key-targeted areas of our economy to support and accelerate economic growth.

Sir, this Budget builds on the progress of implementing the Government's Policy Redirection program, which was developed to address the changing dynamics of the "new normal" environment that the coronavirus had brought to our shores. As a result, Government has realigned and redirected budget spending to the key pillars of the economy. This has enabled the Government to continue provide essential services to our people, and lessened the adverse effects of the global pandemic in our country.

Mr. Speaker, the Government's Policy Redirection agenda is also anchored on the overarching reform goals to reduce public waste and increase efficiencies in public expenditures; adequately resource government ministries to deliver services; and invest in both human resource and adequate infrastructure as the key foundations for equitable growth and further development in the future.

2.0 2022 BUDGET PROCESS

Mr. Speaker Sir, the 2022 budget process began with the launching of the 2022 Budget Strategy Framework in October 2021, followed by the 2022 Appropriation Bill 2022 that Cabinet approved in early November, 2021. However, as you are all aware, the tabling of the 2022 Appropriation Bill 2021 to Parliament was interrupted and delayed due to the civil unrest and massive business looting that ensued in late November 2021.

Sir, as officials in my Ministry commenced the review and remodelling of the adverse impacts of the November unrest on our domestic economy and on Government finances, the COVID-19 community transmission begun in Honiara and rapidly spread to other Provinces. As a result, my staff had to conduct further assessment following the closure of business activities within the Honiara boundary, and drastic scaling down of economic activities across the country.

2.1 Impacts of the Civil Unrest

Mr. Speaker, the adverse effects of the recent unrest and riots in Honiara in late 2021 are already evident. This barbaric and senseless looting and burning of private businesses and properties have not only endangered the lives of many innocent individuals and families, but also represent one of the largest economic self-inflicted shocks the country has experienced since 2006.

Mr. Speaker, the Ministry of Infrastructure and Development latest report on the riots showed an estimated loss of SBD\$811 million in 2021. The report also showed that a total of 81 businesses and buildings were affected. This comprised of 53 fully damaged buildings, and 28 partially damaged buildings. The total loss was equivalent to 6.1 percent of the pre-unrest 2021 GDP value. This is a great loss indeed that will take many years to recover from.

Mr. Speaker, the civil unrest had also severely impacted Governments fiscal operations. Preliminary indicators have shown that Government has lost \$120 million in total revenue in the last two months of 2021 alone. Ongoing revenue losses for 2022 are estimated at \$200 million.

Sir, I am highlighting the costs of this politically motivated unrest and senseless looting of private businesses and properties to prove that, as a nation, we have not learnt any lessons from our past history. I do not know what the instigators of this civil unrest had planned for this country in doing what they did. But I wish to remind this honorable house and to the nation that resorting to violence is not the proper channel to solve disputes.

Mr. Speaker, as part of Governments recovery plans, I am pleased to announce that Government has approved a total of \$200 million as a reconstruction and rehabilitation package, split over two years, to assist businesses affected by the unwarranted unrest. As part of this package, Government is also prepared to offer tax reliefs and exemptions to the identified businesses that were damaged and affected. I will elaborate more on this later in my presentation.

2.2 Impacts of the Covid-19 Community Transmission

Mr. Speaker, the current COVID-19 outbreak and nationwide transmission is a great challenge for us all. My Ministry has estimated that the lockdown has costed Government about \$81 million in foregone revenue. For the nation as a whole, it was estimated that the economy was losing \$25 million worth of output per day, with Honiara alone accounting for \$14 million per day.

Sir, the COVID-19 transmission impacts is seen in all sectors. The most affected sectors were retail and wholesale, public administration, transport, manufacturing, and agriculture. The immediate knock-on loss in all other provinces were estimated at \$10 million, as a result of supply chain disruptions.

Mr. Speaker, the Community Transmission Plan estimates around \$400 million is needed for the period of six months to adequately respond to the COVID-19 community transmission.

Mr. Speaker, given these new developments, the government has to review the overall 2022 budget including the revenue projections and policy priorities to cater for the changing economic environment that we are currently facing.

3.0 2022 BUDGET FRAMEWORK

Mr. Speaker, the 2022 Budget Framework has been developed to achieve the twin overarching policy objectives of the government;

- Living and overcoming COVID 19 by effectively controlling and managing community transmission to protect our vulnerable citizens.

- To maintain our domestic economy afloat and accelerate economic recovery in the short to medium term.

Sir, the theme of the 2022 Budget is **"Building Our Resilience: Laying Strong Foundation for growth"**. The theme is built on the spirit of "building strong and better" capacity by government to adapt and withstand ongoing adverse impacts of the COVID-19 pandemic and other domestic and external shocks in the future.

Sir, when framing the 2022 Budget, the government fully recognizes that Solomon Islands not only has natural resources, but also human resources capable to support its economic recovery initiatives in 2022. The government believes that by putting adequate resources to key pillars of the economy, Solomon Islanders will see and benefit from more tangible outcomes in the future. Adapting and building a strong economic foundation will certainly strengthen the ability of the government to withstand adversity.

Mr. Speaker, in the process of developing the 2022 Budget, the Government had adopted a set of fiscal and economic guiding principles to underpin the restoration of budget stability and building a strong resilient economy. These principles are as follows;

- (a) Continue to strengthen our domestic COVID-19 response 'fire walls' and ensure all Solomon Islanders adapt and respond effectively to the COVID-19 community transmission and to protect our vulnerable citizens.

In this regard, Government will further strengthen the COVID-19 vaccination rollout program to achieve 90 to 100 percent full vaccination, and open our borders to boost domestic and international trade to build our resilience, before or by end of June 2022.

- (b) Streamline and focus more on development investments that will yield high economic returns.

To achieve this objective, all investments will be targeted and prioritised with realistic budget resources to avoid wastage and unnecessary spending. This means investments are prioritized toward areas that will contribute towards immediate economic recovery. Furthermore, this principle also ensures that the right amount of resources is invested so as to avoid thinly spreading budget resources where full implementation would be difficult to achieve.

- (c) Improving the quality of spending through managing critical pressures.

This will be achieved by encouraging all line Ministries to improve their internal budget planning, coordination, and conduct thorough review of ministry submissions. It is important to ensure divisional plans are aligned to the ministry's key priorities that are well costed and shows a workable implementation plan. This is to ensure cost effectiveness and reduce wasteful spending that will not benefit the government and people of Solomon Islands.

- (d) Strengthen macroeconomic stability, maintain fiscal discipline and rebuild SIG finances.

Despite the progress over the 2020-2021 period, fiscal challenges remain. The government is committed to a planned budget deficit for 2022 and will ensure government spending is focused on growth initiatives and continued funding for essential social services, national security, and major projects during the year.

- (e) The Government also envisages creating a level playing field for all businesses so that they can equally compete on their merits so that consumers can get a better deal.
- (f) The Government will also work towards increasing the transparency of public finances through the release of timely budgetary information by the Ministry of Finance and Treasury as it becomes available. This is to promote public debate and better understanding of the Governments budgetary position and management of public finances.

Mr. Speaker, let me now outline the economic outlook upon which the 2022 Budget was framed.

