

Diving the Toa Maru World War II Shipwreck,  
Western Province, Solomon Islands

## DESTINATION INFORMATION AT A GLANCE

### POPULATION:

694,600 (2020).\*

### CAPITAL:

Honiara (Guadalcanal Island—1,400 kilometers (km) east of Port Moresby, 1,750 km northeast of Cairns).

### OFFICIAL LANGUAGES:

English (Pijin is commonly spoken).

### CLIMATE:

Hot and humid tropical climate, average temperature 27°C. Wet season November–April.

### CURRENCY:

Solomon Islands dollar (SI\$). ATMs are available and credit cards accepted in some areas, but Solomon Islands is predominantly a cash economy.

### ENTRY AND VISA REQUIREMENTS:

Visa-free entry (up to 3 months) for European Union citizens. Visa available on arrival (up to 3 months) for citizens of some countries, including Australia, Japan, Republic of Korea, and New Zealand.

### GEOGRAPHY:

Archipelago of nearly 1,000 islands and atolls (more than 300 inhabited).

\*Asian Development Bank. 2021. *Key Indicators for Asia and the Pacific 2021*. Manila.

# Solomon Islands

PACIFIC TOURISM SECTOR SNAPSHOT | NOVEMBER 2021

## INTRODUCTION

With nearly 1,000 islands and atolls to explore, Solomon Islands is an emerging tourist destination with considerable potential. Solomon Islands offers a unique, off-the-beaten-track travel experience and a growing range of activities and experiences for tourists, including world-class diving, pristine landscapes, and rich cultural traditions.

Although Solomon Islands' economy is dominated by primary commodities, tourism is an important source of potential economic growth. In 2019, tourism contributed just 5.1% of Solomon Islands' gross domestic product (GDP) (Pacific Tourism Organisation [SPTO] 2020) and less than 1% of the country's total employment.<sup>1</sup>

Solomon Islands' tourism potential remains largely untapped. Despite steadily increasing air arrivals during 2014–2019, Solomon Islands struggles to compete with its more established Pacific neighbors and attract foreign investment. However, with a new direct air link from Brisbane to the pristine Western Province, significant support from donors and partners to build tourism capacity, and a new strategic plan and destination marketing campaign, Solomon Islands is well placed to grow its tourism sector when international travel resumes.

1 Estimates based on data from Pacific Tourism Organisation (SPTO) (2019 and 2020).

## TOURISM SECTOR OVERVIEW

Note: this overview compiles key tourism information based on the most recent available data. Due to the impact of coronavirus disease (COVID-19) on the tourism sector, some of this information has likely changed.

### TRANSPORT AND CONNECTIVITY

**Prior to COVID-19, direct international flights were available to Honiara and Munda.** Honiara was serviced by flights from Brisbane, Nadi, Port Moresby, Port Vila, and Tarawa, operated by four international airlines: Air Niugini, Fiji Airways, Solomon Airlines, and Virgin Australia. Direct flights from Brisbane to Munda commenced in 2019, following significant upgrades to Munda Airport, aimed at growing tourism to Western Province. Solomon Airlines carried around half of all inbound passengers.

**The majority of Solomon Islands' nine provinces are connected by air.** All services are operated by Solomon Airlines, which is a state-owned enterprise. The airline has struggled since 2011—recording total losses of SI\$22 million from 2012 to 2014 (Asian Development Bank [ADB] 2016b)—and has required an injection of equity from the government to remain viable during the COVID-19 shutdown.

### ACCOMMODATION

**In 2019, Solomon Islands had an estimated 259 hotels and guest houses** (Tourism Solomons, unpublished data). Honiara is serviced by at least seven large (75 to 100 room) foreign-owned hotels. This is supplemented by smaller, locally-owned guest houses, which are lower in both standard and price. Outside Honiara, there are at least 130 locally-run guest houses plus a small number of foreign-run resorts. Tourism Solomons estimates that around 5% of Solomon Islands' accommodation is foreign-owned.

