Australian Government

Department of Foreign Affairs and Trade

PACIFIC COVID-19 RESPONSE PACKAGE – SOLOMON ISLANDS ANNEX

As announced in the October 2020 budget, Australia will provide new funding of $304.7 million for a COVID-19 Response Package (the Package) in the Pacific and Timor-Leste. The two-year package (FY2020-21 and 2021-22) will be a temporary and time-bound addition to Australia's existing and ongoing $4 billion ODA budget.

In addition to support provided to maintain Pacific aviation, the Package has two funding windows: a Vulnerability and Economic Recovery Window; and a Fiscal Crisis Window for countries facing severe fiscal impacts.

The Australian Government will provide $10 million to Solomon Islands in 2020-21 under the Vulnerability and Economic Recovery Window and will focus on the areas of water and sanitation, aviation and education.

This annex outlines Australia's implementation of the Package in Solomon Islands. It also serves as an annex to the Solomon Islands COVID-19 Development Response Plan that forms part of Australia's Partnerships for Recovery development policy.

ECONOMIC, FISCAL AND SOCIAL SITUATION

COVID-19 has exacerbated Solomon Islands' economic vulnerability. The Asian Development Bank estimates a GDP contraction of 5-6 per cent in 2020, returning to GDP growth of 1 per cent in 2021, assuming no widespread COVID-19 community transmission. The fiscal situation in Solomon Islands is deteriorating and all government ministries face substantial budget cuts in 2021. Lower economic activity in the formal economy and reduced government spending will have had social impacts, albeit data is limited.

ACTIVITIES

Activities to be funded through the Package are as follows:

Vulnerability and Economic Recovery Window: $10 million in 2020-21 will be provided to:

1. $5 million to support Solomon Islands Water Authority to provide water and basic facilities to vulnerable communities in urban and rural settings.

Around 4,400 households (approx. 18,000 people) will benefit from improved water supply, and around 2,000 households will benefit from improved sanitation facilities.

2. $1 million to Solomon Airlines to meet essential training requirements for engineers and crew, purchase essential aircraft maintenance equipment and undergo a remote IATA operational safety audit. The funds will also support Solomon Airlines to meet some debt held with local providers.

3. $4 million to support the Ministry of Education and Human Resources Development through earmarked budget support under the Education Sector Support Program for school grants. These grants will help schools to meet basic operational costs and remain open.

Fiscal Crisis Window: Solomon Islands will not receive FCW funding in 2020-21, but will be further considered in 2021-22, subject to its fiscal situation and funding availability.
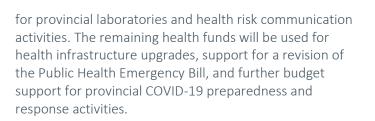
POLICY AND PROGRAM ALIGNMENT

The Package will contribute to each pillar of DFAT's Solomon Islands COVID-19 Response Plan and underscore key tenets of the Partnerships for Recovery strategy. Health outcomes will be enhanced through the Solomon Islands Water Authority's expansion of water, sanitation and hygiene services to vulnerable communities. Stability will be aided through the support to keep schools open while air connectivity within Solomon Islands and the Pacific region will be essential to the country's economic recovery.

The funding is in addition to $13 million in assistance provided under Australia's Pacific and Timor-Leste COVID-19 Immediate Response Package in 2020. This immediate assistance comprised the following:

- Health Response - $8 million
- Direct budget support to Solomon Islands Government - $5 million

The health response funds were disbursed to support Provincial Health Operational Budgets for COVID-19 preparedness and response activities, safety equipment

for provincial laboratories and health risk communication activities. The remaining health funds will be used for health infrastructure upgrades, support for a revision of the Public Health Emergency Bill, and further budget support for provincial COVID-19 preparedness and response activities.

GENDER EQUALITY AND WOMEN'S EMPOWERMENT

The Package gives recognition to the impact that COVID-19 has had on women and girls in Solomon Islands. Although data is limited, it is understood that the deteriorating fiscal situation will have an adverse effect on women and vulnerable groups. Globally, rates of violence against women and girls have increased and we expect that this will have been the case in Solomon Islands where rates of violence pre-pandemic were amongst the highest in the world.

Australia's investments under the Package will target women, girls and other vulnerable groups by:

- Improving access to clean water. New household connections will enable women to participate in social or economic activities with time saved in fetching water from alternative sources.
- Enabling girls to continue their education throughout the pandemic through the provision of school grants. By maintaining continuity of the school year, we anticipate that drop-out rates will be reduced.
- Supporting the national airline to prepare for the borders to reopen, thereby increasing the future employment opportunities for women.

PROGRAM AND PERFORMANCE MANAGEMENT

The progress of each investment under the Package will be tracked through country-specific monitoring and evaluation frameworks. Monitoring will be undertaken by DFAT with delivery partners and reported through DFAT's regular reporting processes.

Results under the package will contribute to reporting against indicators including the following:

From the Solomon Islands COVID-19 Development Response Plan Performance Framework:

- Rural populations receive public services.
- Number of primary and junior secondary school-aged children have access to quality education.
- Number of people who have access to improved water and sanitation.
- Solomon Airlines remains IATA accredited following an operational safety audit.

From the Pacific COVID-19 Response Package Design Framework:

- Total Australian budget support as per cent supplementary and/or donor budget expenditure in response to COVID-19 pandemic
- Public expenditure allocation to institutions with functions relevant to economic recovery and support for vulnerable groups
- Number of entrepreneurs (M/F) provided with financial and/or business development support services