4.0 ECONOMIC UPDATE

4.1 Global Economy

Mr. Speaker, the global economy has been very unfriendly since 2020 when COVID-19 inflicted high and rising human costs worldwide and led to economic contraction of 3.0 percent by year end. The global outcome in 2020 was much worse than what happened during the 2008–09 global financial crisis.

Due to the economic fallout that was acute in specific sectors, policymakers in major economies implemented substantial targeted fiscal, monetary, and financial measures to support affected households and businesses domestically. Internationally, strong policy measures were also taken through multilateral channels to overcome the effects of the pandemic. Furthermore, the combination of increased financial assistance to constrained countries facing twin health and funding shocks, and more development aid to countries with weak health care systems led to a reversal of the 2020 outcome and resulted in a global recovery of 5.9 percent in 2021.

Mr. Speaker, the latest World Economic Outlook update in January suggested that the global economy entered 2022 in a relatively weaker position, with global growth expected to moderate to 4.4%. As the new Omicron COVID-19 variant spreads, countries have already reimposed mobility restrictions. Rising energy prices and supply disruptions have also resulted in higher and more broad-based inflation than previously anticipated, notably in the United States and other emerging market and developing economies.

Sir, the International Monetary Fund (IMF) is expected to release in late April, the 2022 second quarter World Economic outlook. However, preliminary assessments have been made and estimated that the global growth is expected to be revised down due to the Ukraine and Russia conflict.

Our small economy is not immune to any changes in global economic growth, and the changes in commodity prices like fuel due to the Ukraine and Russia conflict.

4.2 Domestic Economy

Economic Growth.

Mr. Speaker, as many have repeated before, the human disruption and economic damage that COVID-19 had inflicted on us represented the largest economic shock we have experienced in decades.

Mr. Speaker, as a result of corrective measures that Government took following the onslaught of COVID-19 in 2020, the Ministry of Finance and Treasury had initially estimated real GDP growth of 1.0% for 2021. This was based on the assumption that the economy would slowly pull itself out of the tranches of COVID-19 in line with recovery in the domestic economy. However, the year ended with a GDP contraction of 0.2% as the adverse effects of Covid-19 and the November 2021 riots and looting took hold of key sectors such as wholesale and trade, construction, manufacturing, financial intermediation, public administration and other business services.

Mr. Speaker, Solomon Islands economy has been forecasted to further contract by 4.5% in 2022. This mainly reflects continued contraction in key sectors such as wholesale and retail, construction, manufacturing, financial intermediation, public administration, and other service sectors. The contraction also reflects the loss in economic activities arising from the COVID-19 transmission.

Production

Mr. Speaker, following the onslaught of COVID-19, the Government introduced an Economic Stimulus Package (ESP) to keep the economy afloat.

Preliminary data of the ESP funding have shown very encouraging outcomes. For example, in the agriculture sector, copra production fell 59 percent following the arrival of COVID-19 in 2019. However, as a result of the ESP funding assistance to both farmers and traders, copra production rose significantly in both 2020 and 2021. The production of coconut oil has also improved over the same period.

Sir, total fish catch also rose last year. Although cocoa production marginally fell 2.4 percent last year, it remains almost the same level as in 2018, while timber exports rose significantly in 2021 by 200,000 cubic metres from 2020 export numbers. Other major commodities, however, marginally fell in 2021, owing to COVID-19 related disruptions.

Balance of Payments

Mr. Speaker, on the external side, latest available data suggest that the global slowdown had also adversely affected our international trade last year. As a result, the current account deficit rose to 10.8 per cent of GDP in 2021. This is expected to widen further in 2022, as businesses start to rebuild their damaged buildings during the recent unrest. The trade deficit as a percent of GDP is also projected to rise further by 8 per cent as demand for commodity exports decline, especially in logging and tourism.

Exports

Mr. Speaker, in line with developments in the global economy and main trading partners, total exports continued the downward trend seen since 2019 and fell 8.4 percent in 2021, especially in log exports. The decline in log exports reflects the fall in both average log prices and export volumes. However, export receipts from timber products maintained the growth since 2018 and rose 28.1 percent in 2021.

Sir, the rise in exports from timber over the last three years is very encouraging and also reflects funding assistance through the ESP implemented in 2020. Overall export receipts from all other major export commodities, such as copra, cocoa, fish and palm products have also increased last year.

Imports

Mr. Speaker, the value of our imports have also declined over the last two years. This is to be expected, given the contraction in economic activities and subdued demand for imports.

Sir, preliminary data have shown that we spend more than \$2.6 billion worth of imported products last year, less than our total annual import bill over the previous three years.

Trade Balance

Mr. Speaker, although the value of our imports have declined since 2019, they still remain above our annual export earnings. As a result, our trade deficit has further widened in 2021.

Sir, running trade deficits is not necessarily a bad thing if we spend money on capital items for productive investment purposes. The 2022 Budget will also focus on boosting the export sector. We must be strategic. One of the Governments land reform policy agenda and recovery strategy is to construct road access to new land areas with the potential for more agriculture investments. In the long term, this should increase the production of more agriculture products for exports and thereby help to reduce our trade deficit.

External Reserves and Exchange Rates

Mr. Speaker, according to the latest Central Bank data, the level of foreign reserves have steadily increased since October 2020 and stood at \$5.6 billion at the end of February 2022. This level of external reserves is well above the 3 months minimum import benchmark at 13.7 months.

Sir, the Solomon Islands average exchange rate against the United States dollar has relatively weakened over 2021, compared to appreciations seen over the first five months. The Solomon Islands Dollar, on the other hand, appreciated against other major trading currencies during the year, particularly the Australian dollar, New Zealand Dollar, and Japanese Yen.

Inflation

Mr Speaker, the annual inflation rate, as measured by the Honiara Consumer Price Index (CPI) has generally remained stable below 2.0 percent throughout 2021. However, this is expected to increase between 3-5 percent in 2022 as a result of expected rise in international oil prices, and domestic prices arising from an expected rise in the tax on plastic products, sugar and soft drinks during the year.

Monetary Sector

Mr. Speaker, available data on private sector credit from the Central Bank paint a picture of a sluggish economy in 2021, although there were tentative signs of improvements in the second half of the year.

Average lending interest rates have also marginally declined for all banks in 2021. This is good news when combined with lower inflation rates as these will provide further boost to the economy.

Mr. Speaker, with this background information on the economy, let me now detail the fundamentals of the 2022 Budget and fiscal outlook for which you will hold me accountable.

5.0 2022 BUDGET AND FISCAL OUTLOOK

Mr. Speaker, as I said earlier, there are considerable economic uncertainties facing Solomon Islands when developing this Budget. In early 2021, we have expected the recovery process to continue and strengthened further in 2022. However, the continued adverse effects associated with the November 2021 riots, combined with the COVID-19 nationwide transmission will now result in the economy contracting further at 4.5 percent in 2022.

5.1 Fiscal Outlook

Mr. Speaker, let me now outline the fundamentals of the 2022 Budget.

Sir, the Government is conscious that the two shocks I have highlighted earlier will severely impact the economy in 2022. At the same time, Government is also aware that as a developing country, we also have a very young population with increasing demand for quality social services, and more infrastructure development to boost growth in order to provide more employment opportunities.

