

WOMEN IN BUSINESS IN SOLOMON ISLANDS Key Findings from April 2008 Scoping Mission¹

INTRODUCTION

This report is based on a joint International Finance Corporation (IFC)-AusAID scoping mission to the Solomon Islands from April 28 - May 2, 2008 which aimed to ascertain the viability of future work on women's entrepreneurship in the country and served to profile women's businesses for an upcoming regional publication. This report summarizes the main findings of the mission and recommends future activities.

KEY FINDINGS

I. Background on Women in the Solomon Islands' Economy

Government action on gender equality is lacking in the Solomon Islands. The Solomon Islands Government (SIG) is committed to promoting gender equality in national as well as regional² and international³ development policy frameworks, yet the country performs very poorly on gender equality – ranking at 129 out of 177 countries on the Gender and Development Index (GDI)⁴. Women's equality tends to be framed in terms of community- and nation- building rather than in terms of women's potential economic contribution, and women's economic empowerment is a neglected issue in the existing national development policy environment. Both the National Women's Machinery and National Council of Women have relatively unsophisticated plans of action on gender equality and lack the capacity to implement them. Linking gender equality to improved economic growth may encourage greater action on women's economic needs (see Figure 1).

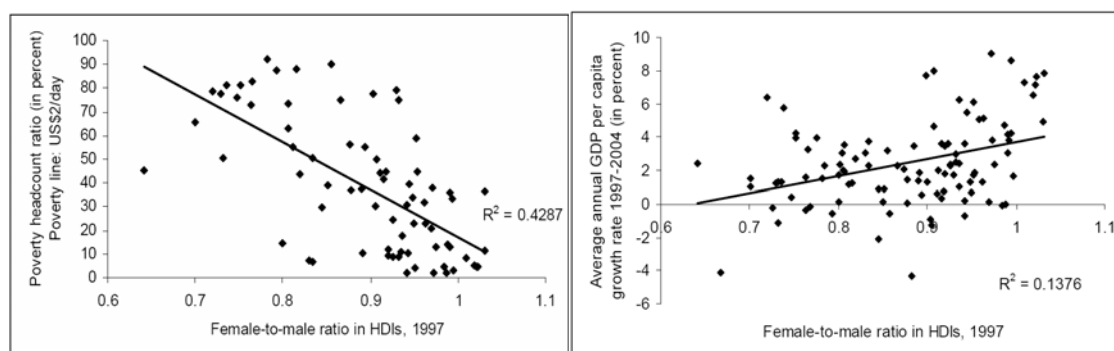


Figure 1. Source: World Bank (2007)⁵

The Solomon Islands stronger economic growth in recent years has not benefited the broad-based rural population, especially rural women⁶. Logging has provided much opportunity for

¹ Analysis based on 4 days in country, and much of the data collected requires clarification/verification from further interviews. A larger body of data would also benefit the analysis and recommendations.

² Including the Pacific Islands Forum (PIFs) agenda and the PIFs-endorsed Pacific Plan.

³ Include (but not limited to) the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW), the Beijing Platform for Action and the Millennium Development Goals (MDGs).

⁴ 'SIG commitments to gender equality' (AusAID internal resource); see also Wallace, H. (2000). 'Gender and the reform process in Vanuatu and Solomon Islands', *Development Bulletin*, 51: 23-25.

⁵ World Bank Group (2007). *Gender Equality, Poverty and Economic Growth*. Policy Research Working Paper WPS 4349, (written by Morrison, A., Raju, D. & Sinha, N.)

⁶ DFAT (Department of Foreign Affairs and Trade) (2008). *Solomon Islands Country Brief – March 2008. Economic Overview*. http://www.dfat.gov.au/geo/solomon_islands/solomon_islands_brief.html; AusAID (Australian

employment in the Solomon Islands, not to mention significant export earnings (70 per cent) and government revenue (18 per cent), yet two thirds of the adult population and three-quarters of all women do not do any paid work⁷. Moreover, nearly a quarter of the population lives below the basic needs poverty line and women and children remain particularly overrepresented among the poor.