**Occupancy rates vary based on accommodation quality.** The average occupancy for mid- to upper-end accommodation in Solomon Islands is high, estimated at 70% to 80%. Honiara tends to have the highest occupancy rates, due to the prevalence of business travelers and higher-end hotels. In Western Province, local tourism operators often run at between 10% and 40% occupancy, with the lowest occupancy reported by smaller properties in need of improvements (International Finance Corporation [IFC] 2018).

**Minimum standards for tourist accommodation providers were introduced in 2018.** The standards aim to raise the quality of Solomon Islands' accommodation, ensure reasonable pricing, and achieve consistency across the country. The longer-term objective is to create more tourism products that are marketable to international visitors.

### ORGANIZED TOURS

**There are at least 20 specialized tour operators in Solomon Islands** (Strongim Bisnis 2018). Ten or more are foreign-owned dive businesses offering equipment rental and diving guides. These and other tour operators also offer battlefield tours, snorkeling, nature walks, and cultural tours, in Guadalcanal and Western Province.

## Box 1: Solomon Islands Key Visitor Statistics (Air Arrivals)

### Air Arrivals (2019)

**28,930** visitors.

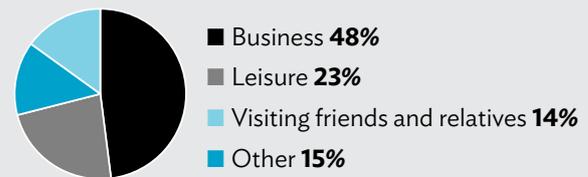
Source: Pacific Tourism Organisation.

### Air Arrivals by Source Country (2019)



Source: Pacific Tourism Organisation.

### Purpose of Visit (2019)



Source: Pacific Tourism Organisation.

### Tourism Receipts (2019)

**\$78** million.

Source: Pacific Tourism Organisation. 2020. 2019 Annual Review of Visitor Arrivals Report. Suva. (Estimate).

### Visitor Spend (2019)

**\$1,411** per person.

Source: New Zealand Tourism Research Institute. 2019. Solomon Islands International Visitor Survey January to June 2019. Auckland.

Source: Pacific Private Sector Development Initiative.

## EMPLOYMENT AND TRAINING

**Tourism education and vocational training is available in Solomon Islands.** Tertiary qualifications in tourism are offered at the Solomon Islands National University or via print or blended learning at the University of the South Pacific campus in Honiara. Technical training, such as cookery and hospitality, is available through the Australia Pacific Training Coalition and training centers across the country.

## Box 2: Solomon Islands Key Visitor Statistics (Sea Arrivals)

### Cruise Arrivals (2019)

**1,888** passengers on **13** cruise calls.

Source: Pacific Tourism Organisation. 2020. *2019 Annual Review of Visitor Arrivals Report*. Suva.

### Estimated Economic Contribution of Cruise Tourism (2015)

**A\$0.6 million.**

Cruise operator spending (mostly port fees) **65%**; visitor expenditure **31%**, crew expenditure **4%**.

Source: International Finance Corporation. 2016. *Assessment of the Economic Impact of Cruise Tourism in Papua New Guinea & Solomon Islands*. Washington, DC.

Source: Pacific Private Sector Development Initiative.

## TOURISM GOVERNANCE, PLANNING, AND POLICY

**Solomon Islands' Ministry of Culture and Tourism is the lead agency responsible for tourism planning and development.**

The Minister of Culture and Tourism is responsible for the portfolio, while a director oversees its day-to-day operations.

The ministry's core functions include tourism policy and regulation, tourism training, product development, and provincial tourism planning. The ministry's budget is consistently lower than that of the tourism ministries in neighboring Pacific Islands (Strongim Bisnis 2018).

**Solomon Islands' current tourism planning and strategies are outlined in four main government documents** (Table 1), covering infrastructure, marketing, training, and COVID-19 recovery.