Mr. Speaker, the Government has planned for an overall deficit of \$972.6 million in the 2022 Budget with total consolidated revenues estimated at \$3.559 billion and total expenditures estimated at \$4.531 billion. Of the total consolidated revenue estimates, total domestic SIG revenue is projected at \$3.053 billion. The government is confident that the balance of \$972 million will be externally and domestically sourced to ensure the fiscal stability and credibility of the budget is maintained.

Mr. Speaker, of the forecasted \$972 million budget deficit, government has already secured \$563 million from its normal multilateral and bilateral partners, as well as from savings brought forward to 2022.

Sir, in terms of expenditures, the \$4.531 billion in total consolidated expenditures consists of \$3.050 billion in recurrent expenditures, and \$871 million in development expenditures, of which \$20 million will be budget support from the Peoples Republic of China (PRC). A total of \$20.0 million is also budgeted as Contingency Warrant provision for the year.

5.2 Revenue Estimates

Mr Speaker, the total revenue estimates for 2022 is \$3.559 billion. This comprises of \$3.053 billion in normal Solomon Islands Government revenues, \$304.1 million in Budget Support revenue from donor partners, \$20 million secured from development partners to fund the development budget initiatives, and \$180.6 million in donor support for Governments ongoing COVID-19 transmission response activities.

Sir, in terms of funding sources, the total tax revenue from both the Inland Revenue Division (IRD) and Customs and Excise Division are projected at approximately \$2.552 billion in 2022. This is a slight decrease of 2.3 percent from the 2021 revised estimates.

Sir, total IRD revenues for 2022 is estimated at \$1.695 billion, or 2.8 percent below the 2021 original revenue estimates of \$1.744 billion. Total revenue under Customs for 2022 is estimated at \$858 million. This is lower than the revised estimates of \$868 million for 2021, but higher than the original 2021 estimates of \$832.4 million.

Sir, total revenues from other ministries for 2022 is estimated at \$500.5 million, higher than both the original and revised estimates in the 2021 Budget.

5.3 2022 Recurrent Expenditures

Mr. Speaker, let me now turn to the 2022 Recurrent Budget.

Sir, the government's total Budget expenditures for 2022 is \$4.531 billion. Of this amount, the total recurrent budget is estimated at \$3.050 billion. This consists of payroll budget of \$1.363 billion, \$1.666 billion for Other Charges, and \$20 million in Contingency Warrants.

Mr. Speaker, as usual, the 2022 budget is a very tight budget and the government will need to realistically plan and prioritise its activities in order to achieve tangible outcomes within the 2022 financial year and avoid any commitments that will further derail government's fiscal situation.

Mr Speaker, in this regard, the government has taken a drastic decision to reduce overall SIG expenditure within the SIG revenue estimates in order to maintain fiscal stability and affordability of the government fiscal plan in 2022. This is to ensure funding is always readily available to pay all government suppliers on time.

5.4 2022 Development Expenditures

Mr Speaker, Sir, the total expenditure for development initiatives is \$870.9 million including \$20 million development support from the Peoples Republic of China (PRC). The productive and resource sectors remains the priority of the government as they are potential drivers and enablers of growth. The 2022 development budget allocation comprises of \$541.8 million or 62 percent towards both the productive and resource sectors. Social sector is \$179.8 million or 21 percent, and \$149.3 million or 17 percent to fundamental sector.

6.0 GOVERNMENT STRATEGIC POLICY RESPONSES

Mr Speaker, Sir, the DCGA in 2022 Budget has refocused its key policy commitments towards the following three key priority areas:

- (a) COVID 19 response to effectively control and manage COVID19 transmission in Honiara and provinces,
- (b) Reconstruction of buildings destroyed during the recent civil unrest including support to affected businesses, and
- (c) Implementation of economic response measures to support economic recovery and growth.

6.1 Responses to COVID-19 community transmission

Mr Speaker, Sir, the government has committed \$180.6 million under respective implementing ministries to support response to COVID-19 community transmission in Honiara and provinces. This is an ongoing support towards the roll out of COVID -19 vaccination, improve medical infrastructure and quarantine sites to contain threat in communities, improving resourcing and capacity of frontline personnel to respond effectively to curb community transmission.

6.2 Response to 2021 Civil Unrest

Sir, the government is also committing \$125 million to support the reconstruction and rehabilitation of the building and businesses destroyed during the civil unrest in 2021. As have outlined earlier a total of 162 businesses were affected, 64 buildings require full reconstruction and 27 require rehabilitation, and 81 business were affected with no damages to buildings. Funding support will go towards the reconstruction, rehabilitation and other non-monetary support such as temporary rent subsidy, short term tax reliefs and import duty exemptions. The government is currently in discussions with development partners and also seeking other options for borrowing under the DBSI.

6.3 Development Response to Economic Recovery

Mr. Speaker, building on from the 2021 Budget, the Government's ongoing commitments to its economic recovery strategy is demonstrated in the 2022 development budget.

Sir, the Productive and Resources sectors are priority sectors. These two sectors are major drivers and enablers of economic growth. However, this does not mean that other sectors are not important.

Productive Sector budget allocations.

Mr. Speaker, the productive sector is one of the pillars of the country's recovery and growth process. This explains why a total of \$222.9 million is allocated to the productive sector. The allocations are as follows.

- (i) \$25.0 million for Agriculture investments.
- (ii) \$33.7 million for Commerce and trade investments.
- (iii) \$109.2 million for Infrastructure developments.
- (iv) \$10.0 million for investment in lands issues.
- (v) \$15.0 million for Fishery investments, and
- (vi) \$30.3 million for Communication and Aviation investments.

Mr. Speaker, as you will note, infrastructure investments received the highest budget allocation under the productive sector. This is not a mistake. Infrastructure development in the form of quality roads, transport system, ports, power, and airports are the key preconditions for economic growth, poverty alleviation, and integration of Solomon Islands economy in the web of world economies. History has proved that no country can grow and adequately provide for the needs of its citizens without quality infrastructure.

Mr. Speaker, Governments key objective under the Productive Sector is to support infrastructure and communication investments, support food security, create employment and entrepreneurship to empower youth and women. We will provide support to value adding projects, encourage new SMEs, recapitalize and revitalize CEMA, and support exporters through both DBSI and CBSI credit facilities to encourage more private sector growth. This also includes support to land reforms.

Resource Sector Budget Allocations

Mr. Speaker, under the Resource Sector, the government aims to build a resilient environment to support socio-economic development, create innovative development models, review and strengthen development frameworks of our extractive industries, support strategic development through Public Private Partnership (PPP), and maximize economic benefits from our natural resources. The following Budget allocations are made under the Resource Sector in the 2022 Budget.

- (i) \$10.6 million for Forestry related investments.
- (ii) \$7.5 million for Environment related investments.
- (iii) \$30.0 million for mining related investments.

Importance of Rural Development

Mr. Speaker, as all Members in this Honourable House would note and fully agree, Solomon Islands cannot realise its development and growth potentials if the majority of our people who live in rural villages with poor access to social services, communication technologies, infrastructure, and other much needed services are left out.

Mr. Speaker, Government aims to improve sustainable livelihoods by implementing comprehensive development programs for rural areas where the majority of our people live. If we address rural development well, it can also contribute to reduce poverty in urban areas by reducing excessive population influxes from rural areas into Honiara and other urban centres.