Food and handicraft markets hold much social and economic significance for women and potentially as value-added exports, but lack government investment. In a recent study of rural livelihoods across 300 communities⁸, 91 per cent of the total population cited dependence on selling food at markets for income while handicrafts and baskets (produced disproportionately by women) accounted for 70 per cent of income above cocoa production, oil palm and timber⁹. (Subsistence) agriculture accounts for a third of GDP and provides economic activity for 80 per cent of the population¹⁰. Further, those interviewed estimated that the domestic handicraft market was already worth around \$AU1 million, and could be much higher if rural artisans developed the skills, support and capacity to access regional value-added markets for these products (see below). Less than 1 per cent of the national budget is spent on agriculture and the Department of Agriculture and Livestock (DAL), the body responsible for supporting small-producers and SMEs and strengthening agricultural extension services for women¹¹, has lacked strategic direction and operated relatively defunct extension services over the years¹². Other service providers have done well to fill gaps and manage long-term community projects, but lack financial and technical assistance¹³.

Women are under-represented in the labour force. In 2002, only 9 per cent of the population was employed in the public sector while 65 per cent were employed in the private sector in mainly village-based micro-enterprises¹⁴. An estimated 54.3 per cent of women over 15 are ‘economically active’ yet a lack of government statistics on women’s private sector participation or informal economic activity blurs the picture of women in (formal or informal) business¹⁵. Women’s employment in the formal (non-agricultural) sector rose between 1986 and 1999 but has been restricted to low-paid, low status jobs in the tertiary and services sector (Figure 2)¹⁶ with average female earnings close to half the average male wage (Figure 3). There are no specific laws in the Solomon Islands on equal opportunity for women and men, on equal pay, or that address sexual discrimination or sexual harassment in the workplace.

Employment by Occupation and Gender				
	1986		1999	
	Male	Female	Male	Female
Legislative	-	-	-	-

Agency for International Development) (2006a). *Pacific 2020. Challenges and Opportunities for Growth*; AusAID (2006c) *Solomon Islands Transitional Country Strategy 2006-mid 2007*

⁷ AusAID (2006b). Solomon Islands Smallholder Agriculture Study. Literature Review: A Brief National Assessment of the Agriculture Sector (Vol 5). The logging sector is also expected to decline as soon as 2009 (AusAID (Australian Agency for International Development) (2008). *Pacific Economic Survey 2008. Connecting the Region*, p 27).

⁸ See Community Sector Program (CSP) (2006). *Hem nao – Solomon Islands, tis taem. Report of the CSP Community Snapshot*. (Written and produced by Lawrence, D & Allen, M).

⁹ *ibid.*, 2006.

¹⁰ UNDP (United Nations Development Program) (2002). *Solomon Islands Human Development Report*.

¹¹ SIG (Solomon Islands Government) (2003). *National Economic Recovery, Reform and Development Plan 2003-2006*. Department of Reform and Planning. SIG: Honiara.

¹² AusAID, 2006b: 7, 16.

¹³ *ibid.*, 2006b: 10.

¹⁴ UNDP, 2002: 64. The percentage would be much higher if the informally active were included.

¹⁵ In 1999, 41.5 per cent of the population was under 15 years of age (AusAID, 2006c: 6).

¹⁶UNDP, 2002: 66.

Management	563	15	2085	417
Professional	-	-	-	-
Technician	4016	1517	6562	2996
Services	2061	988	1155	1446
Skilled	3278	1479	4902	2924

Figure 2. Source: UNDP, 2002: 66.

	Women	Men
Estimated Average Earned Income in 2005 (\$US/year)	1345	2672

Figure 3. Source: http://hdrstats.undp.org/countries/data_sheets/cty_ds_SLB.html

In terms of educational attainment, few girls reach secondary or tertiary levels.

Gender equality in education remains a concern in the Solomon Islands (Figure 4), and families commonly withdraw their daughters rather than their sons from schooling if they cannot afford school fees¹⁷. Widely-held, discriminatory social attitudes towards women as belonging in the home have a strong impact on girl’s educational attainment and later business and employment opportunities. Women explained that Solomon Island women ‘do not enter male-dominated areas such as mechanics, engineering or politics’ and businesswomen described being ridiculed and ‘treated as a joke’.

Educational Level	Gross Enrolment (% female, 2005)	Gross enrolment ratio (ratio of female ratio to male ratio)
Primary	94	.95
Secondary	27	.83
Tertiary

Figure 4. Source: http://hdrstats.undp.org/countries/data_sheets/cty_ds_SLB.html

Women’s poor economic status and representation mirrors their lack of political representation.

