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Ex-ante Impact Assessment of likely Consequences of Graduation of Solomon Islands from the Least Developed Country Category

SUSTAINABLE DEVELOPMENT GOALS

Contents

Summary

This **ex-ante impact assessment for Solomon Islands** (see sidebar), prepared at the request of the CDP for consideration at the 2018 triennial review, assesses the probable impact of the loss, upon graduation from the LDC category, of support measures relating to international trade; development cooperation; and general support measures.

In general, the assessment finds that, given the country's trade structure and the nature of its main cooperation partnerships, the impact of graduation will be limited. There may even be benefits in the form of the heightened sense of national progress that accompanies a move out of the official lowest rung of the development ladder; increased political standing in regional and international institutions; and improved access to and conditions in financial markets. The main conclusions are summarized as follows.

WHAT ARE **EX-ANTE IMPACT ASSESSMENTS** IN THE CONTEXT OF GRADUATION FROM THE LDC CATEGORY?

To graduate from LDC status, a country needs to be found eligible for graduation, based on criteria determined by the UN General Assembly, in two successive triennial reviews conducted by the Committee for Development Policy (CDP).

After a country is found eligible for the first time, the CDP requests that the United Nations Department of Economic and Social Affairs (UNDESA) prepare an ex-ante assessment of the expected impacts for the country of no longer having access to international support measures for least developed countries (LDCs).

This assessment is used, along with a "vulnerability profile" prepared by the United Nations Conference on Trade and Development (UNCTAD), the views of the concerned Government and other relevant information, as an input for the CDP's decision on whether to recommend the country for graduation once it is found eligibility for a second time.

Trade

Market access – goods. The assessment indicates that graduation would have no impact on the main export of Solomon Islands, logs, most of which are destined for China, a country which is not recognized by Solomon Islands and in which logs do not face import tariffs. Domestic supply constraints are for Solomon Islands a bigger challenge than market access, particularly as the supply of tropical hardwood diminishes. Exports of minerals such as gold, bauxite, copper, nickel and cobalt to all destinations are similarly duty and quota-free (DFQF) and hence unaffected by LDC status. Solomon Islands can expect to maintain DFQF access for all products to Australia and New Zealand under the Pacific Agreement on Closer Economic Relations (PACER Plus).

Graduation could have some impact on European market access for coconut oil and palm oil, each of which comprise a small share of exports but which are an important potential source of diversification and are vital to some local communities. The export of fish products is growing, mostly to Europe. Any future move into the export of rice, although unlikely, could mean higher tariffs. In the event of graduation, and should Solomon Islands pass the conventions necessary to join the European Union's (EU's) Generalised System of Preferences (GSP+) scheme, it would maintain duty-free, quota-free market access to the EU for all existing exports and most potential exports.

Market access – services. Solomon Islands´s diversification strategy is strongly focused on services. Information currently available suggests that losing the recently established World Trade Organisation (WTO) services waiver, which allows WTO members to discriminate in favour of LDCs, would have no impact.

WTO. As a WTO member Solomon Islands would no longer benefit from special and differential (S&D) treatment under the WTO agreements and decisions. The withdrawal of S&D is unlikely to have major economic implications although Solomon Islands would face certain costs in implementing the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS).

Aid for Trade. The main Aid for Trade instrument that is specifically geared at LDCs is the Enhanced Integrated Framework (EIF), which represents a relatively small share of Aid for Trade flows to Solomon Islands. The country would be eligible for support from the EIF for a period of up to five years after graduation. Other components of Aid for Trade are generally not linked to LDC status.

Development cooperation

Graduation would not significantly impact ODA or South-South cooperation since the most significant flows and programmes are undertaken by the main donors and partners based on criteria other than LDC status. Solomon Islands would lose access to certain mechanisms and funds (in some cases after a transition period) such as the Technology Bank for LDCs and the Least Developed Countries Fund (LDCF), aimed at addressing the special needs of LDCs under the United Nations Framework Convention on Climate Change. The country would retain access to alternative sources of financing such as the Green Climate Fund that are either not limited to specific categories of developing countries or also prioritize Small Island Developing States (SIDS).

General support measures

Graduation would not affect Solomon Islands contributions to the United Nations regular budget and would minimally impact its contributions to the peacekeeping budget and the budgets of a small number of UN entities.

After a transition period of up to five years after graduation, Solomon Islands would no longer be eligible for funds supporting travel of representatives to the official meetings of the UN General Assembly.

The country and its nationals may no longer benefit from other forms of support for travel to participate in international forums or from certain scholarships and fellowships. It would continue to have access to mechanisms dedicated to other developing countries and particularly to SIDS.

1. Background, scope and sources

Solomon Islands was found eligible for graduation from the least developed country (LDC) category for the first time in 2015 based on its GNI per capita and its score on the human assets index (HAI) (see Box 1).[1] According to established procedures, this report responds to the request by the CDP for the United Nations Department of Economic and Social Affairs (UNDESA) to conduct an ex-ante assessment of the expected impacts for Solomon Islands of no longer having access to international support measures for LDCs. The report will be considered by the CDP when it reviews the country´s eligibility for graduation for the second time during the 2018 triennial review.

Scope of the impact assessment. The purpose of the ex-ante impact assessment is to examine the likely consequences of graduation for countries' economic growth and development. It identifies potential risksand challenges that countries may face after graduating in view of the possible change in the nature of support received by development and trading partners by evaluating the direct effects of graduation on the main international support measures (ISMs) extended to LDCs. Support measures fall into three main areas: i) international trade; ii) development cooperation; and iii) other general support (related to United Nations funding, support for travel to official meetings, and scholarships and research grants).[2]

The analysis considers only concrete support measures that are made available to the country concerned exclusively on basis of its LDC status. In international trade, the analysis first identifies products of interest on the basis of current bilateral trade flows and relevant policy documents. Then, it assesses to which extent these products benefit from LDC-specific preferential market access and how market access conditions would change after a possible graduation. If applicable, it also considers the impact of graduation on obligations within the World Trade Organization and regional trading arrangements as well as the impact on Aid-for-Trade support. The impact of graduation on development cooperation is assessed in two steps. First, the assessment identifies major partners on basis of current development cooperation inflows and projects. Subsequently, and on basis of development cooperation policies and country-specific information from individual development partners, it identifies whether belonging to the LDC category is likely to significantly influence cooperation programmes or limits access to specific instruments. The impact of graduation on contributions to United Nations organizations is assessed by considering the hypothetical contributions a country would have to make to the most recent budget if the country did not have LDC status.

Graduation also has potential benefits, such as a heightened sense of national progress that accompanies a move out of the official lowest rung of the development ladder; increased political standing in regional and international institutions; and improved access to and conditions in financial markets. It would be difficult and potentially misleading to attempt to reliably establish and quantify the significance of these factors for individual countries and their consequences for

[1] United Nations Committee for Development Policy, Report on the seventeenth session (23-27 March 2015) of the Committee for Development Policy (E/2015/33, Supplement No. 13).

[2] A comprehensive catalogue of LDC-specific international support measures is available at http://www.un.org/ldcportal.

economic growth and development. Therefore, these issues are not addressed in the assessment. Graduation may potentially also affect access to and conditions in financial markets. However, there is currently no evidence from publicly available documents or empirical studies that international rating agencies, international banks or investors include LDC status per se as one of their decision criteria.

Main sources. Sources used in this assessment include official data, relevant documents and studies published by the government, regional and international organisations and other relevant institutions. Information was specifically requested from the main development and trading partners of all LDCs to be considered for graduation by the CDP in 2018 on support measures, including the amount and/or type of preferences, benefits and assistance, as well as on the likely changes in those support measures should the country's graduation be confirmed.[3] UN DESA is very grateful to the Governments and institutions that participated and contributed to this exercise.

The draft report of the ex-ante impact assessment was circulated to the Government of Solomon Islands for comments before being finalized for submission to the CDP Expert Group Meeting (EGM) consultations on 1-2 February 2018.

[3] Responses were received from Australia, Austria, Brazil, the European Union, Finland, Germany, Ireland, the Netherlands, New Zealand, Norway, Portugal and Thailand as well as from the Enhanced Integrated Framework (EIF), the Global Environment Facility (GEF), the International Labour Organization (ILO), the International Telecommunication Union (ITU), the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC), the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Population Fund (UNFPA), the United Nations Children's Fund (Unicef), UN Volunteers, the World Food Programme (WFP) and the World Trade Organization (WTO) (as of November 21).

Box 1. Graduation eligibility and the process towards graduation

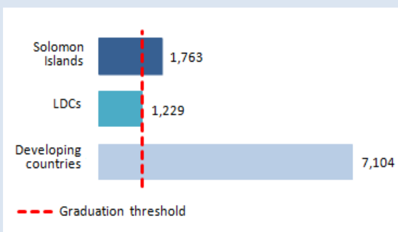
A country becomes **eligible** for graduation from the LDC category when it meets any **two of three criteria** in two consecutive **triennial reviews** conducted by the CDP. In the 2018 review, the criteria are as follows:

- GNI per capita of USD 1,230 or above (also referred to as the income threshold)
- Human Assets Index of 66 or above*
- Economic Vulnerability Index of 32 or below*

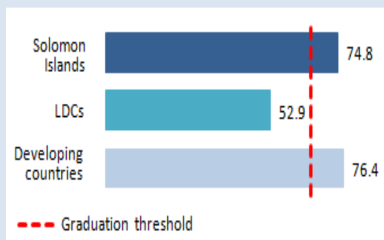
Alternatively, a country may become eligible for graduation if its GNI per capita is more than double the income threshold during two consecutive reviews.

Solomon Islands´ eligibility. At the 2018 review, Solomon Islands' GNI per capita is USD 1,763, exceeding the graduation threshold of USD 1,230, and its human assets index (HAI) score is 74.8, also exceeding the graduation threshold of 66.0. Although its economic vulnerability index (EVI) score of 52.1 remaines far above the maximum threshold of 32.0, meeting the income and human assets index (HAI) criteria is sufficient for Solomon Islands to have met the eligibility criteria.

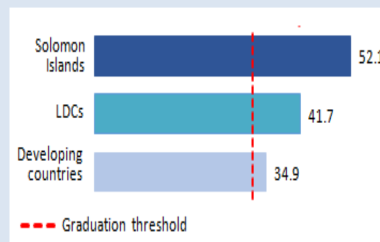
GNI per capita (USD)



Human assets index

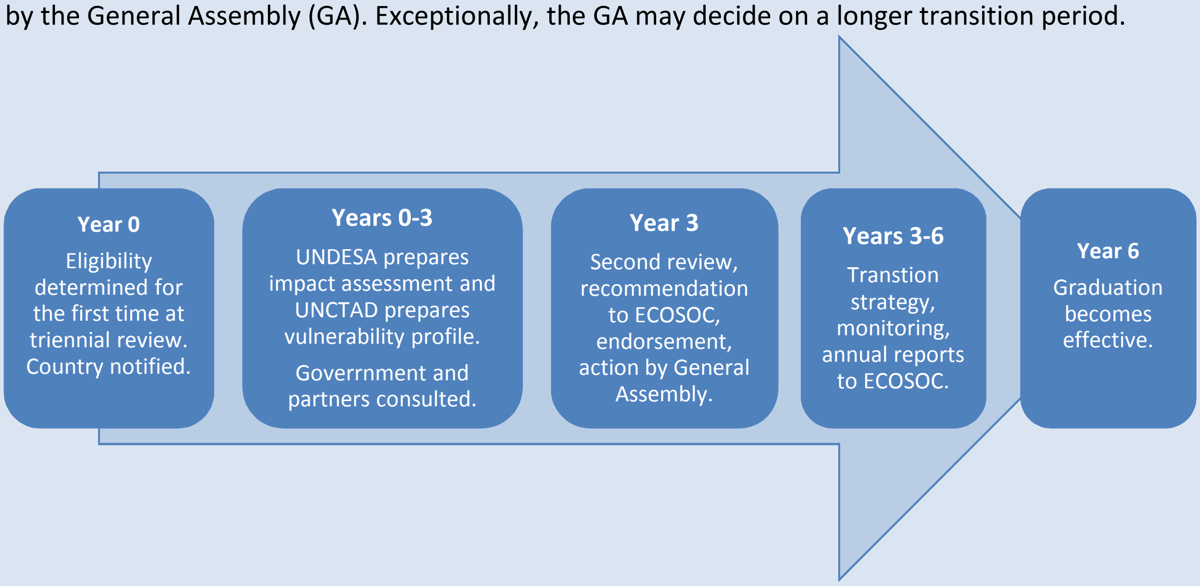


Economic vulnerability index



Data based on the 2018 triennial review

The graduation process. After the CDP recommends graduation, ECOSOC endorses and the General Assembly takes note of the recommendation. Graduation becomes effective three years after action by the General Assembly (GA). Exceptionally, the GA may decide on a longer transition period.