Mr. Speaker, armed with this conviction, the Government had decided to allocate a total of \$341.0 million to support rural development and growth initiatives through the constituency development programme in 2022. This amount also includes a \$20 million Budget support allocation from the Peoples Republic of China (PRC). In this regard, I call on all constituency office staff to be accommodative and inclusive in funding their various rural community projects. The Budget allocation under this sector is meant to benefit everyone in each respective constituency, and not just a few.

Social Sector Budget Allocations.

Mr. Speaker, as all Members in this Honorable House will agree, no nation can realize its full development and growth potential without a healthy and educated population.

Sir, education is central to sustainable development; it is a potent driver of development and one of the powerful instruments for overcoming poverty and regenerating health; it empowers people to be more productive, to make a better living and have a better quality of life, while also adding to a country's overall economic growth. Education is important for splitting the poverty cycle and can impact health in two ways; firstly through Life-Skills Based Education (LSBE) which teaches children to

learn about health, and secondly through the educational process as a whole which provides skills such as critical thinking and making better choices.

Furthermore, Government will also prioritize and make commitment to ensure our own Solomon Islands National University (SINU) and Provincial Government PCDF program are adequately supported in 2022. Government's support to provincial governments is mainly to improve capacity and infrastructure developments to address the Provincial Governments development needs in education, health, and other social services such as women, youth and children development programs.

Mr. Speaker, based on this conviction, the Government has allocated the following Budget allocations for 2022.

- (i) \$60.4 million for investments in education and human resources development.
- (ii) \$40.0 million for investments in the health sector.
- (iii) \$180.6 million to address COVID-19 related programs

6.4 Fiscal and Economic Response Policies

Short Term Measures

Mr. Speaker, given the tight fiscal space in 2022 and to ensure that the planned commitments as reflected above are implemented, several expenditure areas have been identified by Government as critical operational priorities. The priorities listed below will ensure the government can continue to deliver essential services to all Solomon Islanders. This includes:

- Ensure that all essential Government machineries are operational even during lockdowns.
- Review Public Services COVID-19 allowances
- Provincial health grants, to match the rising pressure on health care provision in the provinces.
- Quarterly service grants to provincial governments, given the possibility of lockdowns in some provinces.
- Utility payments – these fixed costs must be honoured.
- General Police and COVID-19 operations, to ensure day-to-day security operations are maintained.

Sir, as part of the Government's short term fiscal strategy, the following measures are proposed for 2022:

- The Government will review the domestic short term market operation including the Treasury Bill issuance with the intention of increasing the limit.
- The Annual Borrowing limit will also be reviewed to align with the planned commitments in the 2022 Development budget.
- Introduce new revenue measures, including imposing an export duty on minerals.

- The Government will also strengthen compliance and introduce new operations within Customs/Excise and in the Inland Revenue Division, and
- Secure urgent budget support from development partners.

Economic Recovery Incentives

Mr. Speaker, as said earlier, Solomon Islands economy is forecasted to further contract by 4.5 percent in 2022 as a result of adverse knock-on effects from both the November 2021 riots and nationwide COVID-19 transmission.

Sir, the key priority for the DCGA Government is to continue its recovery efforts in building the nation's economic resilience by focussing on policies that will promote economic recovery and growth. To avoid a further deterioration of the economy and in order to promote economic recovery across all sectors of the economy, it is critical that both our domestic and international borders are reopened by mid-2022. This will also require the strong alignment of the vaccination rollout activities under the COVID-19 National Response Plan to ensure the increased rate of our vaccination to more than 90 percent.

Mr. Speaker, the Government will strengthen its recovery efforts and take the following short to medium term measures.

- (i) Promote domestic and international trade in cash crops (including copra and cocoa) and timber through subsidizing domestic shipping services to facilitate trade between rural areas, the domestic market, and main export hubs.
- (ii) Review and standardize domestic border exchange mechanisms to ensure continued market access to rural farmers and avoid food shortages and associated inflationary pressures within the emergency zone.
- (iii) Provide, where needed, capital injections to large State-owned Enterprises (SOEs) that are critical to the economy, as well as large private sector firms that contribute substantially to employment creation and domestic value-add.
- (iv) Support the domestic agricultural sector through:
 - leveraging on the new diplomatic relationship with China and other South-east Asian countries to expand international market access for local exporters;
 - Gain accreditation to ISO standards for local commodity exports to promote international competitiveness;
 - Promote investments in biosecurity technologies to comply with standards applied in potential export markets;

- Facilitate access to finance through the Development Bank of Solomon Islands (DBSI) and CBSI Lending Guarantee and Export facilities to assist domestic producers and exporters, and
- Invest in rehabilitation in coconut and cocoa plantation.

Mr. Speaker, in the long term, Governments overall policy objective is to promote more private sector investment in value-added products for both domestic consumption and export in key sectors such as the agriculture, forestry, fisheries, and minerals.

Tax Relief Measures

Mr. Speaker, as discussed above, IRD is faced with the greater challenge of balancing revenue collection with mitigating the impact of the civil unrest and pandemic on businesses and households.

Sir, the Government is aware that there is also need to allow for a degree of flexibility to allow businesses to recover and grow, and to provide breathing space to ease pressure on cash flow shortages and help businesses to retain employment levels. However, it must be recognized that with revenues projected to decline against baseline projections, any tax administration measures introduced to assist taxpayers must not pose a further challenge for IRD to meet its revenue targets, and pose a significant risk to public service delivery, should revenue shortfalls be larger than anticipated. Despite these concerns, the Government is prepared to offer the following tax reliefs to help businesses in their recovery efforts.

- (i) Extension of deadlines to lodge tax returns.
- (ii) Deferral of tax payments where it is appropriate based on a case-by-case basis.
- (iii) Temporary suspension of penalties and interests for late filing of to reduce case flow pressures on businesses.
- (iv) Fast track the process of tax refunds to support cash flows, or allow refunds to be offset against tax debts.
- (v) Provide specific tax holidays for the tourism sector and
- (vi) Consider goods tax exemptions on personal protective equipment (PPE).

Mr, Speaker Sir, in addition to the above measures, I wish to announce that the Government will also provide a 50 percent duty exemption on fuel imports and will remove sales tax on fuel across the board for 6 months, and effective from 1st June, 2022. This is to ensure that the current increase in fuel prices does not have serious impact on all business, especially those in the rural areas.

Progress on Fundamental Reforms

Mr. Speaker, Government acknowledges that the country also faces a lot development and growth constraints. These range from lack of access to financial services, lack of competition in key areas, shortage of needed skills, access to land, lack of quality

infrastructure, weak institutions, poor governance, and lack of employment opportunities.

Sir, the government aims to address the ongoing development constraints through embarking on both structural and institutional reforms across the government including tax reforms, improving good governance reforms and developing robust legislations and policies to drive investment and growth.

Mr. Speaker, to achieve these objectives, Government encourages strong collaboration and coordination amongst all ministries in terms of planning and implementation of the 2022 budget, ensure key sectors establish working relationships to address cross-cutting needs through cost sharing arrangements to fast-track implementation of key government priorities.

Mr. Speaker, in advancing the better partnership and fruitful relation we continue to enjoy, the Government will also work closely with our development partners during the course of implementing the development investment priorities in 2022 and onward.

