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# **Solomon Islands National Disaster Risk Financing Strategy 2024 - 2027**

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# Foreword

The Solomon Islands is frequently beset by a range of natural hazards which have been the cause of significant disruptions to the national economy and more specifically to the lives and livelihoods of Solomon Islanders. To address our plight the Solomon Islands Government has over several years introduced policies and legislation to help the country mitigate or reduce potential disaster risk. The Government has also introduced measures to ensure we effectively prepare for, respond to and recover from disasters.



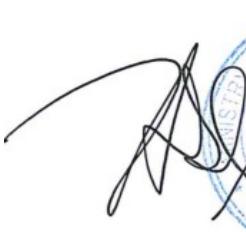
Climate change continues to be the most significant threat to the Pacific and the Solomon Islands. The country is significantly vulnerable to extreme rainfall events and there has been a rise in the sea level in many parts of the country faster than the global average according to recent literature. This means that a developing country like ours cannot rest and must always look to ways in which we can reduce the overall levels of risk that we face.

Actions to adapt to and mitigate the adverse impacts of climate change and to reduce disaster risk require resources in different forms. Human resource and institutional capacities must be enhanced so that we are in a better position to understand the depth of the challenges we face and can address them effectively. The Solomon Islands Roadmap for Improving Access to Climate Finance and Public Spending 2022 – 2027 (Roadmap) identified several reform measures to support the Government to access and effectively use multilateral financing for climate change adaptation and mitigation. We continue to labour towards this endeavour.

This Solomon Islands National Disaster Risk Financing Strategy 2024 – 2027 is intended to complement efforts already underway such as those contained in the aforementioned Roadmap, and identifies strategic enhancements to enable the country to better respond to and recover from disaster events. We need to better understand the range of financial instruments and products that we can access to improve how we respond to and recover from disasters. To do this, we must first understand the nature and depth of the risks that we face and then put in place financial measures to help us deal with the risks effectively. This means there needs to be significant change; we need to also change behaviours for this will enable meaningful and sustainable success.

The Government is committed to working with all Ministries, State Owned Enterprises, Private Sector, Civil Society and Communities to find financial solutions to address our disaster response and recovery financial needs. We must act swiftly and with conviction and understand that our actions (or inaction) impact the safety and resilience of our communities.

I commend this Strategy for the consideration and support of all stakeholders and development partners.



**Honourable Harry D Kuma, MP**  
Minister of Finance and Treasury



# Acknowledgements

The Ministry of Finance and Treasury led the development of the Solomon Islands National Disaster Risk Financing Strategy 2024 – 2027 in close collaboration with members of the National Disaster Risk Financing Steering Group: Ministry of Environment, Climate Change, Disaster Management and Meteorology through the National Disaster Management Office and the Solomon Islands Meteorological Service; Ministry of Women, Youth, Children and Family Affairs; Ministry of National Planning and Development Coordination; Ministry of Infrastructure and Development; Ministry of Police, National Security and Corrections Service; Ministry of Provincial Government; National Statistics Office; Solomon Islands Chamber of Commerce and Industry; Development Services Exchange; and the Central Bank of the Solomon Islands. We are grateful to these agencies and organisations for the spirit of support and cooperation they have shown through the formulation process of the Strategy. We will continue our close working relationship with the members of the Steering Group when moving forward with the implementation of the Strategy.

We are also grateful to the many local and regional stakeholders who contributed their invaluable time, knowledge and experience to the range of bilateral discussions and workshops commencing from March 2023 which provided critical insight to support the development of the Strategy.

Finally, we express our deep and sincere appreciation to our development partners for the technical and financial assistance rendered to support the process of developing the Strategy. We acknowledge with gratitude the World Bank, Asian Development Bank, Pacific Islands Forum Secretariat, Pacific Community, Pacific Catastrophe Risk Insurance Company and, United Nations Capital Development Fund through the Pacific Insurance and Climate Adaptation Programme – members of the Pacific Resilience Partnership Disaster Risk Financing Technical Working Group.



# Acronyms

<b>AAL</b>	Average Annual Loss
<b>AAR</b>	After Action Reviews
<b>ADB</b>	Asian Development Bank
<b>ASP</b>	Adaptive Social Protection
<b>Cat DDO</b>	Catastrophe Deferred Drawdown Option
<b>CDF</b>	Contingency Disaster Risk Facility
<b>CFRU</b>	Climate Finance Resilience Unit (MoFT)
<b>CSO</b>	Civil Society Organisation
<b>DM</b>	Disaster Management
<b>DRF</b>	Disaster Risk Financing (or Finance - as context usage may require)
<b>DRFTWG</b>	DRF Technical Working Group of the Pacific Resilience Partnership
<b>DRM</b>	Disaster Risk Management
<b>FRDP</b>	Framework for Resilient Development in the Pacific 2017 - 2030
<b>GDP</b>	Gross Domestic Product
<b>MECDM</b>	Ministry of Environment, Climate Change, Disaster Management and Meteorology
<b>MEL</b>	Monitoring, Evaluation and Learning
<b>MNPDC</b>	Ministry of National Planning and Development Coordination
<b>MSME</b>	Micro, Small and Medium Enterprises
<b>MoFT</b>	Ministry of Finance and Treasury
<b>MPCIS</b>	Ministry of Provincial Government and Institutional Strengthening
<b>NDC</b>	National Disaster Council
<b>NDMO</b>	National Disaster Management Office (MECDM)
<b>NDMP</b>	National Disaster Management Plan 2018
<b>N-DOC</b>	National Disaster Operations Committee
<b>NDRFS</b>	National Disaster Risk Financing Strategy
<b>NDRFSG</b>	National Disaster Risk Finance Steering Group
<b>NGO</b>	Non Government Organisation
<b>NDS</b>	National Development Strategy 2016 – 2035
<b>NSO</b>	National Statistics Office
<b>PCDF</b>	Provincial Capacity Development Fund
<b>PCRAFI</b>	Pacific Catastrophe Risk Assessment and Financing Initiative
<b>PFM</b>	Public Financial Management
<b>RCC</b>	Recovery Coordination Committee
<b>SICCI</b>	Solomon Islands Chamber of Commerce and Industry
<b>SIG</b>	Solomon Islands Government
<b>SOP</b>	Standard Operating Procedures
<b>SPC</b>	Pacific Community





# Executive Summary

The Solomon Islands National Disaster Risk Financing Strategy 2024 – 2027 (Strategy) is a policy initiative by the Solomon Islands Government (SIG) to strengthen the financial protection of the country against disasters; providing bespoke financial solutions to address in particular the needs of the most vulnerable in society. The initial period of the Strategy will be ‘foundational’ and over time it is anticipated that new initiatives will emerge that can build on the initial investments.

The Strategy is part of a broader effort led by the SIG to strengthen climate and disaster resilience. While it complements the current arrangements for Disaster Risk Management in the National Disaster Management Plan (NDMP) 2018, the National Disaster Council (NDC) Act 1989, and the Solomon Islands Roadmap for Improving Access to Climate Finance and Public Spending 2022 – 2027, the Strategy identifies several areas that require the strengthening of institutional and human capacity to ensure that financing to support response, recovery and reconstruction following disasters reaches the affected people when they need it the most by the most efficient and effective means.

The Goal of the Strategy is to strengthen the financial protection of the Solomon Islands against disasters as part of a broader effort to support resilient and sustainable development.

The Strategy has four priorities. Each Priority contains a series of Objectives. Under each Objective, there are Key Actions to implement as per the results chain below.



**Priority 1** focuses on strengthening the overarching enabling environment for DRF, comprising planning and legal frameworks, institutional arrangements, and guidance and capacities in both DRM and PFM. These provide the foundation for effective DRF.

**Priority 2** is to strengthen the understanding of disaster risk and the economic and social impacts of disasters to inform the need for DRF (in addition to guiding risk-informed physical planning and investments that are not covered in this Strategy).

**Priority 3** is to assess fiscal risks from disasters and enhance the government's approach to risk layering as well as the use and functioning of individual DRF instruments.

**Priority 4** is to improve systems and practices for improved access to, and the effective and efficient use of, available DRF, comprising disaster-related planning for the use of DRF; the implementation of DRF through procurement and grant-making; and accountability for, and learning from, the use of DRF.

## Priority 1: Strengthening the overarching enabling environment for DRF

DRM and PFM frameworks

Institutional arrangements, coordination and capacity

Regular monitoring of NDRFS



**Priority 2: Strengthen the understanding of disaster risk and the economic and social impacts of disasters**

Data collection

Data management and sharing

Data analysis and use

**Priority 3 : Enhance the government's approach to risk layering as well as the use and functioning of individual DRF instruments**

Fiscal risk assessment and funding gap analysis

Approach to risk layering and resourcing decisions to address funding gaps, incl. through annual budget process

Availability, use, and awareness of specific DRF instruments

**Priority 4 : Improve systems and practices for improved access to and the effective and efficient use of available DRF**

Planning

Implementation

Procurement

Grant Making

Accountability and learning

A set of Values that underpin the Priorities in this Strategy are inspired by the guidance provided in the NDMP 2018, National Development Strategy 2016 – 2035 and the Framework for Resilient Development in the Pacific 2017 – 2030. The Values represent the standards or categories of behaviour that have been prescribed as essential for successful DRF in the Solomon Islands. The Values emphasise that DRF should be:

1. Timely, Transparent and Accountable
2. Informed, Innovative and Relevant
3. Impartial and Inclusive
4. Sustainable

The successful implementation of the Strategy will require a collaborative approach across several Government agencies and include the Private Sector and Civil Society. The National Disaster Risk Financing Steering Group (NDRFSG) will drive implementation and use existing national Disaster Risk Management governance arrangements as well as the national Public Finance Management system for this purpose. Oversight and support for the NDRFSG will be provided by the Ministry of Finance and Treasury (MoFT). Within the MoFT, coordination responsibility will fall to the Climate Finance Resilience Unit (CFRU).

The implementation of the Strategy is not starting from ground zero. There are several initiatives and mechanisms upon which Strategy implementation can build to realise success. At the regional level, the Pacific Resilience Partnership's DRF Technical Working Group (DRFTWG) is set up to support all Pacific Island countries with their efforts to strengthen financial protection against disasters. Several members

of this group have already been engaged with the SIG on Strategy development so the NDRFSG can use the opportunity of the existing relationships with partners to facilitate implementation.

Several activities have been identified as potential Year 1 activities for the NDRFSG to pursue towards the implementation of the Strategy and these are listed in the table below. Notwithstanding the need to address these important actions in Year 1, other activities slated for completion in Year 2 may need to commence in Year 1 as well.