**For information on the composition of the indexes, see* https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-criteria.html

2. Trade-related support measures

The main trade-related support measures for LDCs include preferential access to markets and conditions of accession to the WTO and special treatment related to the implementation of WTO commitments after accession.

2.1 Overview of Solomon Islands' export structure

Main merchandise exports

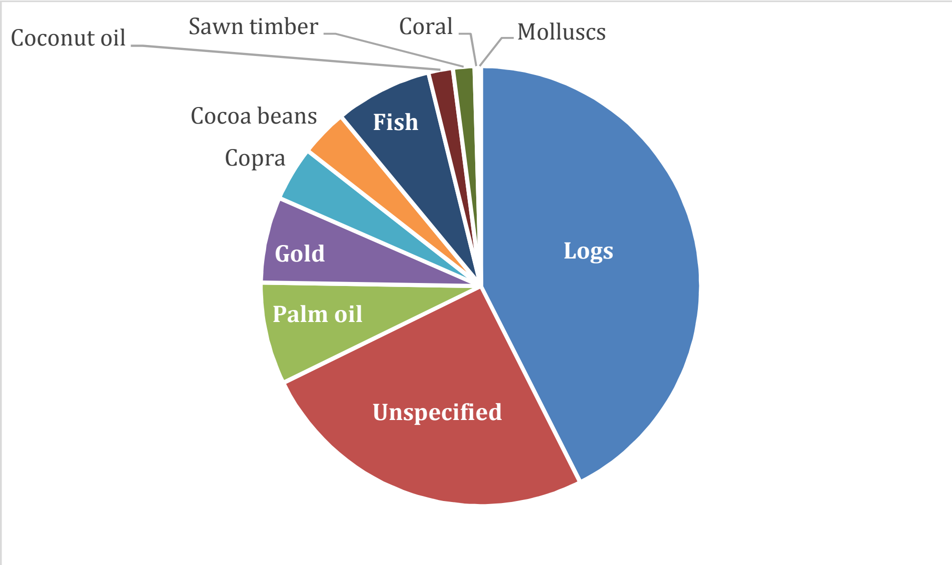
The four largest exports are logs and timber, palm oil, gold and fish. Timber and fish have a long history of export although gold is a relatively recent, and volatile, addition. Logging has historically comprised around two-thirds of exports, a sixth of government revenue (principally via an export tax) and a third of foreign exchange earnings. Logging is the largest source of formal employment other than the government, providing around 5,000 jobs. Comtrade data based on the country's official declared figures show that logging and sawn timber comprised 43% of exports from 2006-2015, although 25% of Solomon Islands' total exports fall under the 9999 HS code 'commodities unspecified'. Mirror data from export partners suggest that 70% of total exports were logs, implying a major discrepancy. It is likely that products under the 9999 HS code were also logs, although this does not fully account for the difference. Although some limited supply remains, the ongoing depletion of natural forest resources means that the industry is in terminal decline. The main export challenge facing Solomon Islands in coming years is therefore domestic supply rather than market access. The government has prioritised export diversification, in addition to the development of mining.

New sources of export growth may be found in the services sector, which accounts for roughly a third of total trade. Tourism is still at an early stage despite potential existing in the abundance of natural attractions and the country's proximity to Australia.

The trade balance of Solomon Islands has been volatile and mostly negative during the past decade, reaching lows of -20% in 2005 and 2010, although the current account deficit (the trade deficit plus net transfers) recorded a surplus of 2% of GDP during 2015 as higher grants from development partners offset declining export revenues. Fishing license revenues have also grown, and remain an important source of foreign currency.

By country, China is Solomon Islands' top export partner, accounting for nearly half of all exports (mostly logs) according to Comtrade statistics, but 61% of all exports as shown by mirror data. Australia was a distant second according to Comtrade, although mirror data relegate Australia to third as an export destination behind the EU. Exports to the EU were almost a tenth of the total according to both sources. Statistical problems aside, the main outstanding export trend has been a major shift away from Europe toward Asia and China over the past decade or more. Exports to China, however, are expected to decline as the supply of logs runs out.

Figure 1: Main commodity exports, average 2006-2015



Note: Mirror data suggest that logs are 70% of exports

Source: UN Comtrade, accessed 4 August 2017.

Potential exports

Solomon Islands is seeking to diversify and expand its export base, a process which is critical to the development of productive capacity and structural transformation. A number of reports and strategies advocate value-addition and a move away from traditional, unprocessed exports.[4] Sectors, products and services with particular potential include tourism, agriculture and agro-processing (palm oil, oilcake, cocoa beans, copra, coffee and rice); livestock; fisheries and aquaculture (tuna, seaweed and fishmeal); and mining (gold, copper, nickel and bauxite). Government policy is to promote domestic value-addition in the form of mineral refinement or processing. Given the efforts to develop infrastructure, energy, finance and land, the critical priorities for building productive capacity, it is quite possible that new products may play a bigger role in the future export basket. In analysing the impact of LDC graduation it is therefore important to try and take into account the impact not only on existing products and services but also on those with future potential.

[4] Solomon Islands Trade Policy Framework (2015); Diagnostic Trade Integration Study (2009); ITC Export potential map.

Table 1: Products or services with export potential

Product or service	HS code (2-6 digit)	Source		
		DTIS	TPF*	ITC**
Logs and wood	44	X	X	X
Other logs of wood	4403			X
Sawn wood	4407			X
Agriculture, agro-processing		X	X	
Palm oil	151110			X
Oilcake of palm nuts or kernels	230660			X
Cocoa beans	180100			X
Copra	120300			X
Coffee	0901	X		
Rice	1006	X		
Livestock		X	X	
Fisheries and aquaculture		X	X	
Prepared or preserved tuna	1604			X
Frozen skipjack and bonito	0303			X
Seaweed	1212			X
Flours of fish or crustaceans	2301			X
Tourism		X	X	
Mining		X	X	
Gold	7108	X	X	
Copper	7402	X	X	
Nickel	75	X	X	
Bauxite	2606	X	X	
Cobalt	8105, 2605	X	X	

* TPF = Solomon Islands Trade Policy Framework

** Based on top 10 products with export potential listed by ITC: http://exportpotential.intracen.org/#/products/tree-map?fromMarker=i&exporter=90

2.2 Preferential market access

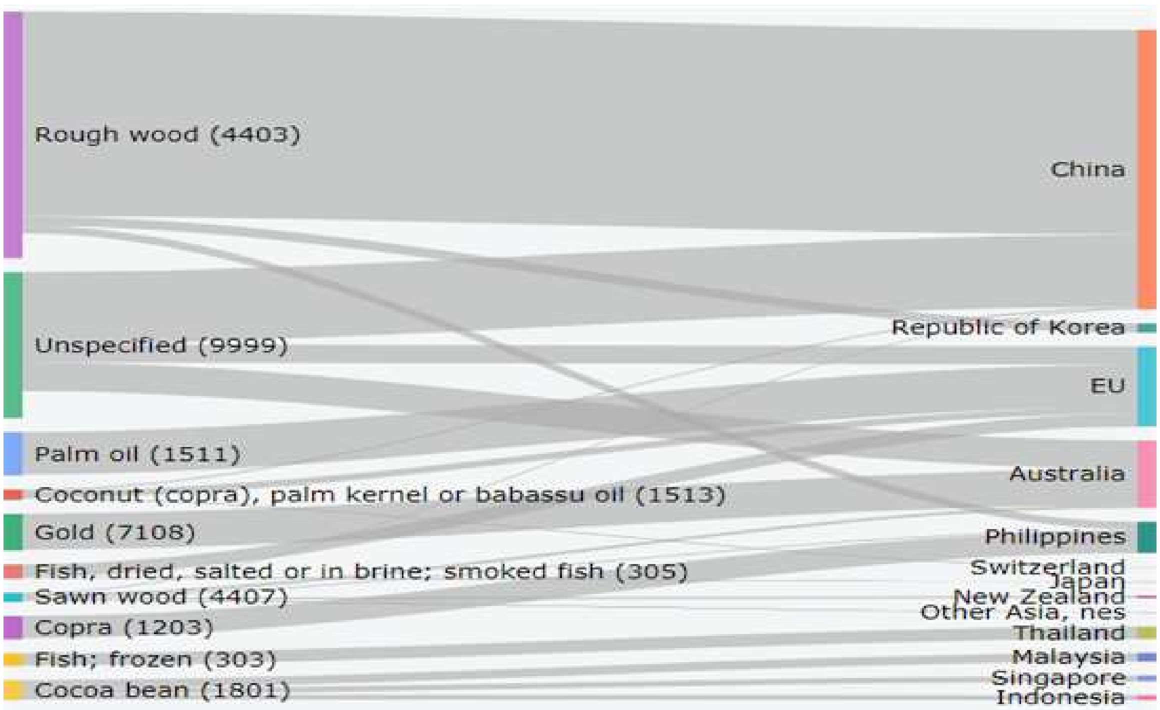
Preferential trade arrangements for LDCs granted by WTO members are based on decisions allowing for exceptions to the most favoured nation (MFN) rule. Their practical significance depends on each country´s export structure.

Preferential market access – Trade in goods

The Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (known as the “enabling clause”) adopted under the General Agreement on Tariffs and Trade (GATT) in 1979 allows developed countries to extend more favourable, non-reciprocal, treatment to the exports of developing countries in general, and deeper margins of preferences for LDCs. The clause forms the legal basis for the Generalised System of Preferences (GSP) benefitting developing countries in general and for LDC-specific schemes within those systems. Additionally, in 1999, members of the WTO adopted a waiver that allows developing countries to extend preferential treatment to imports from LDCs.[5] In 2005, at the Sixth Ministerial Conference in Hong Kong, WTO members committed to further improving market access conditions for LDCs, providing duty-free, quota-free (DFQF) market access.[6]

Upon graduation, in developed countries Solomon Islands would receive GSP treatment or accede to programmes that grant more favourable terms than the GSP. In developing countries, in general no other preferential arrangements are in place unless bilateral or regional agreements apply.

Figure 2: Major export destinations, average 2006-15



Source: UN Comtrade, accessed 4 August 2017.