Monetary Policy Measures

Mr. Speaker Sir, since the pandemic took hold two years ago, the Government's macroeconomic policies (including monetary policy) has been expansionary, to cushion the economy against the health-induced economic recession.

On the monetary front, the Central Bank of Solomon Islands (CBSI) resorted to both conventional and unconventional monetary policy measures to support economic recovery while at the same time safeguarding its key mandate of price stability. The Central Bank has always ensured monetary policy operates in tandem with fiscal policy.

Mr. Speaker Sir, I am pleased to inform this Honourable House that the Central Bank has responded appropriately to the pandemic-induced economic fallout by undertaking a quantitative easing program in 2020. In doing so, the Central Bank purchased Government bonds through the secondary market. At the end of 2020, CBSI purchased a \$60 million government bond from SINPF in the secondary market. In 2021, two additional \$60 million bonds were purchased, bringing the total to \$180 million. Through this action, additional liquidity was injected into the economy to support recovery.

Sir, other monetary measures include the reduction of the Statutory Cash Reserve Requirement (CRR) from 7% to 5% (of total deposit liability), and capping of Bokolo bills (Central Bank papers) at \$430 million from the initial \$750 million. The Bank also relaxed certain exchange control requirements, especially for outward payments. Furthermore, CBSI waived/relaxed the Prudential Guideline requirements 2 and 8 to allow commercial banks to grant holiday loan repayments to their customers. I am pleased to inform the House, that this support is still in place.

Mr. Speaker Sir, as you would agree, our economy is small with a very narrow economic base, hence limiting the pace for faster economic recovery. However, with the limited resources we have, we must encourage our small and medium entrepreneurs and innovators to participate and thrive in business so that they can also benefit from the gains of international trade. Recognizing this, CBSI initiated and introduced a \$40 million Export Finance Facility in 2021 for financial institutions to borrow and on-lend to exporters. Besides, the Central Bank continued to administer the Government's Small Business Finance Guarantee Scheme. Again, this scheme is the Government's effort to support our SMEs. I would like to encourage our local SMEs to make maximum use of this scheme to finance your economic activities and help boost business operation and recovery process.

7.0 RESUMPTION OF MAJOR PROJECTS

Mr. Speaker, in 2021, the Government has started several major infrastructure development projects as part of its economic recovery efforts. Unfortunately, these projects have stalled as a result of the COVID19 transmission.

The Government is committed to immediately progress with the following development projects in 2022 as part of the economic recovery plan.

- (a) Tina River Hydro Development Project,
- (b) Munda airport upgrade under the World Bank Project
- (c) Seghe and Taro Airport Upgrade project under a funding partnership between Australia, New Zealand and Solomon Islands Government
- (d) Ministry of Fisheries to Henderson Road Project, under the support from the Government and people of Japan
- (e) Henderson International Airport Upgrade Project, under the support from the Government and people of Japan
- (f) Malaita Infrastructure Projects, include road and bridge rehabilitation under the World Bank Project
- (g) Central market to White River Road Project, under the Asia Development Project
- (h) Henderson to Mbarande Road Rehabilitation Project, under the Asia Development Bank Project, and importantly
- (i) 2023 South Pacific Games Infrastructure Projects

Mr. Speaker, as you would all agree, the 2023 Pacific Games is the largest sporting event that Solomon Islands will host since Independence in 1978. We hosted the South Pacific Mini Games in 1981 (SP-Mini Games). Next year's Pacific Games will be much larger than the 1981 Mini Games. Therefore it calls for each and every one to cooperate, and assist the Government to prepare well for this great event.

Mr. Speaker, the country will directly benefit from the Pacific Games. It is estimated that it will provide more than 10,000 new employment opportunities, earning roughly \$200.6 million. All sectors of the economy, namely construction, transport, trade and wholesale, manufacturing, tourism, telecommunication, finance and Government, will directly benefit from the Pacific Games, both during the construction phase, during the games itself, and after the game is over.

Sir, the expected GDP contraction of 4.5 percent for 2022 would have been higher if it is not for the Pacific Games related activities later this year. However, the positive contribution of the games for this year will largely be offset by the impact of Covid-19 community transmission and the November 2021 civil unrest.

8.0 SHORT-MEDIUM TERM DEVELOPMENT MEASURES

Mr. Speaker, Solomon Islands, is at the crossroads in terms of socioeconomic developments. The Government had addressed the effects of both the global COVID-19 health crisis and recent civil disorder in November 2021. As most critiques of the Government always asked. We cannot just focus on these two pressing issues. We must also look beyond both issues and map a long term path for the development and growth of our country.

In doing this, sir, there is no need for the government to reinvent the wheels again. We already have the National Development Strategy (NDS), 2016-2035, to guide our actions to **"Improve the Social and Economic Livelihoods of all Solomon Islanders"**. The development strategy provides the framework and lays the foundations for the nations long-term economic recovery and reform.

Mr. Speaker, in line with the NDS, the Government is also focused on a more focussed development and investment framework that aims to boost private sector-led growth in the years ahead. This is to ensure our limited financial resources are spent on targeted investments that would result in the following development objectives:

- (a) Sustained and inclusive economic growth.
- (b) Alleviate poverty and meet address basic needs, food security and equitable distribution of benefits.
- (c) Access to quality social services across the country.
- (d) Ensure economic resilience in an environmentally sustainable manner, and
- (e) A unified nation, where there is peace, cultural tolerance, and good governance in all sectors of the society.

Mr. Speaker, the Government will announce this focussed development strategy in the months ahead when it is completed.

9.0 DEBT OUTLOOK FOR 2022

Mr. Speaker, let me now turn to the country's debt outlook for 2022.

Sir, I wish to confirm that the Debt Management Framework (DMF) is the guideline for Solomon Islands new borrowings. The DMF comprises of a Debt Management Strategy, State Owned Enterprise (SOE) Borrowing Policy, On-lending Policy and Guarantee Policy. Under Section 66 of the Public Financial Management (PFM) Act, with reference to the DMS, only the Minister for Finance and Treasury has the sole

authority to authorise new Government borrowing; including both Provincial Government and State Owned Enterprises (SOEs).

Mr. Speaker, at the end of 2021, the level of outstanding official debt stood at \$1.96 billion. This consists of \$1.16 billion in external debts and \$798 million in domestic debts. Sir, the Government plans to spend \$98.9 million on debt servicing in 2022.

At the end of December 2021, the country's Debt to GDP ratio was 15.9 percent. This is a sustainable level. However, at this level of debt, the Solomon Islands has limited capacity to borrow to fund its needed development projects. To ensure that debt levels remains at a sustainable and affordable level, it is crucial that new debts are only incurred incrementally, in a steady and predictable manner. This is an important requirement as the DMF does not encourage large, one off borrowings, as they would limit the Government's ability to:

- (a) Adapt to economic shocks; and
- (b) Fund any yet to be identified development initiative that may exhibit high economic and social returns.