At 2005 the Solomon Islands Government had no women in Parliament, whether at the ministerial level or in the upper and lower houses. Some of those interviewed recollected one or two women had served at the provincial level of government in recent years but indicated that politics is traditionally ‘men’s business’.

II. Women Doing Business in Solomon Islands – Key Barriers

Women entrepreneurs lack access to finance. Solomon Islands ranks at 135 out of 178 countries on access to credit (Figure 5)¹⁸, and would likely rank worse if sex-disaggregated data were available. Rural women especially tend to lack the recognised forms of collateral (land, income, National Provident Fund savings) (against which up to 30 per cent of the value can be borrowed). Anecdotal evidence suggests that, even when women meet the eligibility criteria, they are perceived as too great a credit risk; experience inexplicably long delays in the application process; or are asked to identify male guarantors.

¹⁷CSP, 2006.

¹⁸ World Bank Group, 2008.

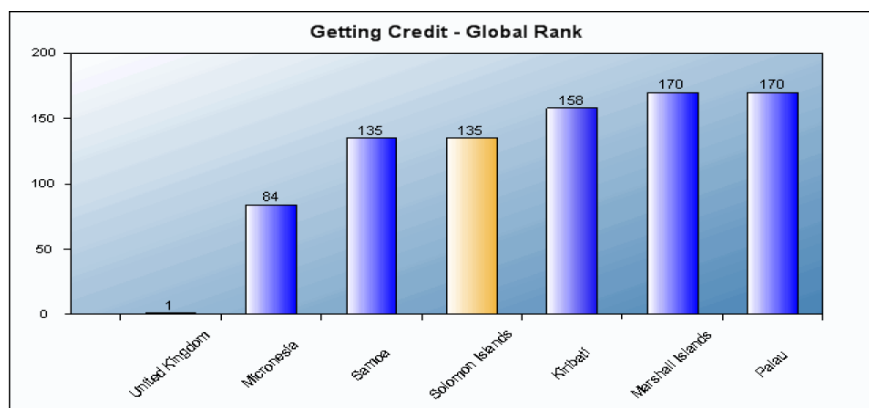


Figure 5. Source: World Bank Group, 2008: 29.

The main commercial banks in Solomon Islands – Westpac, ANZ, National Bank of Solomon Islands – believed there to be no gender discrimination in the provision of loans and have not undertaken gender-sensitivity training among staff (especially younger/newer employees). Perpetuating the lack of gender awareness among bank staff is poor financial literacy and confidence among women (rural women especially), who are unable to identify their financial needs or seek appropriate and adequate assistance.

Microfinance schemes are scarce in the Solomon Islands and women seldom save due to *wantok* pressure. Banking services and products are seldom promoted to women specifically for business purposes. Also, most banking facilities are clustered in Honiara and some in the provinces, but not in more rural and remote areas, or at the Central Market where women sell produce. Without a nearby facility to deposit their daily earnings or training in how to manage money for business purposes, rural market-women regularly have their earnings taken from them by their husbands and male relatives. *Wantok*-ism is pervasive in the Solomon Islands and women entrepreneurs are subject to particularly intense pressure; those interviewed feared being seen as ‘greedy’ or ‘selfish’ – or made an outcast among their extended families – if they did not oblige their *wantoks*. Asian-expat businesses appeared to fare better in managing *wantok* obligations by budgeting and separating personal from business finances.

Women face discrimination in registering their business and obtaining licenses. The Solomon Islands is ranked 79th on the World Bank’s (2008) Starting a Business indicator (see Figure 6), and would likely rank lower if sex-disaggregated data were available to reflect the delays in transactions with government authorities reported by women. Women reported waiting several months for a license compared with men who wait only several weeks. A lack of public sector capacity and know-how in the business registration process was cited as an impediment yet women have few alternative avenues since private accountancy firm fees are too expensive. Women report being disadvantaged because they ‘play by the rules’ and do not pay bribes (as is common among men) for faster service. Women also tend to follow up on their application repeatedly due to a perceived attitude among male and female staff in the registry that women “are not meant to do business” and tend to neglect women’s applications.