More specifically, among major trade partners:

- China, the major trade partner, is not recognized by Solomon Islands, and therefore the country does not have access to its DFQF scheme. Graduation from LDC status would have limited impact. Log tariffs are in any case zero on China's MFN scheme. Hong Kong, China, is duty-free for all countries and products.
- The EU, which was the second largest export destination, provides the European Union (EU) Everything But Arms (EBA) scheme, which grants full duty-free and quota-free access to the EU Single Market for all products except arms and munitions. Upon graduation, and after a transition period of typically three years, Solomon Islands could accede to the GSP or, if it ratified and implemented 27 international

[5] WTO, WT/L/304/17, 17 June 1999. See also LDC Portal at https://www.un.org/ldcportal/preferential-treatment-to-merchandise-exports/

[6] WTO, WT/MIN(05)/DEC.

conventions on human and labour rights, environmental protection and good governance, it could join the Special Arrangement for Sustainable Development and Good Governance (GSP+), which grants preferences additional to the GSP.[7] GSP+ membership is not guaranteed. For all of Solomon Islands' existing and potential exports except rice (1006) and vegetable oil cake (2306), tariffs are zero. The most notable potential tariff increase would be for rice, from 0% now to 26.5% under GSP, although rice is not currently exported and is unlikely to become a major export product given competition from more competitive Asian markets. Fish products (0302, 0303) would face an increase in tariff rate to 6.6% under GSP although would remain duty-free under GSP+. Dried or smoked fish (0305) would incur an increase to 9.5% under GSP but would be duty free under GSP+. It is worth noting in particular cooked tuna loins (16041416), which are individually only a very small proportion of exports but which are an important output of the national domestic fishing industry and which have value-adding and employment benefits in Noro, Western Province. A further option would be to negotiate an Economic Partnership Agreement (EPA) with the EU, an outcome which looked unlikely at the time of writing.

- Solomon Islands has benefited from the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA), under which Australia and New Zealand grant duty-free, quota-free market access. Between 6% and 9% of exports went to Australia from 2005-2016 depending on the data source, a large proportion of which was gold from the now-closed Gold Ridge mine. As the nearest major export market, it is quite possible that new future exports will be destined to Australia. Solomon Islands is a signatory of the Pacific Agreement on Closer Economic Relations (PACER Plus), which after its date of entry into force will accord duty-free, quota free market access irrespective of LDC status.
- The Philippines does not provide DFQF for LDCs. It is the destination for 2-7% of Solomon Islands exports, mostly logs (HS4403) and copra (1203), alongside very small volumes of cocoa beans and sawn timber.
- Thailand, where Solomon Islands sends 3-5% of its exports, provides duty-free quota free market access to LDCs for certain products, and upon graduation it can be expected that Solomon Islands would no longer benefit. However, MFN tariffs on frozen tuna (for which Thailand is the largest market in the World) are MFN zero and tariffs on other frozen fish are excluded from the LDC preference scheme. Most tariffs on potential and existing products are the same with and without LDC preferences. Canned tuna (1604) exports from Solomon Islands, which may be affected by graduation, appear to be misreported, and show up only in mirror data. Thailand has stated in an official communication to the CDP that "cooperation and assistance on trade and investment between Thailand and [LDCs] will continue

[7] Regulation (EU) No. 978/2012 of the European Parliament and of the Council of 25 October, 2012, which regulates the GSP scheme, refers to the transitional period.
http://trade.ec.europa.eu/doclib/docs/2012/october/tradoc_150025.pdf

through the on the basis of the actual needs of these countries as well as mutual benefits".[8]

- The Republic of Korea accounted for 2% of exports (mostly logs). The Republic of Korea is the fourth largest market for processed tuna, and it is possible that Solomon Islands could export processed tuna to this destination, in which case higher tariffs could be expected.
- Malaysia, where Solomon Islands sent 2% of exports, mostly logs, has no DFQF scheme for LDCs so no impact is expected here.
- India, to which Solomon Islands has sent a small proportion of its exports (logs, sawn timber and copra), has a DFQF scheme but as of November 2015 Solomon Islands was not a beneficiary.
- Japan grants DFQF to LDCs. Solomon Islands would be expected to move on to the GSP scheme, which would primarily affect logs, sawn timber and fresh, dried and frozen fish (0302, 0303 and 0305) as well as canned tuna (1604) if it was exported to Japan. Average tariffs on processed fish (HS 0304) would rise from 1.9 per cent to 4.5 per cent. Within that heading, tariffs for tuna would increase from 0 per cent under the LDC preferences to 3.5 per cent under MFN (fish products being generally excluded from the regular GSP program of Japan). Based on previous graduation cases, tariff increases will become effective shortly after graduation.
- In Switzerland Solomon Islands would accede to the GSP[9]

Loss of entitlement to preferential arrangements is only relevant to the extent that the difference between the preferential and default tariffs significantly affect the products a country exports or can reasonably expect to export in the foreseeable future. The impacts of the changes in the EU regime after graduation for Solomon Islands' exports, considering current and potential export products, are summarized in the table below.

Table 2: Import tariffs on products exported by Solomon Islands to the EU, with and without LDC preferential treatment, 2015

Product	GSP	GSP+
Fish (0302, 0303)	0/6.6	0/0
Fish (0305)	0/9.5	0/0
Copra (1203)	0/0	0/0
Palm oil (1511)	0/2.3	0/0
Coconut oil (1513)	0/4.1	0/0
Cocoa beans (1801)	0/0	0/0
Logs and timber (4403)	0/0	0/0
Logs and timber (4407)	0/0	0/0
Gold (7108)	0/0	0/0
Coffee (0901)	0/3.1	0/0
Rice (1006)	0/26.5	0/0
Seaweed (1212)	0/52.1	0/0

[8] Official communication to CDP, 2017.

[9] Switzerland extends the benefits granted to LDCs to countries that have adhered to an international initiative to reduce their indebtedness and that are not yet unindebted.

Fishmeal (2301)	0/0	0/0
Vegetable oil cake (2306)	0/2.7	0/2.7
Cobalt (2605), Aluminium (2606), Copper (7402), Nickel (7501-7504, 7508)	0/0	0/0
Cobalt (8105), Nickel (7505 – 7507)	0/0	0/0

Note: The first figure is the average best-available tariff as an LDC; the second figure the possible average best-available tariff as a non-LDC.

For the next three biggest export destinations, Australia, The Philippines and Thailand, tariffs would remain the same after graduation. Average tariffs are indicated unless otherwise specified.

*Most potential products are currently exported but in quantities that do not place them on the list of top export products.

Source: TRAINS, (EU), (LDC-specific and default schemes), accessed 18 August 2017.

In conclusion, the major export, logs and sawn timber to China, is already duty-free and would remain so after graduation, although the supply of natural hardwood is close to depletion and supply is likely to be a bigger concern than tariffs.

Logs are subject to a (WTO-consistent) export tax, as are fish and minerals, so if tax was the main concern, the option would remain to address export taxes rather than tariffs in foreign markets. Export taxes, however, remain an important source of revenue, and raising exports of logs appears neither possible nor a priority. The main export-related challenge is thus diversification and the increase of supply rather than import tariffs in foreign markets, although, as noted above, graduation in any case will make no difference to tariffs faced in China (see Figure 2)

Under current conditions, and unless an EPA was signed with the EU, the major potential implication of graduation would be on the exports destined for the European Union, which total 9-14%. This mostly comprises palm oil to Spain, the Netherlands and the UK (which by the time of graduation may no longer be an EU member and which has reported that it will introduce an EBA-equivalent with DFQF for LDCs); coconut oil to the UK and the Netherlands; and processed fish to Italy. In the event of graduation Solomon Islands may be able to maintain existing tariff rates for most products by ratifying the conventions for GSP+, in order to ensure that it maintained low-tariff access to the EU, although GSP+ is by no means guaranteed. A question remains over the status of Solomon Islands palm oil and other exports in the event of graduation and the UK leaving the EU. The UK has said that it would continue to offer GSP+ preferences to existing recipients (and presumably potentially new recipients such as Solomon Islands).[10]

No impact is expected on exports to Australia, the Philippines, Malaysia or Thailand. Graduation would have a small impact on exports of logs, sawn timber and fish to Japan, and possibly the Republic of Korea if processed tuna was sent to this destination.

[10] UK government trade white paper: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/654714/Preparing_for_our_future_UK_trade_policy_Report_Web_Accessible.pdf, last accessed 16 January 2018

Most potential future and existing resource exports, such as bauxite, cobalt, aluminium, nickel, gold and copper, face zero tariffs in major destination markets.

Preferential market access – Trade in services

In 2011, WTO members adopted a decision on preferential treatment to services and services suppliers of LDCs. The decision exempts WTO members from the obligation of treating all members equally and allows them to grant market access preferences in services for LDCs. At the Nairobi Ministerial Conference in December 2015, the waiver was extended to December 2030.[11]

Trade in services can be categorized into four different modes: 1) Cross Border, supplied from a country into another (e.g., software services); 2) Consumption Abroad, supplied in a country to the consumer of another (e.g., example: tourism, education, health, aircraft repair); 3) Commercial Presence, supplied through any type of business or professional establishment of a country in another (e.g., branch of a foreign bank); 4) Presence of Natural Persons, supplied by national of a country in another. LDCs and trading partners have been working on identifying the constraints in those modes. In 2015, LDCs made requests to remove restrictions in diverse sectors and modes, and in response to that, 25 developed and developing countries identified sectors and modes where they intend to provide preferential treatment to LDCs.[12]

Identifying specific impacts of LDC graduation on the service waiver is challenging, as the implementation of the waiver has just begun. Preliminary assessments indicate that it is difficult to assess the true effectiveness of the preferential market access in services, and that many commitments focus on Mode 2 where there are few barriers anyway, with some potentially valuable preferences in Mode 4.[13] Moreover, since the waiver became effective in practice in 2015, it is too early to find any changes in the service trade data in any countries.

Research focusing on the constraints in service export of LDCs suggests that the impact of the service waiver, by itself, is not likely to be large. For professional services in Mode 1, for example, most of the constraints in LDCs, including Solomon Islands, are supply side problems – physical infrastructure such as transportation, IT connectivity, and soft infrastructure such as institutions, law, etc.[14] Obstacles relating to restrictions on the supply side are unlikely to be remedied through a demand side policy such as the services waiver.[15] The impact of market access preference in service export of Solomon Islands

[11] WTO, T/MIN(15)/48.
[12] WTO, S/C/W/356, S/C/M/121.
[13] http://www.unescap.org/sites/default/files/Trade Insights - Services LDC - Issue No. 13 REVISED.pdf
http://unctad.org/meetings/en/SessionalDocuments/ditc-05072016-LDCWaiver-AssessmentPaper.pdf
[14] UNCTAD (2011) Services Policy Reviews: Bhutan; UNCTAD (2011) Services Policy Reviews: Uganda; UNCTAD (2013) Services Policy Reviews: Rwanda.
[15] Pierre Sauvé and Natasha Ward (2016) A trade in service waiver for least developed countries: towards workable proposals, in Pierre Sauvé and Martin Roy ed., Research Handbook on Trade in Services.

will be realized and become measurable only when the service waiver is complemented by adequate supply capacity development and better targeted aid for trade support.

2.3 Obligations from WTO and other trading agreements

Solomon Islands has been a member of the WTO since 1996. LDC members of the WTO may benefit from special considerations in the implementation of the organization's agreement. For example, they are exempted from certain disciplines such as the prohibition on export subsidies, and granted longer implementation periods, reduced reporting obligations under the trade policy review system, and so on. Such special and differential treatment (SDT) falls into five categories: (i) increased market access; (ii) safeguarding of the interests of LDCs; (iii) increased flexibility for LDCs in rules and disciplines governing trade measures; (iv) extension of longer transitional periods to LDCs; and (v) provision of technical assistance. SDTs cover various areas including agriculture, investment, intellectual property rights and rules of origin. Graduation from LDC status implies that differential treatment in the observance of WTO disciplines will not be allowed after graduation.

A full treatment of the numerous SDT measures is limited by space constraints, but the possible impact of Solomon Islands graduation on two of the potentially most important areas – trade facilitation and intellectual property -- is as follows. In general, although these areas are worth noting, it is unlikely that the loss of SDT will have a decisive economic impact.

Trade facilitation agreement

The Trade Facilitation Agreement (TFA), which came into force on 22 February 2017, aims to expedite the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues.[16] TFA contains SDT provisions that allow LDCs to determine their own implementation schedule of the individual provisions in the agreement.[17] This SDT also allows LDCs that lack the necessary capacity for the implementation of the agreement to request technical assistance and support for capacity building.