### Potential Year 1 Activities

Activity	'Key Action' Reference
<b>1.</b> Socialise the Strategy with the following: senior executives and section heads in MoFT; the National Disaster Council and National Disaster Operations Committee in MECDM; development partners, civil society, financial institutions and private sector organisations; and, Provincial Government representatives.	<b>All Key Actions</b>
<b>2.</b> Support MoFT in developing the concept note and terms of reference for the review of the PFM Act in 2025 ensuring that the specific challenges for effective DRF are addressed by the review.	<b>1.1.1</b>
<b>3.</b> Review 2015 Post Disaster Budget Execution Guidelines and develop a successor DRF Manual to facilitate the use of relevant DRF instruments and improve emergency procurement.	<b>1.1.2, 1.1.3 and 4.2.2</b>
<b>4.</b> Identify specific constraints to effective DRF in existing DRM governance to inform the need for any revisions to the NDC Act 1989, the NDMP and/or other related policies, plans and legislation.	<b>1.1.3</b>
<b>5.</b> Strengthen the DRF technical and coordination capacity of the CFRU and the NDMO.	<b>1.2.1 and 1.2.2</b>
<b>6.</b> Finalise MEL Framework and National DRF Standards Practitioners Guide	<b>1.3.1 and 1.3.2</b>
<b>7.</b> Establish a baseline understanding of disaster loss and expenditure data currently captured and review existing data collection templates, addressing identified gaps.	<b>2.1.2 and 2.2.3</b>
<b>8.</b> Develop methodology to assess fiscal risks posed by various hazards, set DRF objectives, and analyze funding gaps and strengthen MoFT Budget Division capacity to undertake and disseminate this analysis as part of the annual budget cycle.	<b>3.1.1 to 3.1.4</b>
<b>9.</b> Develop regulations and/or guidance for the National Disaster Council Fund (NDCF).	<b>3.3.1</b>
<b>10.</b> Support MoFT to examine the feasibility of establishing Adaptive Social Protection to augment DRF.	<b>3.3.5</b>
<b>11.</b> Review disaster-related planning practices and develop pragmatic approach with templates and guidance to address gaps.	<b>4.1.1 and 4.1.2</b>
<b>12.</b> Complete remaining sector disaster contingency plans that identify likely costs and DRF sources, preferred implementation arrangements, and accountability requirements for preparedness and response activities.	<b>4.1.3</b>
<b>13.</b> Review Procurement Regulations to address gap of small-scale emergencies, update procurement documentation (including MoFT Compliance Checklist), and prepare materials for training.	<b>4.2.1, 4.2.2, 4.2.6 and 4.2.7</b>

A Monitoring, Evaluation and Learning (MEL) Framework provides a mechanism to ensure that the implementation of the Strategy proceeds through a continuous process of learning and development. The MEL system for the Strategy will focus on the progress of implementing the Priorities and the achievement of the Values. In terms of the Values, a separate mechanism for progress self-assessment consistent with the Pacific Resilience Standards 2021 will be developed and provided separately as a companion document to this Strategy and Implementation Plan.

The Strategy is a renewed starting point for the Solomon Islands. Some significant efforts have been undertaken over the years and the Strategy builds on the previous work and attempts to focus on key priorities that will help to catalyse further action in the future. The main challenge for implementation is to maintain and build on the momentum generated over the period of Strategy formulation in 2023 and 2024.





# Introduction

The Solomon Islands National Disaster Risk Financing Strategy 2024 – 2027 (Strategy) is a policy initiative by the Solomon Islands Government (SIG) to strengthen the financial protection of the country against disasters; providing bespoke financial solutions to address in particular the needs of the most vulnerable in society.

The initial period of the Strategy will be 'foundational' in that some of the key institutional and other capacity enhancements need to be set in place. Over time, and as the system matures and the understanding of stakeholders improves, new initiatives will emerge that can build on the initial investments being made. This will be a 'rolling' Strategy where the SIG will embrace change and improvement as implementation progresses.

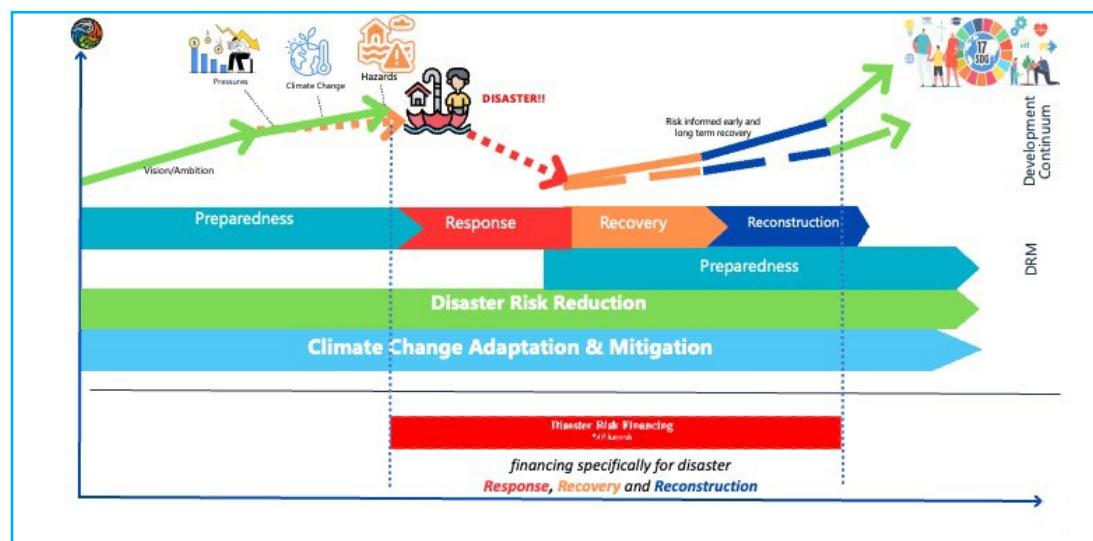
The Strategy is part of a broader effort led by the SIG to strengthen climate and disaster resilience. While it complements the current arrangements for Disaster Risk Management in the National Disaster Management Plan 2018 (NDMP) and the National Disaster Council (NDC) Act 1989, and the Solomon Islands Roadmap for Improving Access to Climate Finance and Public Spending 2022 – 2027, the Strategy identifies several areas that require the strengthening of institutional and human capacity. This is to ensure that financing to support response, recovery and reconstruction following disasters reaches the affected people when they need it the most by the most efficient and effective means.

The Ministry of Finance and Treasury (MoFT) has played a lead role in the development of the Strategy and is supported by the Ministry of Environment, Climate Change, Disaster Management and Meteorology (MECDM) through the National Disaster Management Office (NDMO), other Government agencies, civil society, and private sector organisations. Support is also being provided by members of the regional Pacific Resilience Partnership Disaster Risk Financing Technical Working Group (DRFTWG).

## What is DRF?

Disaster risk financing sits alongside and complements several types of financing modalities established to ensure nations and its people can achieve resilient and sustainable development. Within this broader context, DRF aims to:

“increase the resilience of vulnerable countries against the financial impact of disasters and to secure access to post-disaster financing before a disaster strikes, thus ensuring rapid, cost-effective resources to finance recovery and reconstruction efforts” (World Bank, 2018).



**Figure 1:** Adaptation of the Development Continuum to depict DRF.

For the purposes of this Strategy, DRF is taken to mean specifically financing for disaster response, recovery and reconstruction.



# Country Context

The Solomon Islands, an archipelago in the Melanesian region of the Pacific, faces significant climate and disaster risks, including both hydrometeorological and geophysical disasters. Hydrometeorological hazards include tropical cyclones, floods, and droughts, whereas geophysical hazards include earthquakes and resulting tsunamis and landslides. With a population spread across 845 of the country's 992 islands, which collectively cover an area of 24,000km<sup>2</sup>, the Solomon Islands is home to over 720,000 people, with an estimated annual population growth rate of 2.4% since 2000.

The Solomon Islands has a per capita Gross Domestic Product (GDP) of approximately USD\$2,203. The economy primarily revolves around agriculture, forestry, and fishing. Agriculture, in particular, accounted for roughly 34% of the GDP in 2020, while the services sector contributed 48%. The Solomon Islands confront various natural hazards, with poverty, inequality, and poorly planned development amplifying disaster risk. Given its status as one of the world's most vulnerable nations, the Solomon Islands require support to mitigate substantial damage and losses incurred through disasters throughout the next century.

The SIG typically bears a significant share of the costs associated with disaster response and recovery. In the absence of a comprehensive risk financing solution, the utilization of public funds can be inefficient, resulting in slow response and recovery efforts. These costs can include emergency response, rehabilitation of public assets, restoration of public services, support for uninsured households and small enterprises, as well as fiscal transfers to municipalities. Disasters can affect government expenditures and revenues, for instance, by destroying private assets, affecting businesses, and causing supply chain breakdowns. In addition, disasters can slow down economic growth and threaten efforts to reduce poverty and build shared prosperity, especially in economically vulnerable areas, where individuals fall into a poverty trap.

The SIG has demonstrated a commitment to disaster risk management through the NDMP 2018. The NDMP 2018 emphasizes primary drivers for strengthening DRM in the Solomon Islands: supporting self-help at all levels and avoiding dependence; SIG arrangements leading disaster response and coordinating internal and external support; undertaking assessments to inform an effective response; focusing on delivering response through sectors and provincial and local arrangements; coordinating response and providing support through national arrangements involving sectors, partners, non-government organisations (NGOs) and regional support; and, clarifying roles through explicit Standard Operating Procedures (SOPs) and processes. The NDMP 2018 also lays out 14 principles which underpin DRM action in the country.

The National Disaster Council Act 1989 establishes the National Disaster Council (NDC) that, among other functions, provides advice to Cabinet on resource and funding requirements and the overall management of disasters. Within the NDC, the Recovery Coordination Committee (RCC) is responsible for developing the Recovery Plan and funding arrangements for recommendation to Cabinet through the NDC, including re-allocation of sector budgets, international partner and stakeholder support and commitment through national development planning. The Solomon Islands has also established various institutional frameworks for disaster risk management, climate change adaptation, and climate finance at the national, subregional, and international levels such as the 2023 - 2032 National Climate Change Policy, the regional Framework for Resilient Development in the Pacific 2017-2030 (FRDP) and the Roadmap for Improving Access to Climate Finance and Public Spending 2022 - 2027.

The National Development Strategy 2016 - 2035 (NDS) outlines the long-term national development priorities. It aims to enhance the social and economic well-being of all Solomon Islanders. The NDS identifies five key objectives for long-term development:

1. Sustained and inclusive economic growth.
2. Reduction of poverty, addressing basic needs, and improving food security with equitable development benefits.
3. Ensuring access to quality healthcare and education for all citizens.
4. Promoting resilient and environmentally sustainable development, including effective disaster risk management, response, and recovery.
5. Achieving national unity, stable governance, and public order.

Disaster Risk Financing is a key activity to support the NDS in achieving sustainable development. It not only safeguards a nation's resources and development gains but also reinforces its resilience, attracts investments, and supports long-term economic and social stability. The government is the lead actor in DRF, but an extensive financial protection approach requires collaboration among other stakeholders including the private sector, communities, and international organizations. This collective effort is essential for comprehensive financial protection against disaster and climate-related shocks.

DRF incorporates various activities aimed at effectively managing the costs stemming from disasters and mitigating their financial impacts. This approach involves blending different risk financing mechanisms into a risk layering framework, capable of addressing costs associated with disasters of varying frequencies and magnitudes. This, in turn, diminishes (i) the necessity for emergency borrowing and budget reallocation that divert resources away from development activities; and (ii) reliance on international aid and humanitarian assistance, reducing delays and uncertainties linked to external financing. Cost-efficient DRF strategies ensure funding is more predictable, targeted, and transparent and help manage and reduce government liabilities. Consequently, it strengthens the government's response capacity during disasters, ultimately benefiting those affected by such events.



## Goal

The goal of the National DRF Strategy is to **strengthen the financial protection of the Solomon Islands against disasters** as part of a broader effort to support resilient and sustainable development.