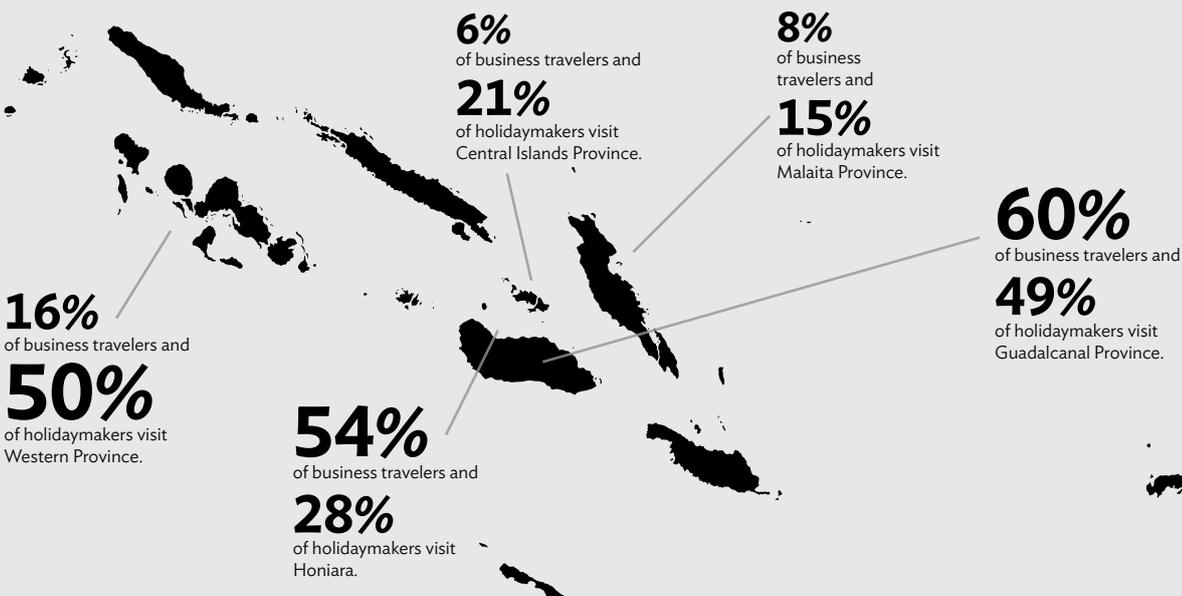
## TOURISM MARKETING

**Tourism Solomons is responsible for marketing Solomon Islands as a tourism destination.** Tourism Solomons, rebranded from the Solomon Islands Visitors Bureau, is mandated by the Solomon Islands Visitors Bureau Act 1996 and operates independently as a statutory authority. It is led by a chief executive officer and has a board of directors appointed by the Minister of Culture and Tourism. Tourism Solomons is primarily funded through an industry levy—or “bed tax”—of 10% per room for accommodation operators, and unit levies on tour and dive operators. This revenue is supplemented by a small allocation of annual government funds.

**Solomon Islands is branded as “Solomon Is.”** The brand was promoted in a 2019 campaign, developed by Tourism Solomons in partnership with Solomon Airlines and the Government of Australia. The campaign primarily employed digital media, alongside television commercials aired across Australia. Solomon Islands' official tourism website uses the new “Solomon Is” brand and offers some visitor information.<sup>2</sup>

2 [www.visitsolomons.com.sb](http://www.visitsolomons.com.sb)

## Box 3: Solomon Islands Visitor Destinations



Source: New Zealand Tourism Research Institute. 2019. *Solomon Islands International Visitor Survey January to June 2019*. Auckland.