No:	Procedure	Time to complete:	Cost to complete:
1	Obtain approval of the company name from the Ministry of Commerce	17 days	SBD 100
2	Pay stamp duty at the Ministry of Finance	1 day	SBD 50
3	Register the company with the Registrar of Companies	32 days	SBD 1700

4	Register for income tax, goods tax, and sales tax	1 day	no charge
5	Register as an employer with the National Provident Fund	1 day	no charge
6	Make a company seal	4 days	SBD 200
7	Pay a business licence fee at the Honiara Council	1 day	SBD 1000

Figure 6. Source: World Bank Group, 2008.

The politics and oblique nature of registering land and commercial property is a major impediment to women’s business activity and market access. Registering property is a poorly performing indicator for the Solomon Islands - ranked at 162 in 2008¹⁹ - and women are particularly disadvantaged (Figure 7). Although the Solomon Islands is mostly matrilineal and women inherit customary land, decisions over customary land management are made primarily by men²⁰, and foreign operators view male chiefs as the relevant custodians to approach in seeking rights to land use²¹. With respect to alienated land, in women’s experience obtaining leases is a drawn out and futile procedure, poorly managed by Government bureaucracy, and ultimately at the discretion of Government Ministers, the Land Commissioner and senior staff. The lack of transparency and perceived favouritism exercised by the Land Commissioner and Minister of Land in granting leases raised significant ire among indigenous women and community organizations whose income generating activities and market access have been undermined numerous times.



Figure 7. Source: World Bank Group, 2008: 25.

Commercial property transactions are no more straightforward for women. Commercial property in Honiara is scarce, very expensive, and according to the women interviewed, all depended on ‘who you know’. No Tenancy Act exists hence individual contracts define lessor and lessee rights and obligations. Women are vulnerable in this situation. While some women described never receiving a response to their application for commercial property, others, whose expression of interest for a property was accepted, paid for professional land surveying to proceed with the contract only to find out the property had been given instead to a male bidder who offered more money as well as gifts.

Domestic food and handicraft markets are a primary source of income for rural women entrepreneurs, but are increasingly vulnerable to political influence and informalisation.

According to women and NGOs interviewed, in recent years all but one of the 5 marketplaces in Honiara has been reclaimed from the Honiara City Council (HCC) by the Land Commissioner to accommodate a growing number of foreign business developers or large-scale operators (provincial and island marketplaces have likewise been appropriated by Government or ‘claimed’ by particular

¹⁹ World Bank Group, 2008.

²⁰ CSP, 2006.

²¹ See for example Palmer E, *Women Block Road*, Solomon Star, 1 May 2008, p.2

religious groups). NGOs and community organisations expressed deep concern that this ongoing process is restricting rural/remote women’s market access, opportunities and business viability. The Cultural Village for instance, intended to model regional best-practice in handicraft centers and a long-standing food and handicrafts for women entrepreneurs, was recently closed down by the Ministry of Tourism & Agriculture to make way for a foreign-owned hotel. This case and others have generated considerable hostility among the indigenous private sector towards foreign-owned businesses. The National Council of Women (NCW) and AusAID’s Community Sector Program have begun building a couple of provincial marketplaces while Oxfam is lobbying the SIG to build and support women’s marketplaces.

Remaining marketplace options are scarce, overcrowded and the inadequate infrastructure (which lacks refrigeration and lockable storage facilities) constrains market-women’s business growth. Furthermore, women reported being harassed at the markets by drunken men who steal their goods and disrupt their displays and customers. The lack of regulation has also encouraged a number of middlemen to operate, who buy women’s goods at very low prices, repackage them and sell them at marked up prices, often in the same marketplace. Favouritism towards male stallholders selling betel nut is also forcing women to sell their goods out on the street. The substitute roadside-markets are *ad hoc*, offer minimal shelter and women’s products are often displayed on the ground. Women expressed concern about the lack of safety of the road-side markets and their vulnerability as highly visible and informal operators – the fine for unlicensed and unregistered operators is \$200 (SBD) (and includes confiscation of goods and legal prosecution) which is prohibitive for micro-businesses.