## Results Chain

Based on the findings of the DRF Diagnostic Study, the Emergency Public Financial Management (PFM) Assessment (see Background Paper in Annex 1) and the results of the stakeholder consultations, four Priorities were identified to achieve the Goal as outlined further below. Each Priority contains a series of Objectives. Under each Objective, there are Key Actions to implement.

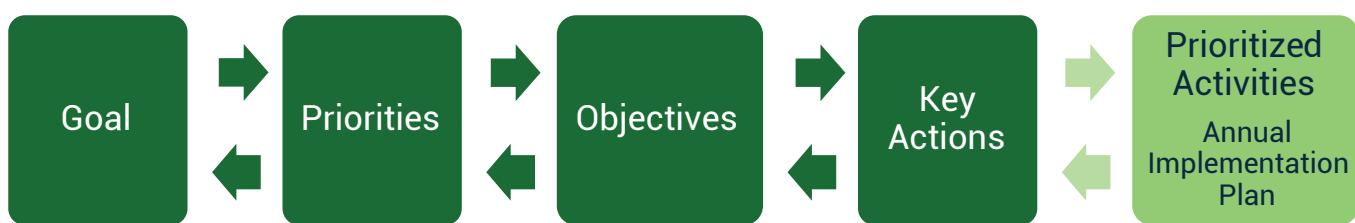


Figure 2: – Results Chain

The prioritization, sequencing, and specification of the Key Actions as part of an Annual Implementation Plan will ensure the successful achievement of priorities and their objectives. This facilitates the assignment of clear responsibilities, allocation of adequate resources and technical assistance, and progress monitoring.



# Priorities

## The Strategy has four priorities.

**Priority 1** focuses on strengthening the overarching enabling environment for DRF, comprising planning and legal frameworks, institutional arrangements, and guidance and capacities in both DRM and PFM. These provide the foundation for effective DRF.

**Priority 2** is to strengthen the understanding of disaster risk and the economic and social impacts of disasters to inform the need for DRF (in addition to guiding risk-informed physical planning and investments that are not covered in this strategy).

**Priority 3** is to assess fiscal risks from disasters and enhance the government's approach to risk layering as well as the use and functioning of individual DRF instruments.

**Priority 4** is to improve systems and practices for the access to, and effective and efficient use of, available DRF, comprising disaster-related planning; the implementation of DRF through procurement and grant-making; and accountability for, and learning from, the use of DRF.

The relationship between the priorities is illustrated in Figure 3 below while objectives and key actions for each priority are subsequently listed.

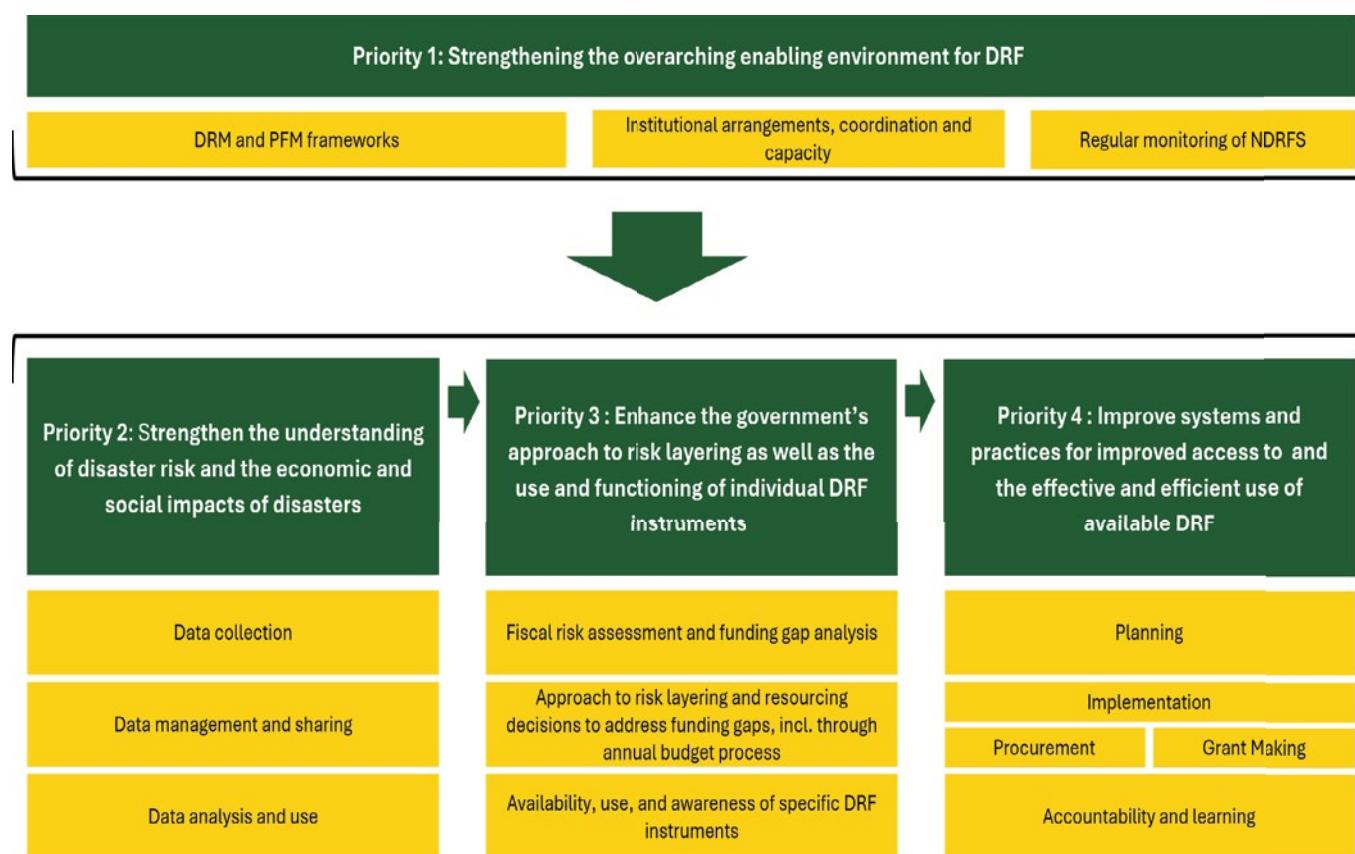


Figure 3: Priorities of the Strategy

## **Priority 1: Strengthen the Overarching Enabling Environment for DRF**

**Outcome 1 Enhanced national capacity for DRF through legislation, policy, institutional reforms and strengthened technical capability.**

**Objective 1.1 Ensure overarching frameworks and systems for DRM (including DRF) and PFM enable the effective planning, mobilization, allocation, and use of DRF.**

**Key Actions:**

- 1.1.1** Ensure that any specific challenges for effective DRF are addressed by future reviews of the legal framework for PFM<sup>1</sup>.
- 1.1.2** Update the Post Disaster Budget Execution Guidelines 2015<sup>2</sup> to provide clear guidance on procedures for accessing and using available DRF instruments.
- 1.1.3** Identify specific constraints for effective DRF in existing DRM governance and legal arrangements<sup>3</sup>.

**Objective 1.2 Improve technical expertise, coordination capabilities, and collaboration within the MoFT and NDMO and among disaster management stakeholders for effective DRF implementation.**

**Key Actions:**

- 1.2.1** Strengthen DRF technical and coordination capabilities of the CFRU, the NDMO, National Disaster Operations Committee (N-DOC) Sector Committees<sup>4</sup>, and the NDRFSG.
- 1.2.2** Provide training and other appropriate forms of capacity building for officials of Government agencies (at the national, sectoral and provincial level), private sector and civil society organisations and faith-based organisations, clarifying roles and responsibilities in terms of enhanced PFM and DRM to strengthen and sustain DRF.
- 1.2.3** Strengthen awareness of DRM governance arrangements amongst Civil Society organisations, faith-based organisations and the private sector to enhance their involvement in supporting government decisions for DRF to diversify risk management strategies.

**Objective 1.3 Undertake regular monitoring of the National DRF Strategy**

**Key Actions:**

- 1.3.1** Undertake monitoring and evaluation of Strategy implementation progress and submit progress reports to the MoFT, NDC, N-DOC and Ministry of National Planning and Development Coordination (MNPDC).
- 1.3.2** Develop and finalise National DRF Standards<sup>5</sup> to assist in guiding improvements in DRF through a self-assessment mechanism linked to the Monitoring and Evaluation Framework, that enables assessment of DRF organisational behaviour change.

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1. The review of the PFM Act is tentatively scheduled for 2025. A future review will provide entry points for improvements that facilitate timely delivery and subsequent acquittals of post-disaster financing support through the Government system (national, sectoral and provincial level) and that financing addresses the needs of the most vulnerable people and communities.

2. Developed by the Pacific Community (SPC).

3. Identified binding constraints can inform future revisions of the NDC Act 1989, the NDMP and/or other related policies, plans and legislation.

4. N-DOC Sector Committees are established under Section 97 of the National Disaster Management Plan 2018. These are Health, Education, Protection, Livelihood, Infrastructure and Camp Management.

5. Developed using the guidance in the Pacific Resilience Standards 2021 which support the implementation of the FRDP. The Solomon Islands National DRF Standards are to be modelled based on the emphasis in the National DRF Strategy in particular the Values, Priorities and associated Objectives and Key Actions.

## **Priority 2: Strengthen the Understanding of Disaster Risk and the Economic and Social Impact of Disasters**

**Outcome 2** Enhanced management capacity, accessibility and reliability of disaster risk and impact information for evidence-based decision-making across all levels of government.

**Objective 2.1** Strengthen the systematic collection of risk-related data to enhance the knowledge base for effective DRF

**Key Actions:**

- 2.1.1** Improve and standardize hazard information, and exposure data, and quantify financial risks.
- 2.1.2** Review existing templates for data collection and revise as needed and/or develop new standardized templates for identified gaps.<sup>6</sup>
- 2.1.3** Establish a disaster loss database and update it annually.

**Objective 2.2** Establish comprehensive data management guidelines and capacity to improve data quality, integrity, accessibility, interoperability, and information sharing for effective DRM and DRF.

**Key Actions:**

- 2.2.1** Establish data management guidelines for Government at national, sectoral and provincial levels.<sup>7</sup>
- 2.2.2** Strengthen information and knowledge sharing, using relevant portals and in simple forms of communication.
- 2.2.3** Strengthen capacity in Government agencies and across all sectors for data maintenance and management to ensure data integrity.
- 2.2.4** Establish a research center of excellence for data and information management to ensure adherence to international best practices.

**Objective 2.3** Strengthen capability to analyse and use data on disaster impacts for improved understanding and informed decision-making on DRM and DRF.

**Key Actions:**

- 2.3.1** Ensure extensive use of disaster-related data and undertake analysis to enhance understanding of vulnerability, exposure and risk.<sup>8</sup>
- 2.3.2** Strengthen data analysis capability to increase understanding of disaster impacts in terms of fiscal impacts, macroeconomic impacts, GDP, inflation, etc.

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6. The revised and/or new templates should (i) ensure adequacy and fitness-for-purpose including disaggregating data by demographic categories such as age, sex, disability, etc; and (ii) incorporate local knowledge, observations and experience into data capture to understand hazard characteristics and behaviours.