As an LDC, Solomon Islands can categorize TFA provisions in Category A (implement within one year after the agreement's entry into force), Category B (implement after a transitional period following the entry into force of the agreement) or Category C (implement after a transitional period following the entry into force of the agreement and requiring the acquisition of assistance and support for capacity building).

There is no pre-determined rule or provision for the smooth transition of graduation for TFA. For example, in case Solomon Islands becomes a non-LDC, it is not clear whether or

[16] https://www.wto.org/english/tratop_e/tradfa_e/tradfa_e.htm
[17] https://www.un.org/ldcportal/trade-facilitation-agreement-special-and-differential-treatment-for-ldcs/

how the implementation schedule that Solomon Islands had notified for each TFA provision would change. The issue will be determined on a case-by-case basis at the meeting of TFA board members.[18]

Agreement on Trade Related Aspects of Intellectual Property Rights

The Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), which came into effect in 1995, is to date the most comprehensive multilateral agreement on intellectual property. The areas of intellectual property that it covers are: copyright and related rights (i.e. the rights of performers, producers of sound recordings and broadcasting organizations); trademarks including service marks; geographical indications including appellations of origin; industrial designs; patents including the protection of new varieties of plants; the layout-designs of integrated circuits; and undisclosed information including trade secrets and test data. Under the TRIPS agreement, LDCs have not been required to implement the Agreement, other than Article 3 (national treatment), Article 4 (MFN treatment) and Article 5 (precedence of WIPO procedures), until 1 July 2021, as the transition period for LDCs has been extended.[19] For pharmaceuticals, the transition period for LDCs is until 1 January 2033.[20]

Solomon Islands has not enacted any IP legislation to implement the TRIPS Agreement nor has it made any notification under the TRIPS Agreement or submission to the TRIPS Council. Solomon Islands is neither a Member of the WIPO nor a signatory to the Paris Convention. The main legal instruments governing intellectual property rights in Solomon Islands include Registration of United Kingdom Patents Act (1992), Registration of United Kingdom Trade Marks Act (1978) and United Kingdom Designs (Protection) Act (1978) under which registration in Solomon Islands is unfortunately limited to patents granted or trademarks or designs registered previously in United Kingdom. The 1987 Copyright Act which is not modeled on the laws of United Kingdom contains relatively up-to-date provisions under which copyright infringement may be subject to civil remedies or criminal penalties. In contrast, the enforcement provisions for either patents or trademarks are not found in the Acts at issue. Having recognized that certain IP protection may encourage foreign investment, Solomon Islands has been endeavoring for developing a national IP strategy since 2014.

To remain WTO-compliant Solomon Islands would have to introduce new intellectual property laws, establish or enhance IP institutions and strengthen the IP enforcement mechanisms. Solomon Islands would need to draft new intellectual property laws in line with the standards set forth in TRIPS. Australia provides assistance to Solomon Islands

[18] Based on correspondence with WTO secretariat, May 2017.
[19] WTO (2013), IP/C/64
[20] WTO (2015), IP/C/73.

with a view to developing and implementing an IP strategy through the WIPO Funds-in-Trust Programme: Development of Intellectual Property Systems from 2012 to 2015.

Technical assistance under Article 67 could help mitigate the direct costs associated with the TRIPS implementation. Solomon Islands may wish follow Bangladesh's example by submitting their priority needs for technical and financial cooperation to the TRIPS Council. In doing so, it would be better positioned to receive assistance from developed country Members in relation to its TRIPS implementation.

There are no smooth transition measures envisaged for countries graduating from the LDC category. The decision on the Extension of the Transition Period under Article 66.1 for Least Developed Country Members states that the transition period is until 1 July 2021, or when a particular country ceases to be in LDC category if that happens before 2021. While one could not expect Solomon Islands to implement the provisions of the TRIPS agreement immediately after graduation, there is no guarantee that other WTO members will not request a prompt implementation of the TRIPS Agreement. Thus, it is not clear how and how long implementation would take place or the extent of costs involved.

2.4 Support measures related to capacity-building in trade

Aid for Trade, a component of ODA directed at helping developing countries overcome trade-related constraints, is delivered through multiple bilateral, regional and multilateral channels.[21] In 2015, Solomon Islands received US$43.3 million in Aid for Trade as measured by the OECD, corresponding to 14.9 per cent of total ODA.

The principal instrument for delivery of Aid for Trade specifically geared at LDCs is the Enhanced Integrated Framework (EIF), a multi-donor programme that supports countries through analytical work, institutional support, and productive capacity building projects.[22] Graduation of Solomon Islands from the LDC category will not immediately affect its access to the EIF, since smooth transition provisions automatically grant graduating countries access to EIF benefits for three years after graduation and for an additional two years subject to justification and approval by the EIF Board.[23] This would mean loss of access to the EIF five years after graduation if the two-year extension was requested. In Solomon Islands, the EIF has supported the preparation of the DTIS (2009) and technical assistance, the first National Trade Policy Framework in 2015, as well as with institutional (US$1.2 million) and tourism support (US$1.5 million).

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[21] https://www.wto.org/english/tratop_e/devel_e/a4t_e/a4t_factsheet_e.htm and https://www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm

[22] http://www.enhancedif.org/en, http://www.enhancedif.org/en/funding. Additional information available at www.un.org/ldcportal. Under the EIF, Tier 1 funds can be used to fund the preparation of Diagnostic Trade Integration Study (DTIS) and to provide support to National Implementation Units. Tier 2 funds are available to finance priority small-scale projects to build up trade-related and supply-side capacities.

[23] EIF, Compendium of EIF Documents: A User's Guide to the EIF, Access to the EIF Programme: the Technical Review. Available from http://enhancedif.org/en/system/files/uploads/eif_tier_1_project_guidelines.pdf

Beyond the EIF, top Aid for Trade donors to Solomon Islands in 2013 were New Zealand, Australia, Asian Development Bank Special Funds, and the International Development Association (IDA) of the World Bank Group. As noted above, cooperation to Solomon Islands from these sources does not depend on LDC status.

Table 3: Aid for Trade Disbursements to Solomon Islands: Top Donors (million United States dollars, current)

2006/08			2013		
Donor	Value	Percentage	Donors	Value	Percentage
Japan	9.7	63	New Zealand	14.1	33
New Zealand	4.0	26	Australia	13.4	31
Australia	1.0	6	AsDB Special Funds	9.3	22
EU Institutions	0.6	4	IDA	3.0	7
Korea, Rep. of	0.1	0	Japan	1.6	4

Source: OECD/WTO (2015), Solomon Islands – Aid for Trade at a Glance, 2015

3. Development cooperation

This section addresses 1) official development assistance (ODA) and south-south cooperation; and 2) assistance in specific areas, notably climate change and aid for trade.

3.1 Official Development Assistance (ODA) and South-South cooperation

Official development assistance (ODA) as recorded by the Organisation for Economic Cooperation and development (OECD) includes flows provided by its members and by multilateral institutions. According to the latest figures, which are for 2015, Solomon Islands received US$163.9 million in net ODA from the OECD Development Assistance Committee (DAC) members, a figure which had fallen from a peak of $299.5 million in 2011 but which was the second highest in the Oceania region, behind Papua New Guinea. On a per capita basis Solomon Islands ranked much lower, at a rate of $280.64 per person in 2015, above average but in 13th place regionally.

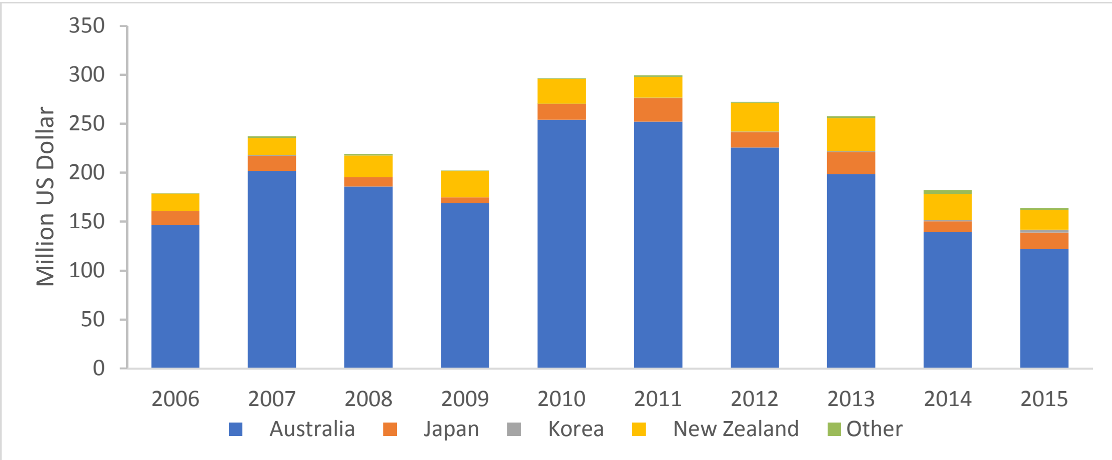
Bilateral flows

As can be seen from Figure 3, Australia is the biggest official bilateral donor, providing 74% of all DAC bilateral aid in 2015, although its contributions have declined significantly in recent years, largely explaining the fall in total aid. Part of this decline can be linked to the departure of the Regional Assistance Mission to the Solomon Islands (RAMSI) in

2017, whose largest funder was Australia but which was separate to bilateral Australian aid.

There is no consolidated source of information on ODA flows from non-OECD countries comparable to the OECD Development Assistance Committee.

Figure 3: Bilateral ODA from OECD/DAC countries to Solomon Islands, 2006-2015 (millions of United States dollars)



Source: OECDStat, based on total net ODA

Australia will continue to maintain a substantial investment in Solomon Islands, including development support for justice and governance; and police development, which will be delivered by the Australian Federal Police through the bilateral program.[24] The Australian government has stated that an Australian Aid Investment Plan for the Solomon Islands is in place until the end of 2019. This sets the strategic framework for the provision of Australian ODA to Solomon Islands with a focus on bilateral aid directly allocated to Solomon Islands as well as a proportion of Australia's aid to Pacific regional organisations and initiatives that benefit Solomon Islands. A Solomon Islands-Australia Aid Partnership began in June 2017 until June 2020 subject to extension. This Partnership sets out Australia's development cooperation in Solomon Islands, including support for economic growth and poverty reduction. The continued provision of development assistance from Australia does not appear contingent on LDC status.

New Zealand, the second biggest donor, focuses its programme, worth US$20 million in 2015/16, on economic justice, fisheries, education, law and justice.[25] The government has stated that it does not anticipate any significant reduction in the continuity or amount of development assistance or technical cooperation to Solomon Islands even if the country graduates from LDC status.

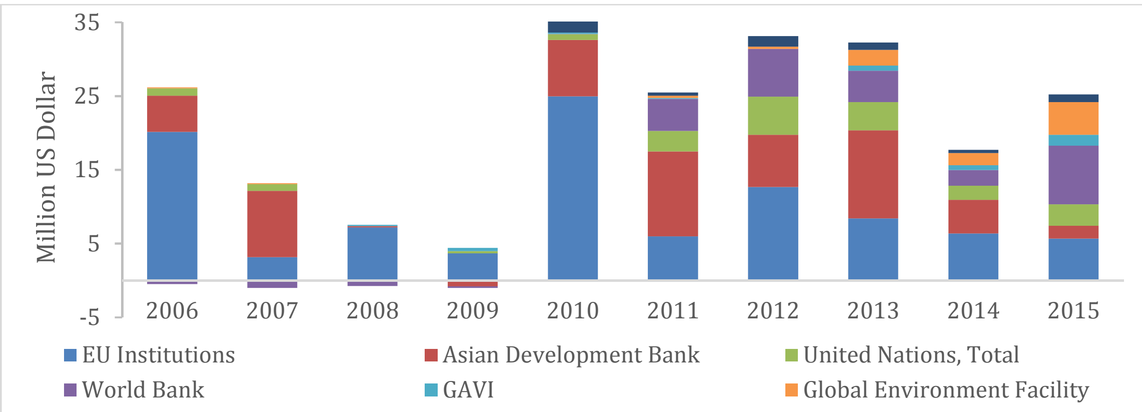
[24] http://dfat.gov.au/GEO/SOLOMON-ISLANDS/DEVELOPMENT-ASSISTANCE/Pages/development-assistance-in-solomon-islands.aspx

[25] https://www.mfat.govt.nz/en/aid-and-development/our-work-in-the-pacific/solomon-islands/

Multilateral flows

Traditionally the EU has been the main multilateral donor, focusing on rural development and capacity building, the environment, HIV/Aids and gender issues. As Figure 4 below shows, however, multilateral aid from this source declined along with other flows between 2006 and 2009. Multilateral financing inflows were at their peak in 2010, mainly driven by an increase in EU financing, following which they again declined, although remaining at a level higher than in 2009. Asian Development Bank and World Bank Group International Development Association (IDA) loans formed an increasing share from 2011 onwards, associated with major infrastructure projects on Guadalcanal.