10.0 BUDGET RISKS

Mr. Speaker, Government is aware of significant risks to the implementation of government's development plans in 2022. Some of the potential risk areas which were identified and mitigative measures developed include the followings:

- Already the new COVID-19 variants are causing devastating economic and health chaos worldwide. According to World Health Organisation (WHO), the Delta Variant is mutating and very devastating compared to the current variant. It is therefore important that adequate resources are secured to further strengthen Governments vaccination rollout efforts to ensure the majority of people are protected.
- Funding of development projects spread over all sectors may result in some projects not successfully completed due to limited cash flow, especially key projects that have high growth impacts. Should Government face cash flow constraints, implementation would focus more on projects that would contribute to economic growth and protect the livelihood of all Solomon Islanders during the Covid-19 pandemic.
- Non-adherence to policy priorities and operational rules would severely undermine the implementation of Governments fiscal plans under the 2022 Budget. This calls for regular monitoring of project implementation throughout the year to ensure the successful completion of projects.
- Requests for additional financial resources through supplementary budgets will pose additional pressure on the 2022 Budget if additional revenue is not anticipated. This may also add to the cash flow issue being made worse by the COVID-19 pandemic. Requests for resources through budget supplementation would only be made on grounds that it is very urgent and unforeseen, based on section 51 of the PFM Act. If government revenue is severely impacted, a budget

review would be done across all ministries to allow for the reprioritisation and reallocation of resources.

- The 2023 Pacific Games is a huge project undertaking for the country. Although the Peoples Republic of China (PRC) and other development partners have shown great commitment, Government is also required to contribute handsomely to ensure the successful completion of the project. This commitment comes with budgetary implications in terms of both constructing and maintaining the sporting facilities. Government's commitment through on-budget should be monitored and reflected in government's fiscal plans.
- Uncontrolled teachers recruitment and unbudgeted reinstatement and backdating of salaries also poses serious risks to the payroll budget. The country does need both qualified and dedicated teachers. However, all recruitments must be well coordinated by relevant authorities to ensure newly established posts are approved and budgeted.
- Monitoring of development project implementation would be further enhanced through regular and timely reporting. This is to avoid the funding of programs or projects that do not contribute to Governments overarching policy objectives for 2022. This also applies to projects in both the productive and resource sectors.

11.0 2022 APPROPRIATION BILL 2022

Mr. Speaker, the 2022 Appropriation Bill 2022 calls for \$4.383 billion to be applied to the service of the financial year 2022, including \$2.901 billion in recurrent budget, \$610.7 million in budget support and \$870.9 million in total development expenditure. The appropriation excludes \$128.6 million for the statutory expenditures including \$98.9 million for national debt servicing.

Sir, as already said, the borrowing limit the government can borrow or agree to borrow is \$500 million, specifically for priority infrastructures and development initiatives from multilateral, bilateral development partners and domestic financial institutions.

The total sum that can be issued through Advance Warrant at any one time by the Minister is \$150 million.

The Contingency Warrant provision of \$20 million has been allocated to cover for both unforeseen and urgent spending. This is covered within the 2022 revenue estimates.

12.0 BUDGET MONITORING AND IMPLEMENTATION

Mr Speaker Sir, the execution of the Budget 2022 will not be easy. This calls for the need for all ministries to perform their mandatory roles properly and ensure the smooth implementation of the Budget. This means all ministries and agencies will be required to put together comprehensive procurement plans and documentations as

soon as possible, so that implementation of the 2022 budget, especially the development spending is not delayed.

Sir, a Financial circular will be circulated after the passing of this Appropriation Bill in May to guide ministries in their budget execution and ensure public resources are used prudently and treated responsibly.

Sir, my ministry and with the support of the Policy Implementation, Monitoring and Evaluation Unit (PIMEU) from the Office of the Prime Minister and Cabinet will continue to monitor the implementation of the 2022 budget and ensure budget is executed as planned. Further review of the 2022 budget will be conducted during the 2022 Mid-Year Budget Review.

13.0 ACKNOWLEDGEMENTS

Mr. Speaker, as all Members in this Honorable House will note, 2021 was a very challenging year for the government, private sector businesses, faith-based organizations, our bilateral and multilateral partners and everyone in the country.

Sir, indeed the situation we are currently faced with would have been lighter had it not been for the civil unrest and riots in November 2021.

Mr. Speaker Sir, on behalf of the political government, I wish to acknowledge all the efforts and contributions from all of you and everyone who have contributed in one way or the other in lessening the pains of COVID-19 in 2021.

Mr. Speaker, everyone's contribution have exemplified the resilience and indomitable spirit of our people and country, Solomon Islands. I hope we can all maintain this spirit in the years ahead.

Mr. Speaker, we have been tested both as individuals and, as a nation throughout 2021. The fact that we are still alive today is testimony of all our hardworking people in the country; police officers, and frontline officers who have worked tirelessly, day and night, twenty four seven, in our fight to contain the transmission of COVID-19. The Government, and people of this nation salute you.

Mr. Speaker, as a country, we have survived the the challenges that had beset us throughout 2021 because our development partners had not forshaken us. And so, on behalf of the Government, Provincial Governments, and all citizens of this country, I wish to thank all our donor partners for standing with the country as in all Government's efforts, not only to contain the COVID-19 transmission, but also in supporting its policies to regrow the economy during these trying times.

14.0 CLOSING REMARKS

Mr Speaker, in closing, let me again remind this Honourable House that our nation has been sorely tested since COVID-19 had entered our doors. Never has our nation suffered like this.

Mr. Speaker, Solomon Islands had suffered from three major challenges throughout 2021. They include:

- Covid-19 pandemic and community transmission since early 2022.
- Unfavourable global economic environment.
- November 2021 politically triggered riots and business looting.

No one in his or right mind should underestimate the combined costs of these challenges. The Covid-19 pandemic resulted in a severe contraction of economic activities. Its community transmission in early 2022 only made the situation much worse, and resulted in further loss of employment for many people, and significant fall in government revenues.

Mr. Speaker, the situation was made much worse when some power hungry and self-centred people and leaders took advantage of the innocents, and triggered the civil unrest which resulted in the riots and mass looting of private businesses and properties in November 2021. This politically triggered riot resulted in:

- Destruction of 162 properties worth \$811 million.
- Destruction of Honiara High School building, worth \$21.1 million
- Destruction of two Police Stations worth \$2.3 million.
- Loss of employment and income for many workers and their families.
- Loss of Government revenues - \$84.0 Million for November and December alone.

Mr. Speaker, despite the onslaught of COVID-19, and attempts to undemocratically destabilise the recovery process, the government remained firm and continued to do the right thing by focussing on rebuilding the economy by taking very painful but corrective fiscal measures to ensure vital services continue. Some of Government key achievements under very trying in environment 2021 are as follows:

- Rescheduling of commercial private sector loan repayments to assist private businesses.
- Facilitation of private sector-led exports scheme through the Central Bank Export Finance Facility.
- Resumption of the 23-Pacific Games projects – created new jobs.
- Construction of the Henderson International New Airport Terminal Project.
- Tabling of the National Payments System in Parliament.
- Construction of two new bridges in Malaita Province and rehabilitation of another.
- Construction of the new ramp wharf at Kirakira in Makira Province.
- Promoting private sector growth through DBSI lending – total private sector loans rose from \$53.9 million in 2020 to \$67.3 million in 2021.