7. The guidelines should (i) ensure that data to inform all aspects of DRM including DRF is also disaggregated by hazard, sector, and provincial level; (ii) enhance information-sharing mechanisms, identifying data custodians and responsibilities at all levels; and (iii) address issues of data quality and accessibility, interoperability and information sharing, templates, data integrity, incorporation of traditional/local knowledge and other relevant data management guidance.

8. This should include data on expenditures from non-declared events and disaster situation reports.

## **Priority 3: Assess Fiscal Risks and Enhance Approach to Risk Layering and DRF Instruments**

**Outcome 3** **Customisation of DRF instruments to effectively address the unique characteristics and layers of risk at both national and local levels.**

**Objective 3.1** **Undertake a fiscal risk and funding gap assessment and review it annually based on clear and well-defined DRF objectives and quantified disaster risk.**

**Key Actions:**

- 3.1.1** Develop methodologies to assess fiscal risks posed by various hazards.
- 3.1.2** Prepare an annual fiscal risk assessment that comprehensively identifies potential risks.
- 3.1.3** Set disaster risk finance objectives.<sup>9</sup>
- 3.1.4** Conduct a comprehensive financial gap analysis and update annually to identify areas of underfunding against DRF objectives.
- 3.1.5** Design and utilise effective communication mediums to disseminate assessment findings to relevant stakeholders.

**Objective 3.2** **Integrate the outcomes of the annual fiscal risk and funding gap assessment into the annual budget process to guide decision-making and increase DRF allocations.**

**Key Actions:**

- 3.2.1** Evaluate the cost-efficiency of different instruments to ensure optimal allocation of resources based on identified financial gaps and policy priorities.
- 3.2.2** Set targets for establishing national and provincial dedicated funds to mitigate fiscal risks associated with disasters.
- 3.2.3** Prioritise the DRF-related budget lines for the NDMO/MECDM and the MoFT to enable efficient disbursement of funds to support affected populations.
- 3.2.4** Assess the adequacy of budget allocations to the NDC Disaster Relief Budget and Contingency Warrants.
- 3.2.5** Include results of annual fiscal risk and funding gap assessments, together with resource allocation decisions in response to identified gaps, in the annual budget strategy and operational rules and the financial policy objectives and strategies paper.

**Objective 3.3** **Improve the availability, functioning, and understanding of DRF instruments, including of their benefits, eligibility for access, and guidelines for use.**

**Key Actions:**

- 3.3.1** Operationalize the National Disaster Council Fund (NDCF) by putting in place regulations and/or guidance for its management.
- 3.3.2** Evaluate terms and conditions of contingent credit options.
- 3.3.3** Assess the feasibility of risk transfer products at the community level, supporting the self-help principle within the NDMP 2018.
- 3.3.4** Investigate existing and new DRF products and emerging opportunities to expand the scale and scope of available DRF.
- 3.3.5** Assess the feasibility of an Adaptive Social Protection (ASP) system and anticipatory action financing.

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9. This should cover the key hazards that will be prioritized for financial protection, types of events (e.g., declared and undeclared) and types of costs across disaster response phases (i.e., emergency, recovery, reconstruction).

- 3.3.6** Examine the feasibility of utilizing the Provincial Capacity Development Fund (PCDF) managed by the Ministry of Provincial Government and Institutional Strengthening (MPGIS) to support DRF at the provincial level.<sup>10</sup>
- 3.3.7** Provide guidelines for accessing DRF instruments as part of the updated DRF Manual.
- 3.3.8** Strengthen communication and knowledge sharing on available instruments, their benefits, and associated costs to enable informed decision-making.

## **Priority 4: Improve Systems and Practices for Improved Access and the Effective and Efficient Use of DRF**

### **Outcome 4 Strengthened PFM and DRM systems to support effective DRF.**

#### **Objective 4.1 Strengthen planning for disaster preparedness, response and recovery in a pragmatic and systematic manner to guide the use of available DRF.**

##### **Key Actions:**

- 4.1.1** Review DRM-related planning practices and gaps at all levels to identify good practices for peer learning and opportunities to integrate, link, and/or simplify them.
- 4.1.2** Develop guidance and templates where gaps have been identified.
- 4.1.3** Complete remaining sector disaster contingency plans.<sup>11</sup>
- 4.1.4** Ensure a link between sector disaster contingency plans and agency corporate plans and annual budgets for implementation of preparedness activities.
- 4.1.5** Establish an annual process of updating disaster contingency plans.<sup>12</sup>
- 4.1.6** Review current arrangements for post-disaster assessments (e.g. Post Disaster Needs Assessment) and recovery planning and strengthen linkages with recovery and reconstruction financing opportunities.

#### **Objective 4.2 Improve emergency-related procurement to strengthen preparedness and enable timely and value-for-money implementation of response activities.**

##### **Key Actions:**

- 4.2.1** Review procurement regulations to facilitate rapid responses for small-scale emergencies that do not warrant the declaration of a state of disaster.
- 4.2.2** Review procurement instructions/guidance and tools, including the MoFT Compliance Checklist.<sup>13</sup>
- 4.2.3** Prepare emergency procurement plans for relevant activities identified in the disaster contingency plans and update the emergency procurement plans annually.<sup>14</sup>
- 4.2.4** Ensure inclusion of procurements for preparedness activities in regular procurement plans.
- 4.2.5** Develop specifications for identified priority emergency goods and services and maintain an updated list of preferred suppliers/contractors for these.<sup>15</sup>

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- 10. This would require the development of specific criteria to enable access and support to disaster-affected communities with a special focus on vulnerable groups such as women, young children, elderly and peoples with special needs.
- 11. These should contain concrete preparedness and response activities, including their implementation timing (prior to a disaster event, as part of anticipatory action, or after an event), likely costs and DRF sources, preferred implementation arrangements, and accountability requirements for preparedness and response activities.
- 12. This could be done as part of the corporate planning process or an annual drill/tabletop exercise, e.g., prior to the cyclone season.
- 13. This is in response to the findings of the Auditor General's report on COVID-19-related procurement during the state of public emergency.
- 14. This could be done as part of regular procurement planning or during annual drills/tabletop exercises that cover disaster plan updates.
- 15. This could cover food rations; basic agricultural and maintenance tools; emergency shelters; safety clothing and equipment; rental vehicles for emergency transport; emergency communications equipment and services; emergency road clearance and reconstruction, public infrastructure repairs; and/or emergency water purification and tank cleaning services.

- 4.2.6** Prepare easy-to-understand guidance (e.g., as part of the updated DRF Manual) and communication materials on emergency procurement as a basis for training and awareness raising among government staff and potential suppliers.<sup>16</sup>
- 4.2.7** Strengthen the capacity of government staff in emergency procurement, including through regular training (e.g., as part of disaster plan updates), peer-to-peer learning, and by ensuring that MoFT procurement staff are integral to post-disaster response.

**Objective 4.3 Improve practices and capacity for post-disaster grant-making and fund management to allow the rapid delivery of support to affected populations.**

**Key Actions:**

- 4.3.1** Collect and review experiences and available documentation related to grant-making in regular and emergency times to identify good practices and gaps (including for support provided through the recent COVID-19 Economic Stimulus Package).
- 4.3.2** Consider the use of grants as a channel for DRF to different DRM actors as part of disaster planning and revisit this annually during disaster plan update exercises.<sup>17</sup>
- 4.3.3** Improve existing or develop new procedures, agreement templates, and/or guidelines for any identified gaps and potential use cases (see actions above), and use them to prepare for emergency grant-making (e.g., identify potential grant recipients for a specific activity, how to channel funds to them, and accountability and reporting requirements).
- 4.3.4** Strengthen provincial, sector agencies, civil society organisations and small to medium sized businesses' capabilities to manage grant support for response and recovery.

**Objective 4.4 Strengthen practices and capacity to transparently account for the use of DRF and learn from past disaster responses.**

**Key Actions:**

- 4.4.1** Consider pragmatic options for budget tagging for DRM and strengthen reporting in the D365 system of DRM expenditures for declared and non-declared disasters.<sup>18</sup>
- 4.4.2** Review the imprest procedures manual in response to the findings of the Auditor General's report on COVID-19-related emergency procurement.
- 4.4.3** Collect and review experiences and available documentation for disaster-specific and DRF instrument-specific fund arrangements (e.g., National Disaster Council Fund), accounting, and reporting, and address identified gaps (e.g., in the updated DRF Manual).
- 4.4.4** Review current emergency financial management capacity and address identified gaps, including through regular training, peer-to-peer learning, and by ensuring that MoFT accounting staff are integral to post-disaster response.
- 4.4.5** Review the process for systematically addressing issues identified in After Action Reviews and audit reports and implement improvements.

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16. The guidance could form part of the or specifically for emergency procurement.

17. Grant recipients may include state-owned enterprises including utilities, CSOs including the Solomon Islands Red Cross, community and business groups including the SICCI Business Resilience Council, and/or households as part of adaptive social protection.

18. The tagging of DRM allocations and spending should be explored in coordination with efforts to track climate financing outlined in the Roadmap for Improving Access to Climate Finance and Public Spending 2022–2027. The resulting information from the D365 system can subsequently help improve risk understanding targeted under Priorities 2 and 3 above.





# Values

The nature and complexity of vulnerability, exposure and risk in the Solomon Islands challenge efforts to build resilience. While measures to adapt to climate change and reduce disaster risk can seem straightforward, building resilience requires behavioural change. Bringing about a positive change must be the ambition and therefore resilience can be strengthened if individual and systemic behavioural change is ingrained within the range of measures that have been identified to make development more resilient.

The set of Values that underpin the Priorities in this Strategy are laid out below. They are inspired by the guidance provided in the NDMP 2018, NDS and the FRDP. The Values represent the standards or categories of behaviour that have been prescribed as essential for successful DRF in the Solomon Islands. For each, there are associated principles (rules or types of specific behaviour) that must be followed to fulfill the essence or meaning of the Value.

## 1. Timely, Transparent and Accountable

- Ensure timely and responsive disaster risk financing solutions, with resources mobilized efficiently and reaching people how and when needed the most.
- Ensure transparent use of financial resources and all financial transactions and decision-making processes related to disaster risk financing, with resources allocated based on needs.
- Ensure accountability by providing clear mechanisms for oversight, monitoring and reporting with funds are utilized effectively and responsibly.

## 2. Informed, Innovative and Relevant

- Ensure evidence-based risk and financial data and information to support DRF.
- Embrace innovation and creativity to develop financial solutions that are fit-for-context.
- Build on and reinforce cultural and traditional knowledge to inform financial solutions.
- Ensure information is communicated using effective means and in easy-to-understand language for all stakeholders.

## 3. Impartial and Inclusive

- Prioritize the diverse needs and rights of groups most at risk (e.g. women, children, elderly) in the design and implementation of DRF products.
- Ensure equity and impartiality exercising objective and balanced DRF decisions without fear or favour.
- Value the range of perspectives internal and external to the country and cultivate strong partnerships with different actors to enhance coordination and collaboration in providing DRF solutions.

## 4. Sustainable

- Ensure financial products and investments contribute to the resilience of institutions and communities, both in the immediate aftermath of disasters and in the long term.
- Facilitate significant and ongoing investments in capacity building and institutional strengthening in different forms using different modalities enhance national and local leadership, ownership and self-reliance.
- Ensure the design, development and implementation of DRF products support and enhance national DRM governance arrangements and the PFM system.
- Ensure coherence of disaster risk financing with other resilience-building financing modalities.