International markets are equally difficult for women to access due to poor provision and management of utilities, infrastructure and commercial services. While exporting offers Solomon Islander women access to larger markets and potentially high returns, they face some of the highest shipping and air freight rates in the Pacific²² and the poor quality and irregularity of shipping services limits their global competitiveness²³. High port charges and delayed port clearance times has particularly severe impact on smaller farmers with fresh- and value-added products for whom cost and time sensitivities are highest. The Solomon Islands is ranked 74th out of 178 countries on the World Bank’s (2008) Trading Across Borders indicator yet interview data suggest a much worse performance (Figure 8). Women and various traders cited roughly 14 licenses needed for exporting goods, and expressed significant frustration with poor port-management (especially in provincial areas), very expensive shipping costs, a protracted loading time of 2 weeks, a lack of cold-store facilities, poor security of equipment and stock, and short business hours (until 3.30pm, time extension costs \$80).

Trading Across Borders data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		63	74
Documents for export (number)	7	7	7
Time for export (days)	24	24	24
Cost to export (US\$ per container)	1056	1056	1056
Documents for import (number)	4	4	4
Time for import (days)	21	21	21
Cost to import (US\$ per container)	1238	1238	1238

Figure 8. Source: World Bank Group, 2008: 40.

²² AusAID, 2008: 39.

²³ AusAID, 2006b: 27.

Indigenous producers also lack technical and business knowledge, skills and support needed to compete in international markets. While many women expressed keen interest in gaining access to larger markets overseas they lacked the support and resources to do so. Traders emphasised inconsistency of supply as a major impediment to doing business with indigenous producers and attributed this to producers' lack of business/farm management skills. One also noted the lack the technical knowledge on basic crop management and maintenance among small farmers, observing that 'much donor money has been wasted on establishing cocoa farms because they've been left in the hands of unskilled farmers'. Producers themselves identified a need for training in business management and technical knowledge to help them to improve the quality and competitiveness of their product. Government support and vocational training in agriculture and handicrafts/arts is minimal²⁴ and some community organisations suggested instead linking producers to regional Fair Trade networks (due to the sensitivity of Fair Trade markets to the conditions and needs of small farmers and artisans).

Women's organizations neglect women's economic issues and have limited capacity to make the business environment supportive of women entrepreneurs. There are few networking opportunities or regular meetings for women entrepreneurs, despite women's interest in the concept. There also appeared to be few women's organizations focused on women's economic empowerment. Women's organizations such as the National Council for Women focus heavily on women in politics, and the Women in Business Association is small, mainly representative of salaried or expat women based in Honiara and does not appear to be involved in advocacy, particularly for rural women. Younger women entrepreneurs expressed a desire for sector-specific mentors and role models. The Ministry for Women, Children & Youth Affairs recently initiated income-generation projects for rural women, but has limited capacity to improve women's economic status.

Women in business need consistent and sector-specific support to do business and fully contribute to the Solomon Islands' economic development. Solomon Island women are clearly eager to engage in the private sector and have significant potential to do so, yet they currently lack the capital, skills and training, as well as political recognition and support. While targeted attention on women in the private sector is lacking, a gender focus in private sector policy and strategy development with sectoral and/or sub-sectoral specificity is needed.

²⁴ CSP, 2006; AusAID, 2006b.

III. Recommendations

Issue	Recommendation	Responsible Agency	Comments
<p>Legal/regulatory issues</p> <p>Laws on starting a business & dealing with licenses are gender neutral but in practice discriminate against women.</p> <p>Large informal sector, especially amongst women with road side stalls/markets.</p> <p>No employment laws promoting women’s rights, women prohibited from working in mines and at night, and employers cover 100% of maternity leave.</p> <p>No law on leases.</p> <p>No law on health standards in food production and retail.</p> <p>Lack of sex-disaggregated data limits understanding of women’s challenges and appropriate interventions</p>	<p>Gender sensitivity training at the Ministries of Commerce, Finance and Land, Office of Company Registrars, Honiara City Council, Provincial licensing authorities. Foster collection of gender disaggregated data.</p> <p>Develop appropriate business license fee structure for women with road side stalls/at markets & other microenterprises.</p> <p>Introduce law on equal opportunity, equal pay, the prohibition of sexual discrimination and sexual harassment. Remove provisions prohibiting women working in mines and at night. Introduce Government-subsidised maternity leave. Set up special office to address complaints of discrimination in the workplace.</p> <p>Need for Tenancy Act. Removal of opportunities for non-transparent discretion in granting/extending leases.</p> <p>Need for Health Standards and compliance monitoring, particularly for food at markets.</p> <p>Build database on women in private sector, and integrate sex-disaggregated data in future PSD research done. Need gender disaggregated data on business registration, licenses issued, property registry, at financial institutions, future credit registries.</p>	<p>AusAID/World Bank/IFC/Donors/NGOs.</p>	
<p>Access to markets</p> <p>Women in the food and handicraft industry lack</p>	<p>Provide assistance to educational and vocational agricultural institutes & NGOs in rural-farmer training & capacity-building.</p>	<p>AusAID/NZAid.</p>	<p>Deliver training by radio to rural</p>