Mr. Speaker, the very fact that we have survived the combined forces of COVID-19 and the politically driven riots was not a mistake, but the result of Gods mercy and loving interventions through the prayers of our people. I ask everyone to continue

praying for the Government, for each other and against the evil forces that only come to kill and destroy.

Mr. Speaker, as I said last year, good governance and strong ethical leadership is more than just politics and economics. It is about DOING THE RIGHT even when we have differences. The task of rebuilding our nation and hopefully reversed the damages done by the COVID-19 and November 2021 riots is immense. This suffering will continue if all of us in this Honourable House allow our differences to lead us.

Mr. Speaker, as Minister of Finance and Treasury, and for the sake of our nation's future, I appeal to all citizens of our beloved country, Chiefs, Church and Community leaders, NGOs and Civil Society organizations, Premiers and Members of Provincial Assemblies, Public Servants and the general populace of Solomon Islands to support the government in this fight against our common enemy, the COVID-19 and work in partnership to lay the foundations for recovery, growth and prosperity in our country.

Finally, Mr. Speaker, in remembrance and honour of the crucified Saviour, I wish all Members of this Honourable House, your families, hardworking Public Servants, private businesses, NGOs, Chiefs, church leaders, women and youths of this country a happy and blessed Easter celebrations. Let us all join hands and acknowledge the risen Jesus as Lord and Saviour of Solomon Islands, today and forever.

Mr. Speaker, with these few remarks, I commend this Bill to the House and I beg to move.

15.0 ANNEX TABLES

Table 1. Summary of 2022 Development Budget (Productive & Resources Sectors)	
1.0 Ministry of Agriculture and Livestock Development	\$ 25,000,000.00
1.1 National Biosecurity Strengthening Program	\$ 6,000,000.00
1.2 Food Security and Livestock Industry Program	\$ 3,000,000.00
1.3 Commercial Agriculture Development Program	\$ 9,000,000.00
1.4 Export Crop Program	\$ 7,000,000.00
2.0 Ministry of Commerce, Industries, Labour and Immigration	\$ 33,663,770.00
2.1 Private Sector and MSME Development Program	\$ 9,100,000.00
2.2 Trade and Export Program	\$ 6,050,000.00
2.3 Value Added and Downstream Development Program	\$ 6,641,246.00
2.4 MCILI Reform, Coordination and Monitoring Program	\$ 1,343,770.00
2.5 ICED, SEZ and Economic Growth Centre Development	\$ 10,528,754.00
3.0 Ministry of Communications and Aviation	\$ 30,357,000.00
3.1 International Airports Program	\$ 17,664,000.00
3.2 Provincial Airfields Program	\$ 9,693,000.00
3.3 Communication Programme	\$ 3,000,000.00
4.0 Ministry of Fisheries and Marine Resources	\$ 15,000,000.00
4.1 Community Fisheries Livelihood	\$ 7,000,000.00
4.2 Fish Export Infrastructure and Fisheries Centres	\$ 4,000,000.00
4.3 Tuna Onshore Development and Food Processing Program	\$ 4,000,000.00
5.0 Ministry of Lands, Housing and Survey	\$ 10,000,000.00
5.1 SI Urban Management Program (SUMPS)	\$ 7,500,000.00
5.2 Institutional and Capacity Building Strengthening	\$ 1,100,000.00
5.3 Lands & Titles Act Reform and Constitutional Amend	\$ 1,400,000.00
6.0 Ministry of Culture and Tourism	\$ 10,000,000.00
7.0 Ministry of Infrastructure Development	\$ 109,200,000.00
7.1 SIG Obligation to Donor Funded Transport Projects	\$ 12,000,000.00
7.2 National Transportation Initiative Program	\$ 12,000,000.00
7.3 National Transport Fund Program	\$ 37,000,000.00
7.4 Social Infrastructure Development Program	\$ 4,000,000.00
7.5 Sea Infrastructure and Transport Services Program	\$ 14,200,000.00
7.6 Economic Infrastructure Program	\$ 30,000,000.00
8.0 Ministry of Forestry and Research	\$ 10,636,000.00
8.1 Downstream Processing Program	\$ 5,200,000.00
8.2 Sustainable Logging Development Program	\$ 5,436,000.00
9.0 Ministry of Environment, Climate Change, Disaster Management and Meteorology	\$ 7,460,000.00
9.1 Environmental Conservation Programme	\$ 1,800,000.00
9.2 Early Warning System	\$ 700,000.00
9.3 SI Climate Adaptation Program (SICAP)	\$ 1,500,000.00
9.4 Low Carbon Emission Development Program	\$ 1,960,000.00
9.5 MECDM New Office Building	\$ 1,500,000.00
10.0 Ministry of Rural Development	\$ 261,000,000.00
10.1 PRC Support to Constituency Development	\$ 20,000,000.00
10.2 SIG Support to Constituency Development	\$ 241,000,000.00
11.0 Ministry of Mines, Energy and Rural Electrification	\$ 30,000,000.00
11.1 Renewable Energy Development Program	\$ 6,500,000.00
11.2 SI Water Sector Development Program	\$ 17,500,000.00
11.3 Petroleum Refining Inst. Strengthening Program	\$ 500,000.00
11.4 Mines Sector Institutional Strengthening Program	\$ 2,000,000.00
11.5 Mineral Development Programme	\$ 3,500,000.00
Total Resource Sector Development Projects	\$ 542,316,770.00

Table 2. Production by Major Commodities

Period	Coconut Oil		Cocoa (m.t)	Palm Oil (m.t)	Palm Kernel (m.t)	Fish Catch (m.t)	Logs & Timber (^{'000M3})
	Copra (m.t)	(m.t)					
2011	35,280	470	6,495	31,592	3,537	28,195	1,937
2012	26,610	189	4,826	31,846	3,387	29,377	1,948
2013	13,922	196	4,519	32,261	3,201	24,876	1,945
2014	19,101	238	4,758	33,752	3,347	32,796	2,191
2015	17,408	1,163	4,521	32,579	3,614	28,917	2,366
2016	18,480	1,113	4,503	36,407	3,616	26,914	2,961
2017	25,157	2,965	3,982	35,089	3,548	30,646	2,684
2018	19,660	5,556	4,247	38,032	3,896	38,656	2,744
2019	8,055	4,414	4,335	37,536	3,743	40,859	2,678
2020	11,768	5,250	4,042	36,662	3,703	24,361	2,344
2021	16,336	5,696	3,896	32,679	3,350	28,420	2,020

Source: Central Bank of Solomon Islands.

Table 3. International Commodity Prices

Periods	Coconut Oil (US\$/mt)	Cocoa (US\$/mt)	Palm Oil (US\$/mt)	Fish (US\$/mt)	Logs (US\$/M3)	Gold (US\$/OZ)
2011	1730	2980	1193	1763	391	1569
2012	1111	2392	1043	2,170	361	1670
2013	939	2439	871	1,923	305	1411
2014	1281	3062	837	1,427	282	1266
2015	1104	3135	663	1,390	246	1161
2016	1482	2891	736	1,679	274	1249
2017	1651	2029	751	1952	265	1258
2018	997	2294	639	1488	270	1269
2019	736	2341	601	1343	273	1392
2020	1010	2370	752	1486	279	1770
2021	1636	2427	1131	1380	271	1800

Source: Central Bank of Solomon Islands.