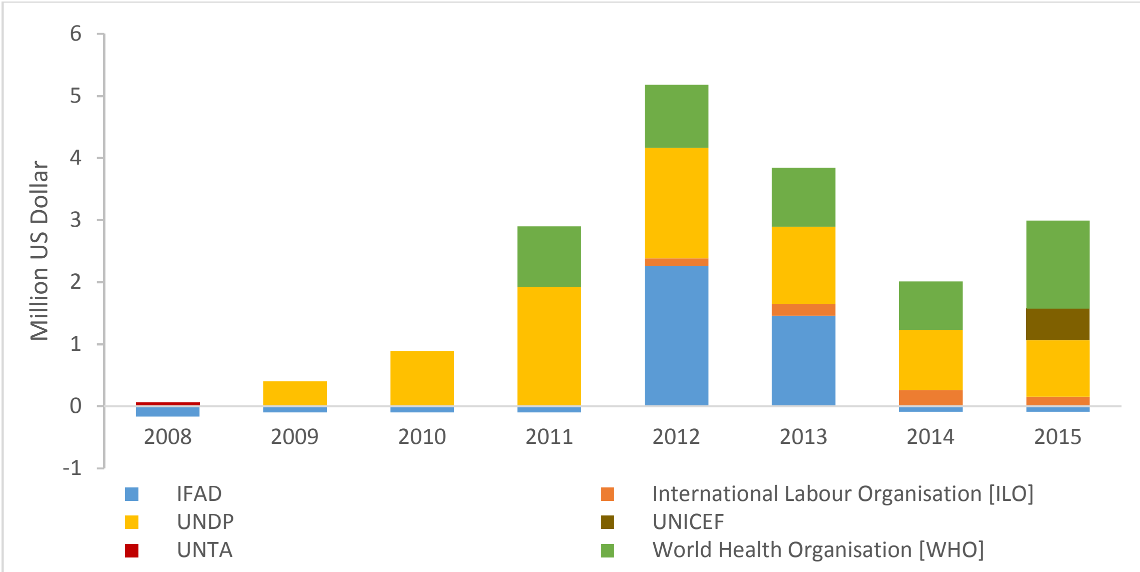
Figure 4: Multilateral flows to Solomon Islands, 2006-2015 (millions of United States dollars)



Source: OECDStat, based on total net ODA

Figure 5 shows that the UN Development Programme (UNDP) has since 2009 been the biggest source of UN funding, although in 2012 and 2013 the International Fund for Agricultural Development (IFAD) contributed large sums. The World Health Organisation has also been a significant source of UN assistance since 2011. UN funding has declined overall over the past four years, however, since its peak in 2012.

Figure 5: Assistance from United Nations System entities to Solomon Islands, 2008-2015 (millions of United States dollars)



Source: OECDStat, based on total net ODA

The potential impact of graduation from LDC status on the major donors is as follows:

- World Bank Group: As a rule, the World Bank group does not use the LDC category as a determinant in its operations (Lenzi, 2017). Over the past decade, assistance from the Group has come through the International Development Association (IDA) which focuses on an income criteria defining low-income economies based on GNI per capita rather than LDC status. Solomon Islands has currently exceeded the income threshold and benefits from the Small island economy exception, whereby islands with less than 1.5 million people, significant vulnerability due to size and geography, and very limited credit-worthiness and financing options have been granted exceptions in maintaining their eligibility. Under the current Country Partnership Strategy of the IDA, IFC and MIGA for Solomon Islands (IDA/IFC/MIGA, 2014), reference to LDC status is made only in connection to climate funding (see below).[26]
- European Union institutions: the EU's assistance to Solomon Islands is provided mainly under the European Development Fund, which was established in the context of the ACP-EU Partnership Agreement (the Cotonou Agreement) and is the EU's main instrument to provide development aid to African, Caribbean and Pacific (ACP) countries and overseas territories. This is not contingent on LDC status. The development cooperation and political cooperation components of the Cotonou Agreement are due to expire in 2020 (the trade component expired in 2007). A new partnership is under consideration since 2016, which builds on the 2030 Agenda, the Global Strategy for the EU's Foreign and Security Policy and the European Consensus on Development. An impact assessment outlining options for the new partnership discards focusing exclusively on LDCs as an option, and while considering LDCs as

[26] https://ida.worldbank.org/about/borrowing-countries

priority countries under the different options under consideration, it also considers SIDS and other groups of countries in which Solomon Islands would be included.[27] The New European Consensus on Development 'Our World, Our Dignity, Our Future' recognizes the special needs of LDCs but also of SIDS, African countries and the poorest countries.[28]

It is important to note that UN system entities and divisions within the United Nations Secretariat provide assistance to LDCs in forms that are not necessarily reflected in ODA flows, such as analysis and policy advice, advocacy and certain forms of training and capacity building. While, upon graduation, countries may no longer benefit from efforts dedicated specifically to LDCs, in compliance with the request from the United Nations General Assembly, these organizations are committed to supporting countries graduating from the LDC category, including by addressing the specific challenges arising from the transition out of the category.[29] In their replies to UNDESA, UNCTAD, UNDP and OHRLLS confirmed that they will provide specific support to countries graduating from the LDC category. UNDESA itself also undertakes capacity building activities for countries in the process of graduation from the LDC category.

Table 4: Post-graduation perspectives for major multilateral development partners

World Bank Group	The World Bank does not use the LDC category as a criterion in its operations. While the International Development Association (IDA) uses GNI per capita as a criterion of eligibility, Solomon Islands benefits from the small states exception, whereby small states with less than 1.5 million people, significant vulnerability due to size and geography, and very limited credit-worthiness and financing options maintain eligible for IDA financing. Graduation will not impact the eligibility to IDA financing under small states exception. The recent IDA 18 has significantly enhanced IDA support to small states.
European Union	As per communication from the European Commission, there may be a reduction of grant-based aid for countries that are on a sustained growth path or are able to generate sufficient resources of their own. The EU considered that countries graduating from LDC status are unlikely to be in this position immediately after graduation and would address specific situations and vulnerabilities in future programming cycles.

[27] https://ec.europa.eu/europeaid/sites/devco/files/impact-assessment-joint-communication-renewed-partnership-acp-20161122_en.pdf
[28] https://ec.europa.eu/europeaid/policies/european-development-policy/european-consensus-development_en
[29] General Assembly resolution A/RES/71/243, para 40 available at http://undocs.org/A/RES/71/243

UNICEF	UNICEF is required by its Executive Board (Decision 2013/20) to allocate 60% of its regular resources to LDCs. Graduation from the LDC category would mean Solomon Islands would need to compete for resources with a larger group of non-LDC countries. UNICEF supports vaccination, education, the national child protection policy and related policies, data collection, health monitoring, among others. UNICEF informed the CDP Secretariat that in fulfilling the pledge contained in the 2030 Agenda to "leave no one behind", it will focus on the hardest to reach children whether or not they are in LDCs. UNICEF's "focus on giving every child and equal chance in life does not change while a country graduates from the list of LDCs".
IFAD	The IFAD does not use LDC status as a criterion in its operations. IFAD's financing terms are determined by per capita income and other factors. While LDCs usually benefit from "softer terms" this is related to the per capita income criteria and not LDC status per se (Lenzi, 2017).
UNFPA	UNFPA's Country Classification System includes some LDC criteria, such as GNI, Maternal Mortality Ratio, humanitarian risk and population size. As LDC status per se is not a UNFPA Country Classification indicator a shift in LDC status will not automatically trigger changes to UNFPA assistance. Solomon Islands would still be considered a target of special attention.
UNDP	UNDP, like UNICEF, has a board-determined requirement to allocate 60% of its regular budget to LDCs. Solomon will no longer, upon graduation, belong to this group. However, the impact, for a single country, of leaving the group cannot be measured ex ante as numerous criteria and factors determine the scope and scale of development assistance programmes. UNDP informed UNDESA that graduation would affect resource allocation. The UNDP core resources referred to are TRAC 1 resources (Target for Resources Allocated from the Core). These represent voluntary unearmarked donor contributions to UNDP, which are shielded for country programme activities. The largest percentage of these resources are allocated to Low Income and LDCs. When an LDC graduates, it faces significant cuts in and eventually ineligibility for receiving core resources.
WFP	WFP considers criteria other than LDC status in the allocation of its funding.
WHO	LDC status is one criterion in determining access to certain funds and facilities, such as free or low cost access to biomedical and health literature under the Hinari fund.
UNESCO	UNESCO informed the CDP Secretariat that it continues to support countries that have graduated from the LDC category and works to address the specific challenges of SIDS.
Others	Global Fund: eligibility is based on GNI and an official disease burden index. IMF: The IMF has no LDC-specific financing modalities. GAVI: Support from the Global Alliance for Vaccines and Immunizations (GAVI) is not limited to LDCs. GEF: LDC status is not a criterion for allocation of funds from the Global Environment Facility in general. GEF administers LDC-specific funds for climate change (see below). UNCDF: The United Nations Capital Development Fund (UNCDF) supports LDCs in providing "last mile" finance models that unlock public and private resources to reduce poverty and support local economic development. UNCDF is jointly implementing the Pacific Financial Inclusion Programme with the UNDP, increasing the number of low-income customers who adopt formal financial services.

3.2 Cooperation in specific areas: climate and technology

Climate change commitments and finance

Specific support measures for LDCs were agreed upon during the seventh Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) in 2001. An LDC work programme was established and the Least Developed Countries Fund (LDCF) was created to support its implementation, which included the preparation and implementation of National Adaptation Programmes of Action (NAPAs), designed to enable LDCs to communicate their urgent and immediate adaptation needs. The Global Environment Facility (GEF) was appointed to manage the LDCF. Also in 2001, an LDC expert group (LEG) was created to provide guidance and advise on the preparation and implementation strategies for NAPAs, as well as the other elements of the LDC work programme. Use of the LDCF has since been expanded to include the elaboration of the National Adaptation Plans (NAPs) in LDCs. NAPs build on the NAPAs and provide a means to address medium and long-term adaptation. The mandate of the LEG was also expanded to provide guidance and support to the formulation and implementation of NAPs.