# Implementation

## Implementation Approach

The successful implementation of the Strategy will require a collaborative approach across several Government agencies and include the financial sector, regional organisations, development partners, private sector and civil society.

The implementation of the Strategy will be guided by an approach that is inclusive of the diversity of interests at play in DRF; undertaken with the highest levels of transparency and accountability; ensuring timeliness and responsiveness in the provision of financing; and ensuring that efforts to build and strengthen capacity for DRF are sustained and that there is continuous learning that embraces new and existing implementation opportunities and modalities.

The emphasis in the list of Priorities to address for the implementation of the Strategy is significant. Recognizing that DRM in the Solomon Islands has been evolving continuously over the years, Strategy implementation will, in the first instance, need to consider other existing or planned initiatives that the SIG has commenced (or committed to) and examine the feasibility of using these as a conduit to achieve success. Following closely alongside, those Priorities for which there are no existing initiatives to 'piggy-back' on, other opportunities will need to be sought out.

## Implementation Oversight and Coordination

The NDRFSG will drive implementation and will use the vehicle available to it under the national DRM governance arrangements and as well the national PFM system. Oversight of the NDRFSG will be provided by the MoFT. Within the MoFT, coordination responsibility will fall to the Climate Finance Resilience Unit which will work in close collaboration with the NDMO.

The NDRFSG has been established<sup>19</sup> and is in essence a 'working committee' of key stakeholders required to support the development and implementation of the Strategy. The functions of the NDRFSG are as follows:

1. Acquire and ensure the accuracy of the data and information needed to inform the development of the Strategy and subsequent implementation monitoring.
2. Guide the drafting of the Strategy providing contributions at regular intervals.
3. Provide oversight and advice in support of Strategy implementation.
4. Ensure accurate and timely reporting of Strategy implementation at regular intervals.
5. Meet regularly to guide the development and implementation of the Strategy.
6. Undertake regular advocacy and engagement with national stakeholders to strengthen awareness and understanding of DRF and in particular the focus and intent of the Strategy.
7. Ensure a strong visibility and profile for the Strategy at the national, local and also at the regional level in the Pacific.

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19. In March 2024 by the MoFT.

As of April 2024, the members of the NDRFSG were drawn from the following organisations: MoFT-Climate Finance Resilience Unit, MoFT-Budget, MoFT-Treasury, MECDM-NDMO, MECDM-Solomon Islands Meteorological Service; Ministry of Women, Youth, Children and Family Affairs; Ministry of National Planning and Development Coordination; Ministry of Infrastructure and Development; Ministry of Police, National Security and Corrections Service; Ministry of Provincial Government; National Statistics Office; Solomon Islands Chamber of Commerce and Industry; Development Services Exchange (NGO); Central Bank of the Solomon Islands. The Head of the MoFT-Climate Finance Resilience Unit serves as the Chair of the NDRFSG and the Unit provides Secretariat support for the NDRFSG.

The NDRFSG will need to strengthen linkages with the National Disaster Operations Committee under the NDC to ensure coherence between DRF efforts with DRM plans and programs for the Solomon Islands established under those bodies. This will derive greater efficiencies and more effective outcomes.

## Key Supporting Implementation Initiatives

The implementation of the Strategy is not starting from ground zero. As mentioned earlier, there are several initiatives and mechanisms upon which Strategy implementation can build on to realise success.

For example, current and ongoing discussions between the MoFT and members of the Joint Policy Reform Group<sup>20</sup> have identified several potential areas of assistance one of which includes strengthening PFM. This resonates closely with the intent highlighted in Key Action 1.1.1 of Priority 1. The NDRFSG would need to capitalize on this opportunity to take forward Strategy implementation.

Similarly, the need to strengthen coordination with the overarching DRM governance arrangements (Key Action 1.1.4 in Priority 1) could use or build on existing mechanisms and opportunities available through the NDMO.

At the regional level, the Pacific Resilience Partnership's DRF Technical Working Group is set up to support all Pacific Island countries with their efforts to strengthen financial protection against disasters. Several members of this group have already been engaged with the SIG on Strategy development, so the NDRFSG can use the opportunity of the existing relationships with partners to identify other inroads through which Strategy implementation can be achieved. The current strategic focus of the DRFTWG is as follows:

- Strategic Focus 1: Strengthening Regional Coordination
- Strategic Focus 2: Ensuring an inclusive and collaborative approach to DRF
- Strategic Focus 3: Strengthening the understanding of disaster risk
- Strategic Focus 4: Strengthening the understanding of DRF
- Strategic Focus 5: Strengthening the enabling environment for DRF

## Implementation Plan

The NDRFSG will develop an annual Implementation Plan to support this Strategy and seek the support of the MoFT, MECDM and other relevant agencies towards it. The purpose of the Implementation Plan is to facilitate the translation of the Strategy into a practical set of annual activities and tasks consistent with the MEL Framework (see next section) and to enable the allocation of financial resources through the annual SIG budget.

Several activities have been identified as potential Year 1 activities for the NDRFSG to pursue towards the implementation of the Strategy and these are listed in the table below. Notwithstanding the need

20. Includes the Asian Development Bank, World Bank, European Union, Department of Foreign Affairs and Trade, Australia and the Ministry of Foreign Affairs and Trade, New Zealand.

to address these important actions in Year 1, other activities slated for completion in Year 2 may need to commence in Year 1 as well.

## Potential Year 1 Activities

Activity		'Key Action' Reference
<b>1.</b>	Socialise the Strategy with the following: senior executives and section heads in MoFT; the National Disaster Council and National Disaster Operations Committee in MECDM; development partners, civil society, financial institutions and private sector organisations; and, Provincial Government representatives.	<b>All Key Actions</b>
<b>2.</b>	Support MoFT in developing the concept note and terms of reference for the review of the PFM Act in 2025 ensuring that the specific challenges for effective DRF are addressed by the review.	<b>1.1.1</b>
<b>3.</b>	Review 2015 Post Disaster Budget Execution Guidelines and develop a successor DRF Manual to facilitate the use of relevant DRF instruments and improve emergency procurement.	<b>1.1.2, 1.1.3 and 4.2.2</b>
<b>4.</b>	Identify specific constraints to effective DRF in existing DRM governance to inform the need for any revisions to the NDC Act 1989, the National Disaster Management Plan and/or other related policies, plans and legislation.	<b>1.1.3</b>
<b>5.</b>	Strengthen the DRF technical and coordination capacity of the CFRU and the NDMO.	<b>1.2.1 and 1.2.2</b>
<b>6.</b>	Finalise MEL Framework and National DRF Standards Practitioners Guide	<b>1.3.1 and 1.3.2</b>
<b>7.</b>	Establish a baseline understanding of disaster loss and expenditure data currently captured and review existing data collection templates, addressing identified gaps.	<b>2.1.2 and 2.2.3</b>
<b>8.</b>	Develop methodology to assess fiscal risks posed by various hazards, set DRF objectives, and analyze funding gaps and strengthen MoFT Budget Division capacity to undertake and disseminate this analysis as part of the annual budget cycle.	<b>3.1.1 to 3.1.4</b>
<b>9.</b>	Develop regulations and/or guidance for the National Disaster Council Fund (NDCF).	<b>3.3.1</b>
<b>10.</b>	Support MoFT to examine the feasibility of establishing Adaptive Social Protection to augment DRF.	<b>3.3.5</b>
<b>11.</b>	Review disaster-related planning practices and develop pragmatic approach with templates and guidance to address gaps.	<b>4.1.1 and 4.1.2</b>
<b>12.</b>	Complete remaining sector disaster contingency plans that identify likely costs and DRF sources, preferred implementation arrangements, and accountability requirements for preparedness and response activities.	<b>4.1.3</b>
<b>13.</b>	Review Procurement Regulations to address gap of small-scale emergencies, update procurement documentation (including MoFT Compliance Checklist), and prepare materials for training.	<b>4.2.1, 4.2.2, 4.2.6 and 4.2.7</b>

The NDRFSG may enlist the support of the regional DRFTWG to assist in addressing implementation commitments. Monitoring, Evaluation & Learning



# Monitoring, Evaluation & Learning

The main emphasis of Monitoring, Evaluation and Learning (MEL) is to ensure that the implementation of the Strategy proceeds through a continuous process of learning and development. In the context of the Strategy, the MEL system will focus on the progress of implementing the Priorities and the achievement of the Values.

As regards the Priorities, the MEL Framework in Annex 2 tables the anticipated outcomes in relation to each Priority, the means of verifying progress and the underlying assumptions relevant to each over the 3-year period of this Strategy. As stated in the section immediately above, the requirements of the MEL Framework will need to be translated into an annual Implementation Plan to enable practical usability.

In terms of the Values, a mechanism for progress self-assessment consistent with the Pacific Resilience Standards will be developed and provided separately as a companion document to this Strategy and Implementation Plan.

The NDRFSG will be responsible for monitoring the implementation of the Strategy including determining periods for review. Based on the results of the periodic progress reviews, the NDRFSG will provide recommendations for adjustments/revisions to the Strategy as may be required.



# Conclusion

The Strategy is a renewed starting point for the Solomon Islands. Some significant efforts have been undertaken over the years to strengthen financial protection against disasters and the Strategy builds on the previous work and attempts and focus on key priorities that will help to catalyse further action in the future. The main challenge for implementation is to maintain and build on the momentum generated throughout Strategy formulation in 2023 and 2024. In this regard, the MoFT and members of the NDRFSG are quite critical.

To support the MoFT and the SIG with implementation ongoing technical assistance and resourcing support can be brought to bear through national/bilateral and as well regional mechanisms. The success of the Solomon Islands National DRF Strategy is important to the country and to the region.



# Annex 1 – Background Information

## Economic Impact of Disasters

The Solomon Islands are positioned in a region characterized by frequent tropical cyclones and are also situated within the active seismic zone known as the Pacific Ring of Fire. The country is vulnerable to the impacts of climate change, especially due to a substantial portion of its population living within 1.5 kilometers (km) of the coastline, with the islands frequently experiencing extreme rainfall events. Since 1990, the nation has experienced 25 distinct disaster events spread across droughts, earthquakes, floods, and tropical cyclones. These events are estimated to have impacted over 400,000 people.

The Solomon Islands' pronounced vulnerability to climate variability and change is exacerbated by its acute economic challenges. This is linked to various factors, including weak infrastructure, income inequality, a significant reliance on agricultural income, and the country's remote location, which increases the cost of accessing established markets. According to the United Nations Economic and Social Commission for Asia and the Pacific, the Solomon Islands have high drought vulnerability as a large around two-thirds of total employment is in agriculture, meaning the incomes of 186,900 people in the Solomon Islands are vulnerable to disruption during a drought.

Extreme rainfall (flooding) is frequently cited as the primary trigger of disaster events, occasionally converging with elevated sea levels to intensify coastal impacts in particular, causing the largest amount of newly displaced people since 2010 (shown in Figure 4 below).