Table 4. SI International Trade Values (SI\$'000)

Major Exports	2018	2019	2020	2021
Copra & Coconut Oil	59,701	35,546	70,911	38,994
Fish	340,378	378,058	437,945	744,547
Logs & Sawn Timber	3,313,794	2,415,750	1,828,938	1,570,236
Palm Oil & Kernels	116,329	74,995	103,393	26,099
Cocoa	10,571	63,450	28,310	76,099
Minerals	119,317	85,372	163,047	32,051
All Others	41,204	65,923	21,949	74,838
Total	4,001,294	3,119,094	2,654,493	2,562,864
Major Imports	2018	2019	2020	2021
Oil Products	580,721	803,970	456,466	653,830
Food Imports	770,163	736,473	659,519	687,668
Beverages & Tobacco	57,257	67,279	53,893	60,822
Plants, Vehicle & Transport Equipt	437,702	370,408	316,109	307,057
Building & Construction Materials	245,129	208,727	142,203	266,188
Chemical Products	100,127	68,434	66,542	80,607
Other Imports	639,997	555,201	405,595	687,468
Total	2,831,096	2,810,492	2,100,327	2,743,640

Source: Central Bank of Solomon Islands(Based on FET Statistics)

Table 5. Outstanding Government Debts (SI\$Millions)

No.	Nature of Debts	2020	2021
1.0	Domestic Debts	451.1	797.8
1.1	Domestic Developmet Bonds	360.0	650.0
1.2	Treasury Bills	86.2	92.9
1.3	Amortised/Restructured Bonds	-	-
1.4	Special Securities	4.9	54.9
2.0	External Debts	774.9	1,163.2
2.1	ADB	365.4	535.8
2.2	EU	7.1	5.4
2.3	IDA	308.0	376.9
2.4	IFAD	29.2	27.7
2.5	Exim	65.2	41.4
2.6	Jica		176.1
3.0	Other Debt Obligations	30.0	-
3.1	Loan Quarantees	30.0	-
	Grand Total	1,256.0	1,961.0

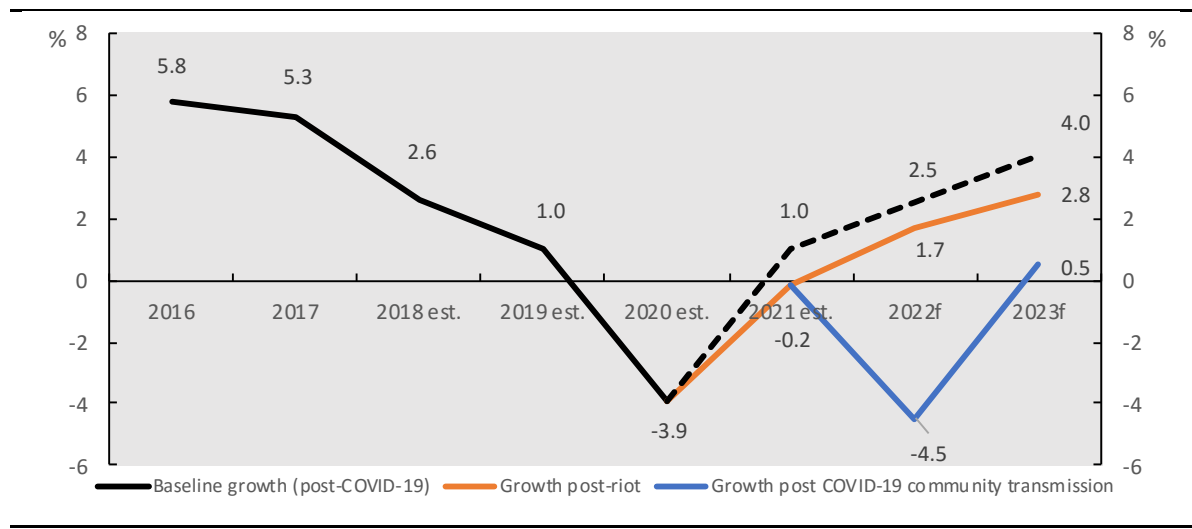
Source: Ministry of Finance & Teasury.

Table 6. Outstanding Private Sector Debts (SI\$Millions)

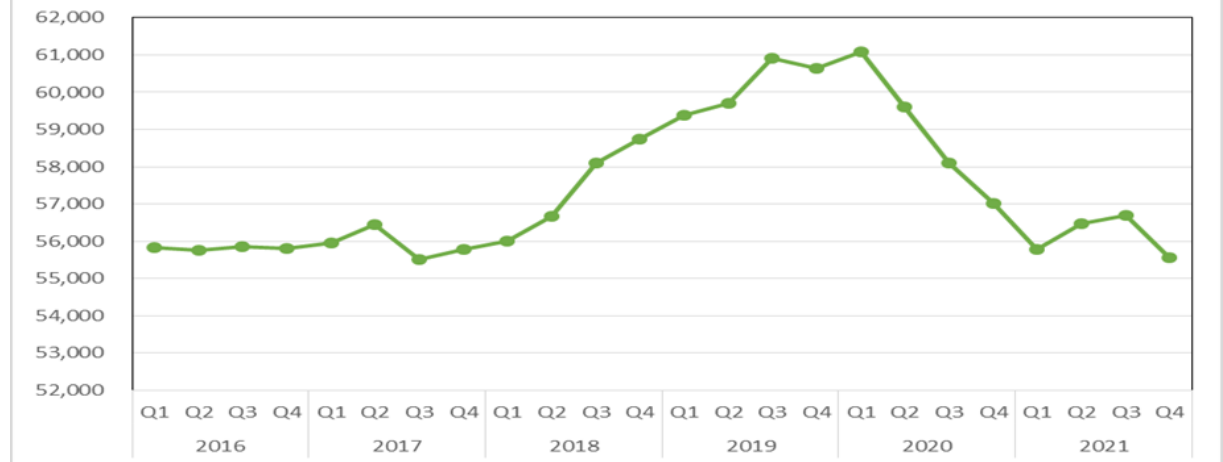
Major Sectors	2018	2019	2020	2021
Personal	620,052	695,298	676,661	910,586
Construction	443,833	494,273	493,661	272,187
Distribution	495,993	558,481	585,751	599,612
Communications	133,041	83,000	80,255	86,544
Tourism	179,168	157,544	149,982	124,395
Prof & Other Services	124,606	108,272	123,460	106,389
Transport	149,214	183,992	176,896	158,527
Manufacturing	149,418	119,023	104,986	126,015
Forestry	60,379	75,854	103,673	95,690
Agriculture	13,056	15,410	16,046	10,957
Entert & Catering.	2,730	3,125	1,988	1,211
Mining	239	41	-	-
Fisheries	6,752	11,346	6,646	6,617
Statutory Corporations	44,892	40,391	20,582	19,804
Non-Resident	-	-	-	-
Private Financial Institutions	1,104	11,087	370	141
Central Government	2	5	23	1
Provincial Assemblies & Prov Govts	258	254	-	6
Total	2,424,737	2,557,396	2,540,980	2,518,682

Source: Central Bank of Solomon Islands.

Graph 1 – SI Real GDP Growth (%)



**Graph 2
Quarterly Employment**



**Graph 3.
External Reserves & Imports Cover**