<p>product development skills, design and value-adding, technical knowledge.</p>	<p>(CSP, SICHE, Rural Training Centres). Ensure women’s business needs are prioritized in skills training.</p>		<p>women.</p>
<p>Small-farmers lack technical assistance, advisory support, linkages & information on value-added markets eg fair trade/organic.</p>	<p>Provide financial & on-the-ground assistance to NGO and/or private sector extension service providers & fair trade & organic networks in the region.</p>	<p>AusAID Ministry of Commerce Dept. of Agriculture & Livestock (DAL).</p>	<p>Coordinate donor infrastructure, market access/development projects with these industry networks.</p>
<p>Strategic Plan for agricultural sector is lacking.</p>	<p>Capacity-building for main bodies in agriculture & small-business development in strategic planning and implementation.</p>	<p>SIG</p>	<p>Buy-in from central & provincial authorities essential.</p>
<p>Poor investment in & attention on subsistence agriculture & women businesses within the sector.</p>	<p>Increase investment in agricultural sector, particularly subsistence agriculture & small-business development. Include in census sex-disaggregated data on small-businesses in subsistence agriculture. Conduct research into women in informal economic activities (food & craft market-selling).</p>	<p>SIG/AusAID.</p>	
<p>Women, especially in rural areas, lack marketplaces both in number and in facilities.</p>	<p>Coordinate a marketplace program incl. construction of more domestic food & handicraft markets especially in provincial & island villages; equip markets with cold-room and storage facilities; for exporters, build aggregation centers with processing facilities & equipment.</p>	<p>AusAID/IFC.</p>	

<p>Access to finance & finance/business training Women lack financial literacy & basic business skills & seldom seek loans or set up bank accounts to manage their finances.</p> <p>Women lack gender-sensitive loan options.</p> <p>Rural/island women lack access to banking facilities.</p>	<p>Deliver women’s financial literacy & business management training. Promote independent saving & borrowing.</p> <p>Expand and update products & services in SI & assist women to access them (credit cards, micro-finance, mobile-banking). Broaden credit-eligibility criteria. Gender-sensitivity training for bank staff & best-practice gender policies (for both female employees & clients).</p> <p>Extend rural banking facilities and infrastructure to all rural villages in Solomon Islands.</p>	<p>IFC, UNDP, Banks, NGOs.</p> <p>Banks (draw on regional examples).</p> <p>Banks.</p>	<p>Financial literacy training must address <i>wantok</i> culture.</p>
<p>Access to land/property Women have limited power & knowledge in land/property ownership & lease disputes.</p>	<p>Set up legal advice centres to support & raise awareness among women in dispute resolution.</p>	<p>Donors (AusAID, World Bank, IFC, NGOs).</p>	
<p>Women’s business advocacy/networking Women entrepreneurs are poorly organized, lack support and mentoring.</p> <p>Women & girls face cultural discrimination in business & employment.</p>	<p>Set up women’s working group under IFC’s Public Private Task Force which will be established under the Regulatory Simplification and IPP project.</p> <p>Build local capacity in advocacy, networking & mentoring services for women entrepreneurs. Support exchanges & study tours for women entrepreneurs & promote positive role models through widely-distributed publication on women in business report.</p>	<p>IFC/FIAS.</p> <p>Donors & Industry (Westpac Businesswoman of the Year initiative, Regional - WiB Asia/NZ/Australia).</p>	<p>Women’s needs for the BEE will continue to be identified in this forum.</p> <p>Could also consider national awareness-raising campaign.</p>