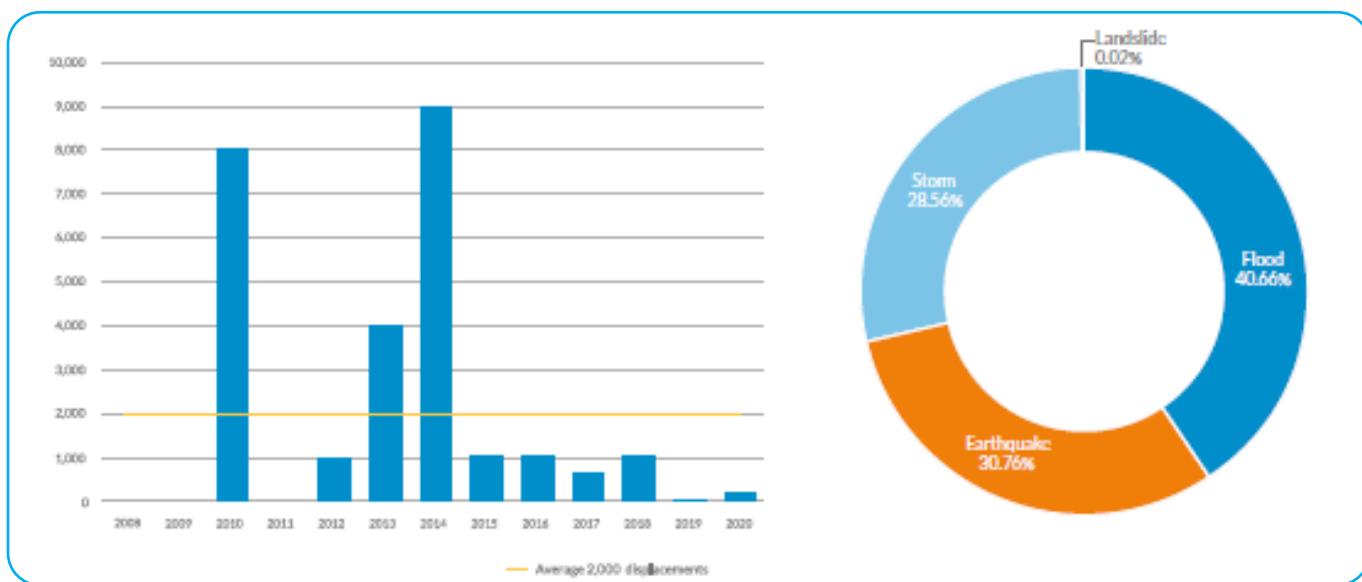


Figure 4: Number of displaced people from disasters 2010-2020

The Solomon Islands is vulnerable to both hydrometeorological and geophysical hazards. This susceptibility became evident in December 2012 when the nation encountered Tropical Cyclone Freda, followed by a significant magnitude 8.0 earthquake and a subsequent tsunami in early February 2013, impacting the Santa Cruz Islands. The majority of the population is employed in the agriculture, fishing, and forestry sectors, all of which are highly vulnerable to natural hazards, as demonstrated by the Santa Cruz earthquake. The subsequent tsunami resulting from this earthquake led to elevated saline levels in the country's water sources, severely affecting the living standards and livelihoods of the residents, particularly those engaged in subsistence agriculture. The Santa Cruz earthquake had a substantial impact, affecting 37% of the resident population.

The economy also remains heavily reliant on logging, fishing, and gold mining, all of which are vulnerable to the effects of natural hazards and can impact government revenue. The most notable

of these events occurred in April 2014, when the Solomon Islands experienced significant rainfall and flooding. This weather system subsequently escalated offshore into Tropical Cyclone Ita, and resulted in flash floods across multiple islands, including Honiara, Guadalcanal, Isabel, Malaita, and Makira-Ulawa. According to the Post Disaster Needs Assessment, the flooding affected approximately 52,000 people in total and the economic toll amounted to an estimated SI\$787.3 million (US\$107.8 million), equivalent to 9.2% of the country's GDP. The flooding caused damage to major buildings and infrastructure, with the housing and transport sectors incurring the most extensive damage, accounting for 56 percent and 23 percent of the total damage, respectively. Conversely, the mining sector was projected to face the highest economic losses (50%), followed by the agriculture sector (31%). The flooding had a substantial adverse effect on economic growth, with an anticipated decline of 5.1% in GDP compared to pre-flood estimates.

In terms of the most recent disaster experience, a 7.3 magnitude earthquake hit Guadalcanal Island on November 22, 2022, with a second quake, with a magnitude of 6.0, striking nearby 30 minutes later. According to the Central Bank of Solomon Islands, the earthquake's overall short-term and long-term direct impact on the economy was anticipated to be minimal, with minimal casualties, moderate business damage, and temporary disruptions. A quick assessment of affected buildings estimated around SI\$0.65 million of damage and foregone sales by businesses of approximately SI\$1.2 million in Honiara.

When multiple risks interact, the potential collective effect can be greater than the sum of the parts. For example, if during the pandemic, a large flooding event occurred this would have led to additional fiscal pressure. Should additional natural disasters occur during the pandemic, the financial and economic vulnerability that the pandemic-induced global recession has caused may magnify the effect and increase the cost and complexity of domestic and international emergency response and reconstruction. Despite increasing fiscal pressure, compound risks highlight the importance of prearranged finance and the establishment of shock-responsive systems for cost-effective response and speedy recovery.

Given the lack of historical experience, there is a high level of uncertainty regarding the progression of pandemics such as COVID-19. Health emergencies such as the pandemic are rare (with only three viral disease outbreaks recorded in the past 100 years) but have an extreme effect. Therefore, recommendations and analysis discussed in this document focus on the costs of natural disasters that occur frequently in the Solomon Islands and for which there are statistical models to quantify the likelihood and potential effect of such. Despite this, the instruments discussed could be used for disaster events for things such as pandemics. For example, contingent financing from the ADB and the World Bank can be drawn down for any declared disasters, including pandemics. Ultimately, the disaster risk finance principles laid out apply equally to climate and geophysical events and health emergencies.

The effects of natural hazards and climate change will disproportionately affect various segments of the population, primarily impacting those who are most vulnerable. For instance, evidence from around the world shows natural hazards affect men and women differently, and the negative consequences tend to be experienced disproportionately by women. Women and men experience different vulnerabilities to and impacts from climate risks and disaster-induced loss of well-being and lives, as well as differences in access to and use of financial instruments and insurance in its varied forms. Gendered impacts can also result from existing gender gaps, varying social responses to shocks, and the influence of social norms and unconscious bias, which can lead to women receiving less support both before and after disasters. This applies similarly to marginalized groups, remote populations, people with disabilities, and the elderly. While this analysis provides an overview of losses, it should be recognized that citizens are not uniformly affected by different disaster events, highlighting the importance of targeted support in many instances.



# Emergency Public Financial Management Assessment

## Analysis Summary and Proposed Strategy Actions

### PFM Area 1: Overarching Frameworks, Institutional Arrangements, and Guidance

Overarching Frameworks. High-level policy direction is provided by (i) Objective Four of the National Development Strategy 2016 - 2035, targeting “resilient and environmentally sustainable development with effective disaster risk management, response and recovery”, and (ii) the regional Framework for Resilient Development in the Pacific 2017 - 2030 (FRDP). Part 1 of the National Disaster Management Plan (NDMP) 2018 sets out the national policy for the disaster preparedness, response, and recovery phases of DRM within the Solomon Islands Resilient Development Model, supporting the FRDP’s Goal 3 of “strengthened disaster preparedness, response and recovery”. Goal 1 of the FRDP that targets “strengthened integrated adaptation and risk reduction to enhance resilience to climate change and disasters” is supported under Parts 5 and 6 of the previous NDMP 2010. According to the NDMP 2018, this is intended to be replaced by a companion resilient development plan informed by Goals 1 and 2 of the FRDP. Since, the SIG has submitted its revised Nationally Determined Contribution 2021, which outlines priorities for climate and disaster resilience, including the development of a National Adaptation Plan. The legal framework for DRM is set out in the National Disaster Council (NDC) Act 1989. For PFM, the PFM Act 2013, supported by Interim Financial Instructions 2014 and new Procurement Regulations 2021, provides the regulatory framework.

The Solomon Islands Climate Change and DRF Assessment from 2017 recommended to “undertake a review of the NDC Act 1989, to ensure it adequately reflects the current status of institutions and policy mandates as outlined in the drafted NDMP” while the DRF Diagnostic from 2023 highlights that there is clear guidance provided by the NDMP 2018 and the presence of a legal framework for PFM during disasters. While a detailed analysis of the overarching frameworks is beyond the scope of this rapid emergency PFM assessment, the NDC Act 1989 appears to be high-level, limiting the risk of it constraining the planning and implementation of DRM activities in practice. In this context, it could be beneficial to first identify whether there are any specific challenges in practice that would require, and justify the use of limited resources for, a revision. Further, the report of the DRF Workshop in March 2023 mentioned “the absence of a DRF policy” as a challenge. This gap can be addressed by the DRFS (e.g., in Samoa, the DRFS is framed as a DRF policy). In regard to PFM, stakeholders highlighted the government’s plan to review the legal framework for PFM in 2025. The latter provides an opportunity to screen the PFM Act and subordinate legislation (instructions, regulations) for disaster responsiveness and address any gaps as part of the overhaul of the legal framework.

#### **Possible actions for the Strategy:**

- As part of the planned review of the legal framework for PFM in 2025, screen the PFM Act and subordinate legislation (including Financial Instructions and Procurement Regulations) for disaster responsiveness and address identified gaps.
- Identify specific constraints in the overarching frameworks for DRM that currently hinder effective DRM and would require a review of the NDC Act 1989, the National Disaster Management Plan 2018, and/or other related policies, plans, or legislation.

**Institutional Arrangements, Coordination, and Capacity (including Guidance).** The DRF Diagnostic (2023) recommended to review PFM institutional arrangements for post-disaster budget response and recovery, which can be done as part of the review of the legal framework for PFM in 2025. The Solomon

Islands Climate Change and DRF Assessment (2017) recommended strengthening provincial disaster management committees to engage around issues of preparedness and recovery, in addition to disaster response. The DRF Workshop Report from March 2023 mentioned a series of challenges that needed to be addressed in the national DRM governance arrangements and identified the strengthening of institutional arrangements between ministries and down to the provincial governments as an opportunity. The workshop in October 2023 suggested running workshops to identify roles, responsibilities, and areas for improvement in coordination. These findings and recommendations are high-level, suggesting the need for identifying specific shortcomings before concrete reforms and capacity development activities can be designed. A strategic approach is particularly critical given resource constraints and the substantial number of institutions and stakeholders across sectors and government levels that are relevant for DRM. The more specific constraints and gaps can be identified, the more targeted can these be addressed.

In regard to guidance, SPC and Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) developed the Post-disaster Budget Execution Guidelines (2015) for the Solomon Islands. The guidelines suggest developing a SOPs manual to define the role and responsibility of MoFT in procurement and accounting during a post-disaster situation. Several other assessments have also made recommendations in this area. The PCRAFI Country Note (2015) suggested developing a manual, while the DRFS Workshop in October 2023 proposed to “utilize the capacity within provincial governments and existing legislation (PFM Act) to develop post-disaster budget execution manual”. The DRF Diagnostic from 2023 recommends the review of the current guidelines. Experiences with such guidelines in the Pacific suggest that while these will not harm, they are also not necessarily effective. Stakeholder interviews suggest that the use of existing guidelines in several Pacific countries is limited in practice. Before embarking on a review and updating of guidelines, or the development of a new manual, it could be useful to identify the specific needs for guidelines in the Solomon Islands context better, and how these will be used. For example, guidance could be used for general awareness of new staff and refresher training (similar to the guidelines currently available), for specific guidance during emergency response, and/or rather for a specific technical area, which will require different content coverage and depths as well as dissemination and training approaches.