**Table 1: Tourism Plans and Policies, Solomon Islands**

PLAN OR POLICY	STRATEGIES AND GOALS
National Development Strategy 2016–2035	<b>The Government of Solomon Islands’ overarching policy framework.</b> The strategy suggests that the tourism sector provides a small but growing contribution to the national economy of Solomon Islands (Government of Solomon Islands 2016). While it proposes an ambitious visitor target of 50,000 arrivals by 2025, it does not outline any specific initiatives, nor substantive plans in relation to tourism.
Solomon Islands Tourism Recovery Plan 2021–2030	<b>Solomon Islands’ interim sector strategy and recovery plan, released 2021.</b> Developed by the Government of Solomon Islands, Ministry of Culture and Tourism and Tourism Solomons (2021) in response to COVID-19, the plan details five points for recovery: restoration, extra care, future, reset, and measurement. It also outlines two main objectives: (i) to get the industry back to its 2019 position and (ii) to grow the industry with a target of 100,000 arrivals per annum by 2035. Achievement of the ambitious 100,000 visitor target relies on visitor arrivals reaching 2019 levels by 2023.
Tourism Solomons Strategic Plan 2021–2023	<b>Tourism Solomons strategy and recovery plan, released 2020.</b> The plan outlines strategies to reinvigorate the tourism industry under COVID-19 as a “new normal.” Its target of 100,000 visitor arrivals by 2035 is to be achieved through an increased focus on digital marketing, facilitation of domestic tourism, additional revenue streams for Tourism Solomons, and improved health and hygiene standards for tourism operators through the government’s COVID-19 “Extra Care” program (Tourism Solomons 2021).

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Government of Solomon Islands. 2016. *National Development Strategy 2016–2035*. Honiara.  
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 Tourism Solomons. 2021. *Tourism Solomons Strategic Plan 2021–2023*. Honiara.

Source: Pacific Private Sector Development Initiative.

## PRIVATE SECTOR ORGANIZATION

**The private sector leads tourism in Solomon Islands.** There are various tourism industry associations, including Dive Operators of Solomon Islands, National Association of Inbound Operators, Solomon Islands Tourism Industry Council, Western Province Tourism Association, Western Solomons Surfing Association, Women in Tourism, and the Honiara Hotel Association. Further advocacy and training support is provided by Solomon Islands Chamber of Commerce and Industry and Solomon Islands Women in Business Association.

## TOURISM SECTOR CHALLENGES AND OPPORTUNITIES

### TRANSPORT AND CONNECTIVITY

**The difficulty of domestic travel limits visitation to the outer islands.** Domestic air services are widely considered expensive and unreliable, and airports, which are managed by a government agency, tend to be in poor condition (ADB 2016). Domestic interisland travel is heavily reliant on marine transport, mainly small motorboats, with some passenger ferries. However, distances between islands are large—for example, a cargo ferry from Honiara to Munda takes 19 hours—and the ferries lack facilities and services to meet international tourism standards.

Domestic wharves and jetties, along with the interisland fleet, are in poor condition. As a result, few tourists choose to travel by ferry, and visitation to the outer islands is limited.

**A new direct flight from Brisbane to Munda could open up tourism in the Western Province.** Coupled with increased government emphasis on investment, planning, and training beyond Honiara, this could create significant opportunities to increase tourism. However, prior to the COVID-19 pandemic, flights from Australia tended to be well below capacity. In 2017 there were an estimated 100,000 return seats available on all carriers between Brisbane and Honiara with only 45,000 filled (IFC 2018). In 2019 the Brisbane to Munda service attracted fewer passengers than considered sustainable. It remains uncertain which services will recommence once borders reopen.

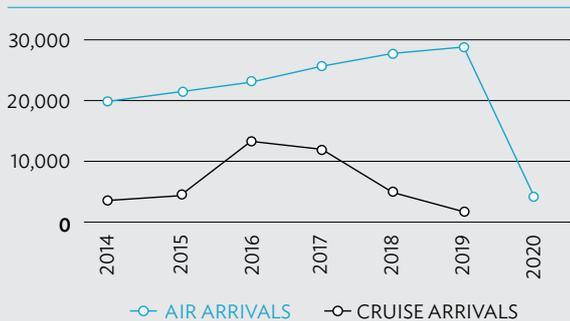
### ENVIRONMENT AND INFRASTRUCTURE

**Electricity tariffs in Solomon Islands are among the highest in the Pacific.** A comparative regional analysis in 2014 found businesses in Solomon Islands often pay more than four times the monthly electricity bill of similar businesses in Fiji (ADB 2016a). This is a significant burden for tourism businesses, particularly those already struggling with low occupancy rates.