Graduation would in principle entail the loss of access to funding under the LDCF. However, graduated LDCs have access, for the elaboration and implementation of their NAPs, to the Special Climate Change Fund (SCCF) also created in 2001 and open to all developing countries and, more significantly, to the Green Climate Fund (GCF). The GCF was created in 2010 and is expected to be the largest dedicated climate fund. The GCF´s governing instrument, approved by the COP in 2011, determines that it take into consideration, in the allocation of resources for adaptation, the "urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change, including LDCs, SIDS and African States", using minimum allocation floors. The fund aims for a floor of 50% of adaptation funds to be allocated to these countries. Upon graduation, Solomon Islands would not only still qualify for the GCF as a developing country but also still be included in the group of countries considered particularly vulnerable to the adverse effects of climate change as a SIDS.[30] According to information provided by the GCF secretariat to the CDP secretariat, the GCF board had approved funding of $86 million (a $70 million loan and a $16 million grant for the access road) for the Tina River Hydropower Development Project. The UNFCCC states that the overall impact on access to adaptation support for LDCs that graduate is likely to be minimal, given that the GCF does not have funding windows exclusive to LDCs and that support is available to all developing countries. As at May 2017, 10.2 billion dollars had been pledged for the Green Climate Fund, compared to 1.2 of the LDCF and 0.4 for the SCCF.[31]

[30] www.greenclimatefund.org and Green Climate Fund, 2016.
[31] Climate Funds Update, http://www.climatefundsupdate.org/data.

The UNFCCC also clarified that the modalities used in technical support to the LDCs under the UNFCCC through the work of the LEG, which include technical guidance materials, training workshops and related events, will always remain available and accessible to other interested developing countries."

The Paris Agreement refers to LDCs among broader categories of countries that should be given particular attention because they are particularly vulnerable to the adverse effects of climate change and/or have significant capacity constraints. All clauses that apply to LDCs in the agreement also apply to SIDS, a category to which Solomon Islands belongs.[32]

Technology: LDC Technology Bank

The Programme of Action for the Least Developed Countries for the Decade 2011-2020 (Istanbul Programme of Action or IPOA) called for the establishment of a "Technology Bank and Science, Technology and Information supporting mechanism, dedicated to least developed countries which would help improve least developed countries' scientific research and innovation base, promote networking among researchers and research institutions, help least developed countries access and utilize critical technologies, and draw together bilateral initiatives and support by multilateral institutions and the private sector, building on the existing international initiatives." The Technology Bank was officially established in January 2017[33] and operationalized in September 2017. It is still early in the process to assess its effectiveness and therefore the impacts of loss of access. After graduation, Solomon Islands would continue to have access to the LDC Technology Bank for a period of five years.

In sum, while development cooperation has put in place mechanisms to provide special support to LDCs, these often also consider multiple aspects of vulnerability and thereby other groups of countries including the particular challenges of SIDS. For many of the mechanisms currently benefitting Solomon Islands, LDC status is not determinant. For others, it may affect the form in which cooperation is delivered, but the terms of cooperation would be based on the country's unique challenges, the nature of bilateral

[32] Article 9.4 states that "The provision of scaled-up financial resources should aim to achieve a balance between adaptation and mitigation, taking into account country-driven strategies, and the priorities and needs of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as the least developed countries and small island developing States, considering the need for public and grant-based resources for adaptation." Article 9.9 states "The institutions serving this Agreement, including the operating entities of the Financial Mechanism of the Convention, shall aim to ensure efficient access to financial resources through simplified approval procedures and enhanced readiness support for developing country Parties, in particular for the least developed countries and small island developing States, in the context of their national climate strategies and plans." Article 11.1 states "Capacity-building under this Agreement should enhance the capacity and ability of developing country Parties, in particular countries with the least capacity, such as the least developed countries, and those that are particularly vulnerable to the adverse effects of climate change, such as small island developing States, to take effective climate change action, (…)".

[33] A/Res/71/251

relations and other factors. In some cases, smooth transition mechanisms are in place so that support would not be discontinued immediately upon graduation.

4. General support measures

4.1 Ceilings and discounts on the contribution to the United Nations system budgets

According to the Charter of the United Nations, all Member States have the obligation to bear the expenses of the UN, as apportioned by the General Assembly. LDCs benefit from ceilings, special rates and discounts. The main components are the regular budget, the peacekeeping budget, the budget of UN tribunals and the budgets of entities of the UN system other than the Secretariat.

Regular budget of the United Nations

Each country's contribution to the **regular budget** is determined based on capacity to pay, translated into specific criteria that consider gross national income, debt-burden, and per capita income, among others. General Assembly Resolution 70/245 of 23 December 2015 determines the elements and criteria to be applied in the definition of the scale of assessments for the period from 2016 to 2018, as well as the scale itself. A minimum assessment rate is defined at .001% of the UN regular budget and a maximum at 22%. The maximum rate for LDCs, however, is .01%.[34] Solomon Islands is assessed at a rate of .001% for the period from 2016 to 2018, which is equivalent to the floor and substantially below the ceiling of 0.01% applicable to LDCs.[35] Loss of LDC status would therefore not, under equivalent criteria, affect the applicable assessment rate. For 2017, the amount of the assessment was USD 27,765.[36]

Peacekeeping

The rates of assessment for **peacekeeping operations** are based on the scale of assessments for the regular budget adjusted by a premium in the case of permanent members of the Security Council and discounts in the case of all countries with per capita gross national product below the Member State average. Member States are grouped into levels based on per capita GNI, with larger discounts applying for the levels of countries with lower incomes. LDCs are entitled to the greatest discount, of 90%. [37]

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[34] General Assembly resolution 70/245 (http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/245).
[35] Report of the Committee on Contributions, Seventy-Seventh Session (5-23 June, 2017). Document A/72/11. (http://www.un.org/ga/search/view_doc.asp?symbol=A/72/11).
[36] The information is confirmed by communications received from the Committee on Contributions Secretariat within UN Department of Management on 20 June 2017.
[37] For the period 2016-2017, the applicable levels of contribution are defined in resolution 70/246. See also General Assembly Resolution 55/235; United Nations (2015), Implementation of General Assembly resolutions 55/235 and

Should equivalent criteria be in place when Solomon Islands graduates, the applicable discount would be 80% (there would be no change in the assessment rate, as explained above). [38] Applied to the peacekeeping budget for the period from July 2017 to June 2018, the difference would amount to USD 6,803.[39]

United Nations Mechanism for International Criminal Tribunals

The United Nations Mechanism for International Criminal Tribunals was established in 2010 to fulfill the residual functions of the International Criminal Tribunal for Rwanda and the International Criminal Tribunal for the Former Yugoslavia, which have now both ended their operations. Half of the budget of the Residual Mechanism is paid for by Member States based on the scale of assessments applicable to the regular budget of the United Nations, and half in accordance with the rates of assessment applicable to peacekeeping operations (resolutions 52/217 and 52/218). The first component is not affected by LDC graduation in the case of Solomon Islands. As for the second, and focusing on the contributions to the Residual Mechanism, graduation today would imply a negligible increase in the contribution, of USD 33.

Other UN agencies and entities

The assessment rates of FAO, ILO and WHO are based on the assessment rates of the UN regular budget, described above, and as for the regular budget, graduation would not impact the amount due by Solomon Islands.

The assessment systems ITU is based on classes of contributions, with LDCs contributing at the lowest level. Graduation would mean the country would no longer be entitled to contribute at these lowest classes. This would imply a significant increase in contributions to the ITU. However, the ITU Council can authorize an LDC graduate to continue to contribute at the lowest classes, and recent LDC graduates effectively continue to do so.

Table 5: Solomon Islands´s contributions to the budgets of United Nations System entities

UN entity	Methodology	LDC provisions	Rate with LDC status	Rate without LDC status	Impact of loss of LDC status
UN regular budget	UN scale of assessments	Ceiling of 0.01%	0.001%	0.001%	No impact

55/236 (A/70/331/Add.1) and Addendum to the report of the Secretary-General (A/70/331/Add.1, annex), adopted by the Assembly in resolution 70/246 of 23 December 2015.

[38] For the period from 2016 to 2018, non-LDCs with per capita GNI under USD 9,861 have a discount rate of 80% (Resolution 70/246).

[39] Calculated based on the total budget of $6.8 billion for the fiscal year 1 July 2017 - 30 June 2018 (A/C.5/71/24).

Peace-keeping	Based on UN scale of assessments – Discount level I (80% discount)	Discount level J (90% discount)	0.0001%	0.0002%	Contribution increase for 2017/2018 budget: USD 6,803
Residual Mechanism for International Criminal Tribunals	Calculated as 50% UN regular budget and 50% Peacekeeping budget	Peacekeeping discount level J applies to 50% of the budget	0.00055%	0.0006%	Contribution increase for 2017 budget: USD 33.5
CTBTO	Based on UN scale of assessments adjusted to entity membership	Ceiling of 0.01%	0.001%	0.001%	No impact
FAO	Based on UN scale of assessments adjusted to entity membership	Ceiling of 0.01%	0.001%	0.001%	No impact
ILO	Based on UN scale of assessments adjusted to entity membership	Ceiling of 0.01%	0.001%	0.001%	No impact
ISBA	Based on UN scale of assessments adjusted to entity membership and floor contribution of 0.01%	Ceiling of 0.01%	0.01%	0.01%	No impact
ITLOS	Based on UN scale of assessments adjusted to entity membership and floor contribution of 0.01%	Ceiling of 0.01%	0.01%	0.01%	No impact
ITU	Voluntary selection of class of contribution	Special class of 1/8 or 1/16 units	1/16 units	1/4 units	Possible contribution increase for 2017 budget: CHF 59,625 (see text above)
OPCW	Based on UN scale of assessments	Ceiling of 0.01%	0.001%	0.001%	No impact

	adjusted to entity membership				
WHO	Based on UN scale of assessments adjusted to entity membership	Ceiling of 0.01%	0.001%	0.001%	No Impact

4.2 Support for travel to participate in United Nations meetings

The United Nations offers travel support for up to five representatives of each Member State designated as an LDC to attend the regular sessions of the General Assembly.[40] Since 2012, the amounts disbursed in connection with this support measure have varied between USD 29,000 and 74,400.[41] After graduation, travel support to attend the UN General Assembly sessions may be extended for up to three years subject to the availability of funds.[42]

Other UN entities also support travel of LDC representatives participating international conferences. While Solomon Islands would no longer be entitled to LDC-specific support, it would still benefit from support targeted at other categories of countries including SIDS.[43]

4.3 Fellowships and research grants

A number of institutions provide scholarships, fellowships and research grants targeted at researchers from LDCs.[44] No consolidated information is available at this time on the use of these benefits by nationals of the Solomon Islands. Support for research will be available through other instruments after graduation, including fellowships and grants for nationals of developing countries or categories thereof.

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[40] United Nations (1991), Rules governing payment of travel expenses and subsistence allowances in respect of members of organs or subsidiary organs of the United Nations (ST/SGB/107/Rev.6). Available from http://documents-dds-ny.un.org/doc/UNDOC/GEN/NS0/000/21/img/NS000021.pdf?OpenElement

[41] Information provided by the Department of Management of the United Nations.

[42] United Nations (2011), Implementing the smooth transition strategy for countries graduating from the list of least developed countries (A/RES/65/286)

[43] For more information, see https://www.un.org/ldcportal/category/general-support-isms/

[44] A list of grants and scholarships is available at https://www.un.org/ldcportal/category/general-support-isms/

Annex I: Response by the Government of Solomon Islands

Solomon Islands Government

Comments by the Solomon Islands Government

on the

Ex-ante impact assessment of likely consequences of graduation

of Solomon Islands from the least developed country category

2018 Triennial Review

Introduction

At the outset, the Solomon Islands Government (SIG) sincerely commends and expresses profound gratitude to the United Nations Department of Economic and Social Affairs (UNDESA) Secretariat of the Committee for Development Policy (CDP) for preparation of the ex-ante impact assessment of likely consequences of graduation of Solomon Islands from the least developed country category for the 2018 triennial review.

SIG is fully conscious that Solomon Islands was found eligible for graduation from the LDC category for the first time in 2015 based on its GNI per capita and its score on the human assets index (HAI). SIG is also conscious that, in the triennial review in 2018, the assessment used, along with a vulnerability profile, prepared by the United Nations Conference on Trade and Development (UNCTAD), the views of the Solomon Island Government and other relevant information, are inputs for a CDP decision on whether to recommend the country for graduation once it is found eligible for a second time.