#### **Possible actions for the Strategy:**

- Identify critical constraints and gaps in institutional arrangements, coordination, and capacity for DRF among institutions and stakeholders across sectors and government levels to inform the design of reforms and training programs.
- Identify specific needs for guidelines and how these will be used in practice (e.g., general awareness of new staff and refresher training, specific guidance during emergency response, and/or guidance on specific technical areas such as emergency procurement), and tailor content coverage and depths as well as dissemination and training approaches to the identified needs.

## **PFM Area 2: Disaster-related Planning**

There is a substantial number of experiences with DRM-related planning in the Solomon Islands, which can be built upon. On the preparedness side, sectors have started preparing their sector disaster plans in line with the NDMP 2018, with education (complete) and health (draft) most advanced, according to the NDMO. Selected regular sector plans also include disaster components: Sub-Program 2.5 of the 10-year Agriculture Sector Growth Strategy and Investment Plan 2021–2030 targets disaster preparedness and recovery and the National Education Action Plan, 2022–2026 includes an inclusive Disaster Management Action Plan. The Ministry of Infrastructure Development Corporate Plan 2016–2020 is an example of a mainstreamed agency-level plan with its Goal 8 targeting efficient and effective disaster response in coordination with the NDMO. The 2021 and 2022 Annual Reports of Solomon Power refer to a Business Continuity Plan. Solomon Water’s Statement of Corporate Objectives, 2021–2023 mentions a draft Business Continuity Plan and includes as one of its 5-Year Objectives for 2017–2022 to carry out risk

assessments and prepare emergency response plans for all risks identified that cannot be addressed by remedial action. While the state-owned utilities' plans were not available for this assessment, an advanced level of risk management would be in line with other Pacific countries (e.g., Tonga Power Limited). Disaster-specific response plans have been prepared for several major disaster events, including for COVID-19 and the 2014 flash floods. Lastly, the Solomon Islands Priority Infrastructure Investment Pipeline (2021) includes two prioritization criteria related to DRM, capturing (i) vulnerability to climate change and DRM, and (ii) contribution to national emergency centers, to guide public investment decision-making.

The rapid PFM analysis carried out for the Strategy development confirms the finding of the Solomon Islands Climate Change and DRF Assessment (2017) that DRM mainstreaming into sector plans is inconsistent. The same appears to apply to agency-level and sub-national planning. The 2017 assessment further highlighted the limited vertical integration (national-provincial-/local/community) and reflection of local priorities in plans and recommended developing national mainstreaming guidelines for inclusion of climate change and DRM in sectoral policies, plans, and activities. As disaster-related planning is carried out more systematically across sectors and government levels, it will be important to design a pragmatic approach that builds on and learns from existing practices and is tailored to the capacity and resources available at the different levels. The plans should include concrete preparedness and response activities, including their implementation timing, likely costs and DRF source, preferred implementation arrangement, and accountability requirements. Regular updating, e.g., as part of annual drill/tabletop exercises is equally critical to ensure plans are relevant, stakeholder awareness is refreshed, and capacities are built over time.

#### **Possible actions for the Strategy:**

- Review DRM-related planning practices and gaps at all levels to identify good practices for peer learning and opportunities to integrate, link, and/or simplify them.
- Develop guidance and templates where gaps have been identified.
- Complete remaining sector disaster plans and ensure these contain concrete preparedness and response activities, including their implementation timing (prior to a disaster event, as part of anticipatory action, or after an event), likely costs and DRF source, preferred implementation arrangement (through procurement, including the specific procurement approach, or grants), and accountability requirements.
- Ensure link between sector disaster plans and regular plans and annual budgets for implementation of preparedness activities.
- Establish an annual process of updating disaster plans (e.g., as part of the corporate planning process or an annual drill/tabletop exercise before the cyclone season).

## **PFM Area 3: Resourcing of Plans**

Fiscal Risk Assessment. The DRF Diagnostic for Solomon Islands (2024) recommends conducting a fiscal risk assessment to build an understanding of the potential fiscal vulnerabilities associated with disasters. From a PFM perspective, such an exercise should be pragmatic given scarce staff capacities (vis-à-vis substantial workloads) to carry out such an assessment and limited financial resources to act on its outcomes. A pragmatic approach could bring together or build on related practices in the Solomon Islands:

- Statements of Risks in Budget Paper: Volume 1 and Budget Strategy & Operational Rules, which are currently qualitative in nature, lacking quantified information.
- Government debt management practices, including its Medium Term Debt Management Strategy 2021–2024.
- Annual IMF Article IV consultations conduct Debt Sustainability Analyses, which include a disaster shock scenario.
- One-off disaster risk analysis such as the PCRAFI Country Risk Profile in 2011 and the DRF Diagnostic in 2023, including its funding gap analysis.

It could further be linked to an annual update of available DRF instruments and their financing (funding gap analysis), with any findings related to government DRF resources subsequently to be implemented through the budget process. This could help ensure maintaining a basic level of DRF given changing availability of instruments and their financing over time. For example, the availability of contingent disaster financing from the Asian Development Bank (Contingent Disaster Risk Facility under the regional Pacific Disaster Resilience Program) and the World Bank (Catastrophe Deferred Drawdown Option) requires replenishment following drawdown, which results in temporarily significantly increased funding gaps that could warrant in response larger government allocations (e.g., via emergency budget lines, the National Disaster Council Fund, and/or increased sovereign risk insurance policy coverage).

#### **Possible actions for the Strategy:**

- See DRF Diagnostic (2024).
- Expand the current risk analysis carried out as part of the annual budget process and include quantitative estimates of fiscal risks from disasters and related funding gaps in budget documentation (e.g., in the Statement of Risks).
- Take risk-informed budget allocation decisions to address (to the extent possible) DRF gaps identified in the annually updated fiscal risk and funding gap assessment in a cost-effective manner.

Specific DRF Instruments. This area has been covered in detail by the DRF Diagnostic (2024). From a PFM perspective, five points are worth considering when deciding on Strategy actions to create or reform specific DRF instruments and decide on allocations across instruments:

- Each instrument has benefits but also incurs costs. This can include direct costs (e.g., fund contributions, premiums, subsidies), indirect costs (e.g., staff time for management and administration), and opportunity costs for development activities. The latter two are not directly visible but can be particularly important to consider given scarce capacities and substantial development needs in the Solomon Islands. For example, development needs and political economy considerations could make it less likely that governments are able to set aside substantial resources in any given budget year (i.e., beyond what is needed for immediate response to an average-scale emergency). Similarly, accumulated funds over time may be subject to spending pressures. In such a context, annual premiums for sovereign risk insurance may be an alternative strategy (even if payouts over an extended period do not amount to substantially more than premiums paid).
- Instruments are often rather “channels” and do not necessarily come with additional resources. An example is a national emergency fund like the National Disaster Council Fund. Merely creating more instruments may therefore not necessarily increase available DRF. Still, these could have other benefits that justify their use.
- The timing of an instrument’s availability can play an important role. For example, the need for allocations and cash directly before and right after a disaster is often small but can be crucial to purchase emergency items (e.g., water, fuel, medicines, building materials, flights/transport to emergency areas) or to provide response grants to organizations or households as part of an effective anticipatory action and immediate response. The need for an instrument providing rapid funds depends also on (1) effective cash management and sufficient liquidity and (2) whether upfront payment is required in general or specific parts within a country to obtain emergency goods and services.
- General (non-emergency) PFM challenges relevant to the specific instrument should be considered. For example, if financial reporting is a major challenge, emergency budget lines could be better suited than an emergency fund that requires separate financial reports.
- A country can have but does not necessarily need all instruments. For example, alternatives could be to allocate additional funds to emergency budget lines or a national emergency fund. The table below lists the selected advantages and disadvantages of these instruments and how they are used across selected Pacific countries.

	Contingency/emergency budget lines	National emergency funds
<b>Advantages</b>	<ul style="list-style-type: none"> <li>Easy administration (as part of overall budget), including no need for separate financial reporting and audit.</li> <li>Government agency staff are generally well aware of how to access and use the funds.</li> </ul>	<ul style="list-style-type: none"> <li>Ring-fenced funds that can generally be quickly accessed.</li> <li>No lapsing of funds at year-end and accumulation of contributions in times with no emergencies.</li> <li>Could attract additional DP contributions if well-managed (often not!).</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>Lapse at the end of the year (plus possible risks of incentivizing non-priority spending to avoid lapse).</li> <li>General contingencies can face competing (non-emergency) pressures (e.g., cost-of-living adjustment).</li> <li>Still needs cash prioritization to access funds in crisis situation (-&gt; effective cash management and sufficient liquidity important).<sup>21</sup></li> </ul>	<ul style="list-style-type: none"> <li>Substantial management and administration costs (e.g., processes to request funding, activity selection, reporting, audit).</li> <li>Awareness of government staff on access and use of fund is often limited, particularly outside MoFs and NDMOs, which can delay or prevent the use of funds.</li> </ul>
<b>Samoa</b>	<ul style="list-style-type: none"> <li>General contingency.</li> <li>Emergency budget lines introduced in FY2023 with allocations to key ministries.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>
<b>Tonga</b>	<ul style="list-style-type: none"> <li>General contingency.</li> <li>No specific emergency budget line(s).</li> </ul>	<ul style="list-style-type: none"> <li>The National Emergency Fund was created in 2008 and used for several emergency responses.</li> <li>Required separate financial reports and audits not prepared (-&gt; no additional DP contributions).</li> </ul>
<b>Solomon Islands</b>	<ul style="list-style-type: none"> <li>General contingency.</li> <li>Emergency budget lines with small allocations for several key ministries.</li> </ul>	<ul style="list-style-type: none"> <li>National Disaster Council Fund created under the NDC Act 1989, with account in place but guidelines missing.</li> <li>Fund has not received an appropriation since 2008, when a special audit found that funds were misused and often diverted away from disaster response activities (PCRAFI, 2015).<sup>22</sup></li> <li>Stakeholder interviews suggest that the fund is currently used only for the standing imprest of the NDC and Building Safety and Resilience in the Pacific (BSRP) project.</li> </ul>

In conclusion, it is important to identify country needs and focus on instruments where benefits (measurably) outweigh costs. If a specific instrument is used, it is important to make sure it functions well, including government staff know how to access it and use it well and that accountability requirements are met. In the case of a national emergency fund, this could require having appropriate procedures and supporting guidelines in place, carrying out staff training with annual refreshers, and sufficient support (e.g., MoFT accounting staff seconded to support fund management).

21. PCRAFI (2015) highlights that “all SI government programs receive 100% of their budget allocation (also known as a warrant) at the start of the calendar year. This provides government agencies with the flexibility to manage their allocated funds as they see fit throughout the year.” At the same time, the IMF’s 2023 Article IV staff report mentions the need to prioritize “restoring the government’s cash balance to reduce liquidity risks”.