**Unreliable energy supply and poor sanitation services constrain tourism development.** Sixty-three percent of Solomon Islands’ population has access to electricity, with

## Box 4: Solomon Islands Visitor Arrival Trends

### Arrivals (2014–2020)



Source: Pacific Tourism Organisation.

**International air arrivals to Solomon Islands have been steadily increasing, while cruise arrivals have declined since 2016.** The decline is predominantly due to poor cruise access at Gizo, where inclement weather has affected shore landings. There have been difficulties securing alternate anchorage. Solomon Islands also receives a small number of high-spending yacht visitors. The International Finance Corporation (2018) estimates there are several yachts in Solomon Islands’ waters at any one time and most tend to stay for several days. Growth in yacht arrivals is limited by a lack of infrastructure—such as easy and appealing places to stop, and access to laundry services and other amenities—as well as by a lack of promotion.

#### References:

International Finance Corporation. 2018. *Western Province Tourism Investment Needs Assessment*. Washington, DC.

Source: Pacific Private Sector Development Initiative.

close to half the power being generated from renewable sources (ADB 2020). For accommodation providers, town or generator power comes with high costs and low reliability. The International Finance Corporation (IFC) (2018) reported that many local businesses who have converted to solar do not have adequate power generation capacity to run a tourism operation of any scale. Safe sanitation is as low as 16% in rural areas (ADB 2020), and even in Honiara the Government’s National Development Strategy warns around 30% of the city has only rudimentary sanitation that discharges untreated sewage directly into waterways (Government of Solomon Islands 2016).

**The availability of water varies across the islands.** Most households do not have access to safe drinking water, particularly in rural areas (Secretariat of the Pacific Regional Environment Programme [SPREP] 2019). Water quality is affected by runoff from logging and mining, as well as fecal contamination from broken septic tanks and open defecation. The Government of Solomon Islands predicts that Honiara will experience routine water shortages and rationing as urban growth continues (Government of Solomon Islands 2016).

## Box 5: Solomon Islands’ Key Attractions

- **Off the beaten track adventures**—up-close and authentic engagement with the natural environment and local culture.
- **World-class snorkeling and diving**—5,750 square kilometers of reefs, a rich diversity of marine life, and one of the highest concentrations of World War II wrecks in the Pacific.
- **Beautiful swimming beaches**—with growing markets for surfing and fishing.
- **Unique cultural heritage**—traditional art, woodcarvings, music, ancient hillforts, and ceremonial skull shrines.
- **Ecotourism**—including birdwatching, dense native forests, rich biodiversity of flora and fauna, and natural features such as the spectacular Lake Tegano and the Arnavon Community Marine Conservation Area and turtle sanctuary.

Source: Pacific Private Sector Development Initiative.



Local market, Seghe, Solomon Islands.

**Poor waste management is impacting visitor experience.** In Honiara, only a small proportion of solid waste is collected, and much is illegally dumped or burned. Sediment from widespread logging and the pollution around urban areas are significantly damaging the lagoons and coral reefs (International Coral Reef Initiative 2000). Solomon Islands’ most valuable tourism assets—its natural lagoons, reefs, and villages—will be damaged if waste management does not improve. The 2019 International Visitor Survey found “environment and rubbish” to be the least appealing aspect of the visitor experience (New Zealand Tourism Research Institute [NZTRI] 2019a).

### ACCOMMODATION

**Achieving high levels of visitor satisfaction is a challenge for accommodation providers.** In 2016, the government estimated that 82% of available accommodation was in the “budget” or “standard” categories (Government of Solomon Islands 2016). Online guest reviews indicate that visitor expectations are not always met, particularly given the relatively high price point of accommodation, which is often used as an indicator of quality. In a 2019 survey of domestic tourism, expatriate travelers cited accommodation standards and value for money as the least appealing aspect of their domestic travel (NZTRI 2019b).

### VISITOR DEMAND AND DESTINATION EXPANSION

**Niche market development offers growth opportunities.** For example, Solomon Islands has potential as a destination for

## Box 6: Impact of COVID-19 on Solomon Islands' Tourism Sector

### Solomon Islands restricted entry from countries with coronavirus disease (COVID-19) cases on 1 February 2020 and declared a state of public emergency on 25 March.