2. Sources Used in the Assessment

Foremost, SIG acknowledges the credibility of the sources used in the assessment which include official data, relevant documents and studies published by SIG, regional and international organisations and other relevant institution, including the main development and trading partners of Solomon Islands. On this note, SIG is also pleased to provide UN DESA its National Development Strategy (NDS) 2016-35 launched and adopted in April 2016 and first National Development Strategy 2016-35 Performance Report published last September 2017. It is envisaged that these documents will provide UN DESA some insights and better appreciation of SIG progress and efforts made in the implementation of its NDS 2016-35, the Sustainable Development Goals (SDGs) and the Istanbul Programme of Action (IPoA).

3. Support Measures

Provided with the opportunity to comment on the draft report of UN DESA ex-ante impact assessment, SIG comments are mainly focused and limited to the international support measures (ISM) extended to LDCs, such as Solomon Islands. These support measures entail (i) international trade; (ii) development cooperation; and (iii) other general support. Other general comments on the Solomon Islands Government (SIG) current and ongoing efforts to progress the implementation of the NDS, SDGs and IPoA and efforts relating to achieving graduation are also provided.

3.1 International Trade

SIG appreciates the UN DESA assessment provided on Solomon Islands exports structure including its main merchandise exports and potential exports, preferential market access, obligations from WTO and other trading agreements and, support measures related to capacity building in trade. The assessment, in general, is objective and fair.

References in the assessment to depletion in the natural forest resources and decline in the logging industry are real and pose real challenges to the country's economy.

The suggestion for Solomon Islands to diversify and expand its export base has entailed a process that has spanned over many decades since the country's attainment of Political Independence in 1978, some 39 years ago. In this respect, the SIG efforts to prioritise export diversification including the development of mining, the prospect is minimal and limited owing to land tenure issues, infrastructure and economic structure. Tourism has huge potential but progress is slow owing mainly to limited tourism infrastructure and unreliable transportation services throughout the country. The realisation of the country's export potential in the medium to long-term appear bleak. Political instability has often impeded efforts to provide conducive environment for direct foreign investment and entrepreneurship. Volatility in trade balances over the past decade, recorded in the Central Bank of Solomon Islands Annual Reports, suggests fragility of the Solomon Islands economy and to external shocks.

References asserting that China is Solomon Islands top export and a export trend of major shift away from Europe towards Asia and China is acknowledged. However, given that the trend is closely related to the export of logs and timber this trend is likely to change as the logging industry declines. In contrast, exports to Europe of sustainable and value added commodities of fish, palm oil and copra are more likely to continue and make up the base of the country's export. To this end, Europe would continue to remain an important trading partner for Solomon Islands.

The assessment in respect to preferential market acces, obligations from WTO and other trading agreements is objective, fair and encouraging. SIG welcomes the various inferences to the different trade partners including China, EU, SPARTECA, Philippines, Thailand, Korea, Malaysia, India, Japan and Switzerland. SIG recognises and acknowledges that trade arrangements with these trade partners would be a real challenge, but take comfort that it would require to reorganise and renegotiate with trade partners after graduation for alternate arrangements and treatment in respect to traded goods.

Similarly, in respect to trade in services and service suppliers, SIG acknowledges the assessment assertion that most of the constraints in LDC including Solomon Islands are supply side problems and unlikely to be impacted after graduation. Solomon Islands, in this respect, would need to closely monitor and take more aggressive course of actions to remedy this issue.

Nonetheless, there are many other factors involved that may impede the ability of Solomon Islands to compete effectively including economies of scale and comparative disadvantage such as high internal costs and long distances to the EU markets.

With respect to DFQF under PACER Plus, Solomon Islands stands to forego its major revenue source from import duty collected by Customs. This is an area of concern in the context of the PACER Plus. SIG is currently undertaking tax reforms but a full appreciation of the extent to what the reforms entail is still unclear. Moreover, parallel tax reforms as alternatives and substitutes for this revenue source must be developed and put in place with immediate effect and consolidated in the period of transition.

In regards to the assessment on obligations from WTO and other trading arrangements, SIG acknowledges the inference that it is unlikely that the loss of special and differential treatment (SDT) will have a decisive economic impact. Moreover, the Trade Facilitation Agreement (TFA) containing provisions for acquisition of assistance and support for capacity building is assuring. As suggested by the assessment, Solomon Islands would seek to would have to introduce new intellectual property laws to be WTO compliant.

Similarly, Agreements in trade related aspects of intellectual property rights is acknowledged and welcomed. The assessment relating to Aid for Trade and Enhanced Integrated Framework (EIF) and potential continuing assistance to Solomon Islands by donors such as New Zealand, Australia, Asian Development Bank (ADB) and the World Bank is also reassuring.

To date, Solomon Islands has adopted a new National Trade Policy aimed at integrating trade related aspects of existing sectoral policies, providing a broad policy guide and set of priorities to support policy makers in enhancing the role of trade in the economy. The trade framework identifies constraints on production and exports and provides some recommended solutions. However, given Solomon Islands small size and limited capacity, SIG and its partners focus on reducing the barriers to trade faced as a collaborative effort. The National Trade Development Centre (NTDC) is being strengthened. However, little progress has been reported in developing small and medium size enterprises (SMEs), nor on the SIG programmes addressing performance of State Owned Enterprises (SOEs), including the re-establishment of the Development Bank of Solomon Islands (DBSI).

3.2 Development Cooperation

SIG appreciates and acknowledges the UN DESA assessment provided on Solomon Islands official development assistance on bilateral and multilateral flows as well as development assistance in specific areas, notably climate change and aid for trade.

The Official Development Assistance (ODA) to Solomon Islands, in absolute terms, is considered to be relatively large and is a major source of funding for development. Moreover, Solomon Islands is considered one of the most aid dependent nations in the world. To this end, foreign aid is likely to remain an enduring feature of the Solomon Islands economy for some time.

SIG acknowledges the significant development investment by major bilateral donors such as Australia and New Zealand in Solomon Islands. SIG further welcomes the assurance that their development programmes to Solomon Islands would continue and will not be reduced even if Solomon Islands graduates from the LDC category. The substantial reduction of Australia development assistance to Solomon Islands due to the departure of RAMSI in mid-2017 is also acknowledged.

SIG also acknowledges the assessment's multilateral flows mainly from EU, ADB, World Bank, as well as UNDP and other UN agencies. The assessment's reference to these multilateral donors maintaining cooperation and development assistance irrespective of Solomon Islands graduation from LDC status is also welcoming.

SIG further acknowledges the assessment on cooperation in specific areas such as climate and technology. In particular, the potential loss of access to funding under the UNFCCC including LDCF is noted. To this end, the assertion that GCF as an alternate facility for developing countries is welcoming. In regards to technology the assessment assertion that a graduating country would continue to have access to the LDC Technology Bank for a period of 5 years after graduation is assuring.

In general, SIG fully recognizes the major role development partners play in the development efforts of the country. Development assistance continues to comprise a significant proportion of the country's development budget. SIG continues to receive substantial financial support from its development partners. The bulk of this assistance is through donor-funded projects and programmes implemented by line ministries. SIG through its normal budget process requires ministries to put forward new programme proposals to the Ministry of Development Planning and Aid Coordination (MDPAC) and its Standards Committee, which reviews the submissions and confirms which of these will be funded through SIG resources under the Medium Term Development Plan (MTDP). However, the identification and formalisation of donors' programmes is generally done independently by each donor, and is not routed through the MDPAC Standards Committee process, making tracking by MDPAC difficult. The Partnership Framework for Effective Development Cooperation, introduced in 2016, outlines a strategy for implementation of the new Aid Management and Development Cooperation Policy which should improve coordination and planning. In addition, MDPAC is creating a development assistance database system which will provide an overall picture of donor contributions to development programmes.

Currently, most donor programmes focus on the social sectors of health and education, and on infrastructure, particularly transport infrastructure. Given the scarcity of government resources, donors also often fund operational expenses that could not be funded from the recurrent budget.

Donor support towards achieving NDS objectives is significant, either through direct implementation of programmes, or through implementing agencies. Key ministries implementing most of the donor programmes are Ministry of Health and Medical Services

(MHMS), Ministry of Education and Human Resources Development (MEHRD), Ministry of Infrastructure Development (MID) and Ministry of Agriculture and Livestock (MAL). However, capturing, measuring and tracking data and information on progress against NDS objectives is a challenge as donor data and reporting of progress is still not being provided as expected. MDPAC is undertaking reforms to address this through the Partnership Framework and the establishment of the Aid Management Information Database System.

3.3 General Support Measures

SIG notes and acknowledges the assessment on the LDCs benefits from ceilings, special rates and discounts in respect to the UN regular budget, the peace keeping budget, UN tribunal budget and budgets of entities of the UN system and the extent of impact due to Solomon Islands in the event it graduates from the LDC category.

With reference to support for travel to participate in United Nations meetings, SIG is indifferent to the likely impact and at the same time embraces the assurance that it may still benefit from support targeted at other categories including SIDS which Solomon Islands is also included. Similarly, SIG notes and acknowledges the loss of benefits relating to fellowships and research grants which are negligible to Solomon Islands.

4 General Comments

Solomon Islands is fully committed to honouring the global 2030 Agenda on the Sustainable Development Goals (SDGs); the Paris Agreement and Addis Ababa Action Agenda (Financing for Development Framework) and the Istanbul Programme of Action (IPoA). These global frameworks call for a paradigm shift in cooperation especially in seeking partnerships in game changer and large transformative programmes and projects in the country's informal sector where eighty per cent of its population live.

Solomon Islands has been very excited and encouraged by the prospect of graduating from the LDC status category. While it would be a real challenge for Solomon Islands, if it graduates, the benefits foregone are minimal and insignificant. The transition period after graduation should serve as a platform and buffer for Solomon Islands to reorganise and restructure itself and explore new trading partners and new market opportunities more vigorously. Moreover, graduation should induce and trigger SIG and businesses to be more serious in their efforts to invest more wisely and grow the economy and to be more competitive.

Considering the slow and insignificant growth in the Solomon Islands economy and difficulties in providing basic and essential services to the people, the SIG recognised the need to develop a new visionary pathway to guide socio-economic development in Solomon Islands. In this vein, the Government prepared and launched a 20 year National Development Strategy (NDS) 2016-2035 in April 2016. This NDS provides a longer term framework for planning that lays the foundations for economic growth and long term sustainable development. Many of its major development partners have embraced the NDS and have taken steps to align their bilateral and multilateral aid programme with the NDS and that other development partners have followed suit. To this end, the Government has also developed and launched an "Aid Management and Development Cooperation Policy" and the "Partnership Framework for Effective Development Cooperation" in March 2016. This provides guidance on how the country can make development partnerships more effective and in line with its objectives and priorities as set out in the NDS 2016-35.

SIG also fully recognises that in order to effectively implement the NDS and achieve its objectives it will need commitment and action from all its development partners. True and strategic partnerships will be crucial between the SIG and development stakeholders including development partners, the private sector, non-government organisations, church groups and faith-based organisations and all development stakeholders. Hence, the Government has intensified efforts to work more closely and effectively with development partners, the private sector, the churches, the non-government organisations, the non-state actors, the civil society, the local communities and the international community. The Government has revived the Core Economic Working Group (CEWG) for robust dialogue focusing on financial and economic reform priorities and action oriented benchmarks and triggers for budget support assistance.

Under the Istanbul Programme of Action (IPOA), Solomon Islands is a Small Islands Developing State with Least Developed Country (LDC) status. Solomon Islands risks sliding back and unlikely to meet the criteria for graduation at all if the priorities of the IPOA are not progressed during the period of transition. It is critical that commitments under the Istanbul Program of Action by Solomon Islands are honoured. It is important that development partners play a critical role in supporting the country's endeavours to achieve the NDS, SDGs and IPOA objectives.

Solomon Islands, in this respect, very much welcome partnerships in large transformative and game changer project initiatives that would make a real difference and transform the lives of its people. Such Partnership would require localisation of the implementation of the 2030 Agenda for Sustainable Development to also achieve its NDS objectives and the relevant SDGs in the Solomon Islands and achieve the call for 'leaving no one behind'. The country has made headways to localize the SDGs as well as developed indicators to report to the United Nations on the progressive status of the SDGs during the period of its implementation.

The NDS includes a performance monitoring and evaluation framework for monitoring progress on programmes and projects in the annual development budget, the MTDP and the NDS. Most recently as last September 2017, the Government conducted a first performance report on the current NDS 2016-2035. The Report is part of a comprehensive assessment process undertaken by MDPAC with the line ministries and development partners. The objective of the Report is to inform the Solomon Islands Government and its development partners of the overall progress the country has made in terms of achieving the objectives of the NDS 2016-2035. The Report highlights the challenges and issues encountered in the implementation of the NDS and proposes recommendations on how best to progress towards achievement of NDS objectives in each sector.

One of the key findings of the NDS Performance Report is that while efforts have been made over the past 4-5 years to achieve the NDS objectives through reforms, revised strategies and development programmes, the results have been mixed and are a concern. Overall, there has been limited progress at project, sector, national and regional levels. Four key development indicators covering growth (GDP), human development indicators (HDI), employment and budget/debt show no real progress over the last 4-5-year.

The Report also identified several key issues in terms of progress towards attaining the NDS outcomes. Among these include the need to improve SIG and donor coordination and cooperation in alignment to the NDS objectives and the need to improve and strengthen the Monitoring and Evaluation Processes in the Ministry of Development Planning and Aid Coordination (MDPAC) and line ministries.

Among the Report recommendations are the need for establishment of development assistance database within SIG and the need to align programme indicators to the NDS objectives. The Government recently launched an Aid Information Management System (AIMS) which is a useful tool for the government to monitor aid inflows and coordinate donor-funded projects in the country.

As a strategy to engage and involve its development partners, private sector and other development stakeholders to participate more actively and meaningfully in the implementation of the NDS, the 2030 Agenda on Sustainable Development Goals (SDGs) and the Istanbul Programme of Action (IPoA), MDPAC, in conjunction with and assistance of UNDP, is developing a Solomon Islands Integrated Financing Framework (SIIFF). The SIIFF aims to guide the Government in mobilising and securing development cooperation and assistance of development partners, private sector and other development stakeholders. The SIIFF would also be an opportunity where development partners come together to support the NDS and integrated SDG implementation at the country level. The SIIFF would also provide guide for development and investments by development partners, private sector and stakeholders in the areas and sectors that would bring about the desired objectives of the NDS, SDGs and IPoA.

For Solomon Islands, the prospect of graduation is very exciting and encouraging. It brings with it, a variety of new opportunities and potentials as well as challenges. Graduation is envisaged as a way to achieve the NDS objectives namely: poverty alleviated across the whole of the Solomon Islands, basic needs addressed and food security improved, and benefits of development more equitably distributed; all Solomon Islanders have access to quality health and education; resilient and environmentally sustainable development with effective disaster risk management, response and recovery; and unified nation with stable and effective governance and public order.

Solomon Islands is also conscious that efforts towards graduation need to be underpinned by ownership and leadership of the country, given that the primary responsibility for development lies with the country itself. To ensure Solomon Islands achieve sustainable and transformational graduation, its efforts need to be supported by the development and trading partners in a spirit of shared responsibility and mutual accountability. In order to meet the ambitious objective of the IPoA and to meet the criteria for graduation by 2020, strengthened and more focused support by development partners would be required.

Annex II: Trade

Table A.1: Solomon Islands' main exports, 2006-2015 averages (millions of United States dollars) and main destinations (top 10 products at the 4-digit HS level)

HS	Commodity	Value	Share (percentage of total export)	Top destination	Value	Country share (percentage of product export)
0303	Fish; frozen, excluding fish fillets and other fish meat of heading 0304	6.8	2.2	Thailand	6.5	95.6
0305	Fish, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process; flours, meals and pellets of fish	7.6	2.4	Italy	6.2	82.0
1203	Copra	12.3	3.9	Philippines	11.8	95.9
1511	Palm oil and its fractions; whether or not refined, but not chemically modified	23.0	7.3	United Kingdom Spain	14.0 6.9	61.2 30.0
1513	Coconut (copra), palm kernel or babassu oil and their fractions; whether or not refined but not chemically modified	5.5	1.7	United Kingdom China Netherlands Spain	2.5 1.0 0.5 0.5	46.2 17.6 9.8 9.4
1801	Cocoa beans; whole or broken, raw or roasted	10.6	3.4	Malaysia Singapore Indonesia	4.6 3.0 2.6	43.8 28.1 24.7
4403	Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared	130.6	41.4	China	108,4	83.0
4407	Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6mm	4.9	1.6	Australia New Zealand Philippines China Other Asia, nes	1.6 1.1 0.6 0.5 0.3	32.1 23.2 12.7 10.8 6.4
7108	Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form	19.4	6.2	Australia	18.9	97.3
9999	Commodities not specified according to kind	77.4	24.6	China Australia Italy	38.1 15.2 8.5	49.3 19.6 11.0

Source: UN Comtrade database, accessed 4 August 2017

Annex III: Development cooperation

Table A.2: Solomon Islands: composition and distribution of ODA flows selected donors, 2006-2015 (net disbursements in current prices, millions of United States dollars)

Donor	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
All Donors, Total	**204.64**	**246.18**	**224.31**	**204.96**	**340.49**	**339.39**	**305.1**	**289.83**	**198.5**	**190.03**
DAC Countries, Total	***178.98***	***237.06***	***219.09***	***202.25***	***296.42***	***299.45***	***272.24***	***257.73***	***182.12***	***163.89***
Australia	146.42	201.82	185.84	168.78	254	252.02	225.67	198.53	138.94	122
Austria	..	0.07	..	..	..	..	..	..	..	..
Canada	0.24	0.78	0.44	0.22	0.05	0.41	..	0.09	0.01	..
Czech Republic	..	0.02	..	..	..	..	..	..	..	..
Finland	..	..	..	..	0.07	0.08	0.07	0.13	0.13	..
France	0.03	0.03	0.02	..	..	0.54	0.03	..	0.01	0.02
Germany	0.02	0.07	..	0.01	0.01	..	0.07	0.1	0.35	0.25
Greece	0.01	0.04	..	..	..	..	..	..	0.01	..
Ireland	..	..	..	0.04	0.01	0.16	..	..	..	..
Italy	..	0.05	0.54	..	..	..	..	0.02	0.39	..
Japan	14.3	15.41	9.48	5.98	16.33	24.33	15.59	22.43	11.1	16.82
Korea	0.13	0.52	0.06	..	0.01	0.3	0.6	0.83	1.49	2.83
New Zealand	17.65	17.59	22.06	26.83	25.48	21.16	29.38	33.86	26.84	20.28
Norway	..	..	..	..	0.01	0.01	..	..	..	..
Portugal	..	..	..	0.1	..	..	..	..	..	..
Spain	..	..	0.31	..	..	..	..	..	..	..
Sweden	..	0.08	0.07	..	..	..	..	0	0.06	..
United Kingdom	0.17	0.27	0.25	0.23	0.22	0.19	0.36	0.67	1.29	0.79
United States	0.01	0.31	0.02	0.06	0.23	0.25	0.47	1.06	1.5	0.9
Multilaterals, Total	***25.65***	***12.16***	***5.62***	***3.11***	***44.49***	***40.36***	***33.25***	***32.46***	***16.79***	***22.72***
EU Institutions	20.11	3.13	7.19	3.67	24.97	5.96	12.66	8.39	6.35	5.65
IMF, Total	..	..	..	..	9.52	9.85	0.23	0.23	-1.13	-2.7
Asian Development Bank, Total	4.94	9.01	0.15	-0.82	7.64	11.51	7.09	11.94	4.55	1.74
United Nations, Total	1	0.91	-0.11	0.3	0.79	2.8	5.18	3.84	1.93	2.91
IFAD	..	-0.05	-0.17	-0.1	-0.1	-0.1	2.26	1.46	-0.09	-0.09
ILO	..	..	..	..	..	..	0.12	0.19	0.26	0.15
UNDP	..	..	..	0.4	0.89	1.92	1.78	1.24	0.97	0.91
UNICEF	..	..	..	..	..	..	..	..	..	0.51
UNTA	1	0.96	0.06	..	..	..	..	..	..	..
WHO	..	..	..	..	..	0.98	1.02	0.95	0.78	1.42

World Bank Group (IDA)	-0.53	-1.02	-0.65	-0.23	0.05	4.32	6.45	4.27	2.14	7.98
Other Multilateral, Total	0.13	0.13	-0.96	0.19	1.52	5.93	1.65	3.79	2.96	7.13
Adaptation Fund	..	..	..	..	..	5.11	..	..	..	..
CIF	..	..	..	..	..	..	..	..	0.22	0.18
GAVI	..	..	0.2	0.43	0.17	0.15	-0.01	0.69	0.63	1.46
GEF	0.13	0.13	..	..	..	0.3	0.3	2.13	1.65	4.43
Global Fund	..	..	..	..	1.51	0.44	1.44	0.98	0.46	1.06
OPEC Fund for International Development [OFID]	..	..	-1.16	-0.24	-0.16	-0.08	-0.08	..	..	..
Non-DAC Countries, Total	***0.01***	***-3.04***	***-0.4***	***-0.4***	***-0.42***	***-0.43***	***-0.4***	***-0.35***	***-0.41***	***3.42***
Cyprus	..	0.03	..	..	..	..	..	..	..	..
Israel	0.01	0.01	..	..	0.02	0.02	0.04	..	..	..
Kuwait (KFAED)	..	-3.18	-0.7	-0.44	-0.44	-0.46	-0.45	-0.44	-0.44	..
Thailand	..	..	0.01	0.04	..	0.01	0.01	0.01	..	0.01
Turkey	..	0.1	0.29	..	..	..	..	0.08	0.03	..
United Arab Emirates	..	..	..	..	..	..	..	..	..	3.41
Memo: Private Donors, Total	***..***	***..***	***..***	***..***	***..***	***..***	***..***	***0.11***	***0.07***	***0.11***
Bill & Melinda Gates Foundation	..	..	..	..	..	..	..	*0.11*	*0.07*	*0.11*

Source: OECDStat, accessed 18 July 2017

As per OECD guidelines, multilateral ODA only covers disbursements from core resources, as earmarked contributions are counted under bilateral ODA.

List of abbreviations

CDP	Committee for Development Policy
CIF	Climate Investment Fund
CTBTO	Comprehensive Nuclear-Test-Ban Treaty
DAC	Development Assistance Committee
DESA	Department of Economic and Social Affairs
DFQF	Duty-free, quota-free
EIF	Enhanced Integrated Framework
EU	European Union
EVI	Economic vulnerability index
ECOSOC	Economic and Social Council
FAO	Food and Agriculture Organization
GATT	Global Agreement on Tariffs and Trade
GAVI	Global Alliance for Vaccines and Immunization
GEF	Global Environment Facility
GNI	Gross national income
GSP	Generalised System of Preferences
HAI	Human assets index
HS	Harmonized Commodity Description and Coding System (Harmonized System)
IAEA	International Atomic Energy Agency
ICC	International Criminal Court
IDA	International Development Association
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
ISBA	International Seabed Authority
ISM	International support measures
ITLOS	International Tribunal for the Law of the Sea
ITU	International Telecommunication Union
LDC	Least developed country
MFN	Most favoured nation
OECD	Organization for Economic Co-operation and Development
ODA	Official development assistance
OHRLLS	Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
OPCW	Organization for the Prohibition of Chemical weapons
SIDS	Small Island Developing States
UNCTAD	United Nations Conference on Trade and Development
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Fund
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNTA	United Nations Regular Programme for Technical Assistance
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WTO	World Trade Organization