The government suspended international passenger flights, allowing only repatriation flights for citizens and residents, and set up mandatory quarantine and isolation facilities. In April 2020, parts of Solomon Islands, including Honiara, were hit by Tropical Cyclone Harold, with more than 30% of the population estimated to have been affected by wind, rain, and flooding (Asian Development Bank [ADB] 2020a). By the end of July 2021, Solomon Islands had reported 20 cases of COVID-19, with no community transmission and no deaths (World Health Organization n.d.). As of July 2021, only 1.1% of the target population had been fully vaccinated, with 3% having had one vaccine dose (ADB 2021a).

**Tourist arrivals dropped 48.6% in the first quarter of 2020** (Solomon Times 2020). Honiara's largest hotel, the Heritage Park, reported zero occupancy in late March, with all conferences called off and 90 staff stood down (Solomon Star 2020). Arrivals dropped to zero following the closure of international borders. By the end of 2020, 94% of business operators surveyed reported a negative impact on their business resulting from COVID-19. 72% reported a "very negative" impact. 100% of businesses had a decline in revenue and 100% reported a negative impact on the local economy. 67% of business owners were confident of surviving the crisis, lower than the regional figure of 76% (Pacific Trade Invest 2020). With the added impact of Tropical Cyclone Harold, Solomon Islands' gross domestic product (GDP) fell by 4.5% in 2020 (ADB 2021b)—the first contraction since 2009. A recovery of 2.5% in 2021, projected in June 2020 (ADB 2020a), was downgraded to 1% in September 2020 (ADB 2020b). Growth of 4.5% is projected for 2022 (ADB 2021b).

**The government announced a \$37.5 million stimulus package on 4 May 2020.** The package included tax and rent

relief for small and medium-sized businesses, investments in infrastructure such as airports and wharves, and an injection of equity for state-owned enterprises, including Solomon Airlines. Importantly for tourism, it included a 5-year "tax holiday" for tourism operators (Radio New Zealand 2020). Solomon Airlines, in partnership with Tourism Solomons, the Ministry of Culture and Tourism and local tourism operators, launched Solomon Islands' largest domestic tourism initiative in March 2021 called "lumi Tugeda Holidays," which offers savings of up to 50% on accommodation across the country combined with discounted Solomon Airlines airfares (Visit Solomons n.d.).

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Source: Pacific Private Sector Development Initiative.

bird watching, and spending by cruise and yacht tourists could be enhanced by handicraft stalls and increased tour offerings. With most visitors to Solomon Islands traveling for business, the development of leisure packages catering to the short-stay business travel market represents another opportunity to expand the tourism sector.

## SECTOR ORGANIZATION

**Private sector collaboration could be strengthened.** Financial sustainability is a challenge for most tourism associations in Solomon Islands. A 2018 study reported that the organizations lack business skills, which limits their ability to provide training, skill development, or advocacy (Strongim Bisnis 2018). Communication with members in the provinces can also be challenging, as most organizations are based in Honiara.

**Marketing and promotion of tourism in Solomon Islands through international wholesalers could be increased.** An IFC

(2018) study found that an estimated 70% of accommodation providers in Western Province do not promote their business via wholesalers or online travel agents. Most wholesalers sell the same few properties, resulting in limited marketing of smaller providers and lack of choice for visitors. Many smaller properties, unable to advertise through digital platforms, continue to struggle with low occupancy rates. Low occupancy limits re-investment in properties, resulting in many becoming run down, which further undermines occupancy rates.

**Limited foreign investment weakens the business environment for tourism.** Tourism stakeholders widely feel that the government is not promoting international investment sufficiently. Operators have raised concerns that investment information is infrequently updated and there is no list of current investment opportunities or sites being considered for future development. More broadly, the supporting and compliance systems for investment, such as registration, regulation, and the

legal system, can be time-consuming and difficult. The process for accessing foreign workers is cumbersome and not always transparent (ADB 2016a).

## ECONOMY, POLITICS, AND GOVERNMENT

**Many tourism stakeholders believe government corruption is a significant and worsening concern in Solomon Islands** (IFC 2018). The main issues are demands for informal payments and a lack of transparency around tourism support programs. The World Bank's (2015, cited in IFC 2018) Enterprise Survey found more than one-quarter of Solomon Islands firms reported corruption as the biggest obstacle facing their business.

**Government grants are not always distributed fairly.** Since 2014, the Government of Solomon Islands has offered grants to support both new and existing accommodation providers. However, private sector operators are not privy to how grant recipients are selected and broad distrust of the program has evolved. There are reports of grant-receiving properties ceasing operation soon after receiving the support, while other properties, with grants approved years earlier, have not yet received the funding (IFC 2018). Evidence that the grants programs have raised visitation is limited (Strongim Bisnis 2018).

**The bed levy system used to fund Tourism Solomons is controversial.** A number of operators refuse to pay because of a perception of poor value, and enforcement of payment is weak. Incentives are limited for operators who do pay the levy and many private sector stakeholders have raised concerns about a lack of information on the use of the funds. Bed levy revenue has significantly declined since the start of the COVID-19 pandemic.

**High tax rates create an additional burden on the private sector.** Solomon Islands' corporate income tax rate of 30% is one of the highest in the region. Personal income tax is also high, and tax administration is complex, presenting further challenges for small and medium-sized enterprises in the tourism sector. In the past, many businesses ignored tax rules and paid little tax, creating an uneven playing field. However, revenue collection, tax compliance, and auditing have recently been improved (ADB 2016a).

**Lack of access to finance is a challenge for many tourism operators.** Obtaining finance can be difficult for both new investments and operators wishing to upgrade existing properties. Banks consider tourism a high-risk sector and impose strict loan conditions, meaning few applicants qualify. Some tourism small and medium-sized enterprises fail to keep formal financial records, presenting an additional barrier to accessing a bank loan, and the lack of security over land adds to the difficulty. Banks are often reluctant to recognize common tourism assets, such as boats, generators, and accounts receivable, as collateral (IFC 2018).

**The Solomon Islands Tourism Infrastructure Development Fund (SITIDF) helps finance new initiatives.** The fund was designed by Solomon Airlines in 2017 and lends to new tourism developments at a low interest rate for the first 2 years. The aim is to support the establishment and development of tourism in Western Province, following the introduction of an international flight from Munda to Brisbane.<sup>3</sup> In May 2021, Solomon Islands Ministry of Culture and Tourism and the Development Bank of

Solomon Islands (DBSI) signed a SI\$2m grant agreement for a Tourism Support Fund to provide low interest loans to tourism operators under DBSI lending criteria (Nuria 2021).

## LAND ACCESS AND DEVELOPMENT

**Solomon Islands' complex systems of land ownership present an additional impediment to investment.** Like many Pacific nations, most land in Solomon Islands (87%) is held under customary title. For tourism investors, this results in difficulties obtaining secure land rights—due to the informal nature of holdings and lack of clarity on legitimate rights holders—and increases the risks of disputed ownership. An initiative in Western Province, led by the IFC, is currently supporting land access to create “investor ready” sites, focusing on registered land with title, and encourage investment in tourist infrastructure, such as boutique hotels and resorts (IFC n.d.).

## EMPLOYMENT AND TRAINING

**Tourism skills and training capacities are limited.** The Government of Solomon Islands has suggested that the country has inadequate tourism skills within its existing workforce and limited capacity to deliver training that meets future needs (Government of Solomon Islands 2016). Many accommodation providers are local families who have not had formal tourism training. These owners rarely have the time and funds—and sometimes lack the inclination—to undertake tourism training. A further issue is that young Solomon Islanders are often unaware of the range or quality of hospitality jobs available, making them less inclined to undertake tourism studies (Strongim Bisnis 2018).

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3 Funding was redirected in 2020 to support tourism operators remain afloat while international borders are closed.

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