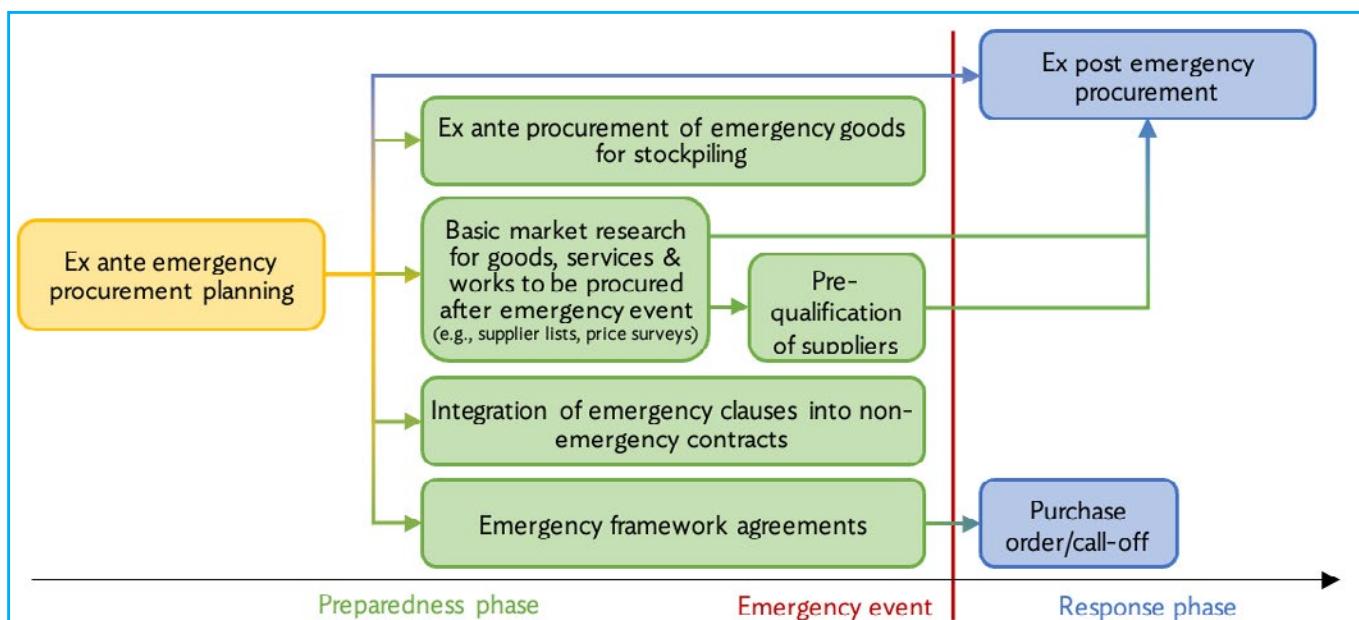
22. Solomon Islands Government. 2008. Special Audit Report: Tsunami and Earthquake Relief Fund within the National Disaster Council under the Ministry of Home Affairs. Honiara, Solomon Islands: Office of the Auditor General, Solomon Islands Government

**Possible actions for the Strategy: See DRF Diagnostic (2024).**

## PFM Area 4: Implementation of Plans

### Emergency Procurement

Public procurement plays a critical role in countries' emergency response. The figure (Figure 5) below illustrates different procurement approaches for emergency goods, services, and works. Given that many of these need to be done prior to a disaster event, and even ex post emergency procurement benefits from prior preparations, procurement planning plays a crucial role. Different approaches have their advantages and disadvantages that need to be weighted. For example, emergency framework agreements can be put in place before a disaster strikes, requiring only a simple contract, e.g. in the form of a purchase order, that specifies quantities to be issued directly after an emergency event. They



**Figure 5: Different procurement approaches for emergency goods, services, and works**

further benefit from competitive procurement processes. Downsides of such agreements include more complex processes (including often requiring awareness raising among suppliers); the need for ongoing contract management, which is often a significant issue in PFM; and limited feasibility or benefits due to small markets and a high-cost private sector environment.

Procurement is a major bottleneck for emergency response across Pacific countries. This is despite generally emergency-responsive legal frameworks. Common causes for emergency procurement issues include:

- Lack of procurement planning for emergency activities (also at times not done for regular budget).
- Poorly prepared, or lack of, technical specifications.
- Non-compliance despite expedited processes (often also substantial non-compliance in non-emergency times), including due to limited awareness of regulations, lack of adequate guidance with regular training, and lack of enforcement of rules and no consequences of non-compliance.

In the Solomon Islands, the legal framework sets out expedited procurement procedures and provides for general (i.e., non-emergency specific) period contracts (framework agreements).

- Expedited procedures as per Public Financial Management (Procurement) Regulations 2021, Division 4: Regulation 73 provides for the use of a bid waiver that allows for goods and services to be procured in any way that is appropriate in the circumstances. Regulation 74 sets out situations

where bid waivers may be used, including: (a) a proclamation declaring a state of public emergency is in force under section 16(2) of the Constitution or (b) an Order declaring the whole or a part of Solomon Islands to be in a state of disaster is in force under section 12 of the National Disaster Council Act. Regulation 75 sets out the bid waiver request process. In the (now outdated) Procurement & Contract Administration Manual (April 2013), bid waivers are discussed in Section 2.7 with the Bid/Quotation Waiver form in Annex 3.

- Period contracts as per Public Financial Management (Procurement) Regulations 2021, Division 5: While provisions are general (i.e., not emergency-specific) and Regulation 76 stipulates that period procurement contracts are for goods or services that are regularly required, these may be applied for common emergency items. For example, Regulation 76 lists “non-perishable food rations” as one of the goods to be procured under period contracts. Regulations 77–81 outline the process and specifics for period contracts.

Stakeholder discussions in the context of the Strategy development confirmed that emergency procurement is a bottleneck and reform priority. The National Disaster Risk Financing Strategy (NDRFS) workshop reports highlighted that inefficiencies in procurement systems for response require clear procurement procedures (March 2023) and to improve procurement through human resources and systems strengthening (October 2023). Workshop participants further highlighted that a specific issue are small-scale emergencies that do not warrant the declaration of a state of public emergency or state of disaster that are preconditions for using expedited emergency procedures but that still require quick responses, which often depend on procurement.

The Post-disaster Budget Execution Guidelines (2015) recommended three procurement-related reforms: (1) Ensure that MoFT procurement staff are integral to the National Emergency Operations Centre (NEOC)/NDMO during a post-disaster period; (2) support the development of specifications for a list of core emergency response items, such as food rations; basic agricultural and maintenance tools; emergency shelters; safety clothing and equipment; rental vehicles, etc. for emergency transport; and emergency communications equipment and services; and (3) support the development of a list of preferred suppliers/contractors for core items and services (e.g., emergency road clearance and reconstruction, public infrastructure repairs). A Thematic Audit Report on COVID-19-related Procurement in a State of Public Emergency by Three Ministries by the Auditor General's Office of Solomon Islands found significant issues with COVID-19 procurement practices. In response, the report suggests the preparation of guidance and instructions and the amendment of the MoFT Compliance Checklist (Recommendations 1-4, 7 and 8), and the revision of the imprest procedures manual (Recommendation 5), among others.

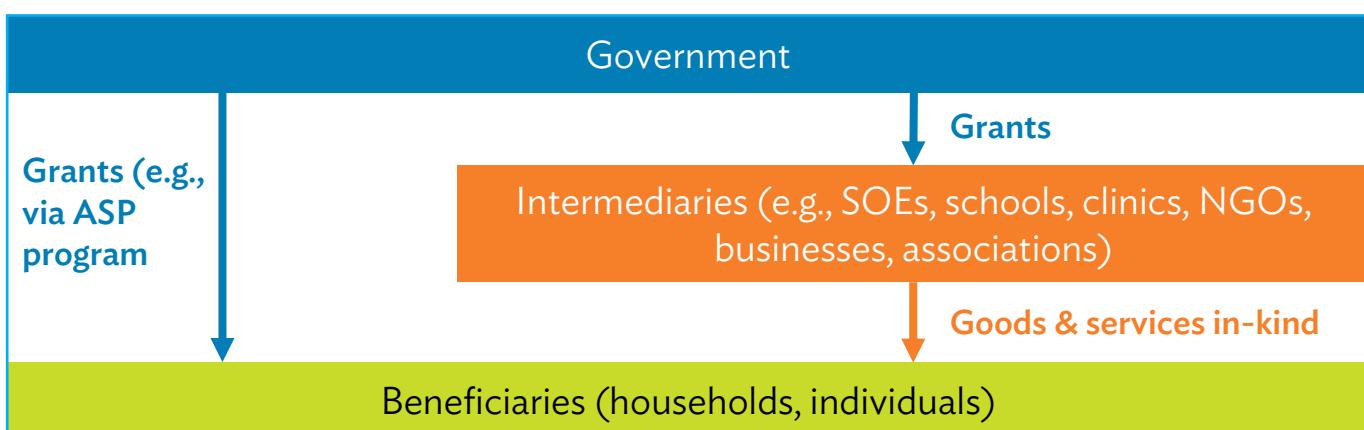
#### **Possible actions for the Strategy:**

- Revisit procurement regulations specifically given small-scale emergencies that do not warrant the declaration of a state of public emergency or state of disaster.
- Review instructions and tools, including the MoFT Compliance Checklist, in response to the findings of the Auditor General's report on COVID-19-related procurement during the state of public emergency.
- Prepare emergency procurement plans for relevant activities identified in the disaster plans and update the emergency procurement plans annually (e.g., as part of regular procurement planning or during annual drills/tabletop exercises that cover disaster plan updates).
- Ensure inclusion of procurements for preparedness activities in regular procurement plans.
- Develop specifications for identified priority emergency response items (e.g., for food rations; basic agricultural and maintenance tools; emergency shelters; safety clothing and equipment; rental vehicles for emergency transport; emergency communications equipment and services; emergency road clearance and reconstruction, public infrastructure repairs; and emergency water purification and tank cleaning services).
- Develop a list of preferred suppliers/contractors for core items and services.

- Prepare easy-to-understand guidance and communication materials on emergency procurement as needed (either as part of a comprehensive updated post-disaster budget execution manual or specifically for emergency procurement) as a basis for training and awareness raising among government staff and potential suppliers.
- Strengthen capacity of, and create awareness among, government staff on emergency procurement, including through regular training (e.g., as part of annual drills/tabletop exercises to update disaster plans) and by ensuring that MoFT procurement staff are integral to post-disaster response.

## Emergency Grants

Grants (or transfers) are frequently used to provide funds in normal times and emergency situations, e.g., to utilities (e.g., electricity, water, or telecommunication), schools and clinics, NGOs like the national Red Cross, businesses and business groups (e.g., farmers groups), and households. Adaptive social protection is one of the instruments/channels to provide resources directly to households. Grants can facilitate a rapid response by shifting procurement to grant recipients but can create issues with accountability. Clear procedures and guidelines, complemented by training of potential grant recipients, can help prevent the misuse and wastage of grant funds. Often, grant agreements (including reporting requirements and formats), or at least tailored templates for specific types of grants, can be put in place prior to an emergency event and subsequently enable an effective and efficient response.



Tonga's grant practices provide a regional example, which experienced long delays and missing accountability for grants paid to schools to repair damages caused by Tropical Cyclone Gita in 2018. Section 5 of the Treasury Instructions 2020 outlines grant procedures, including requirements for a grant agreement, record keeping, reporting, and splitting of larger grant payments to incentivize compliance with requirements. This is complemented by two grant agreement templates, with the longer version providing planning and reporting formats for grant recipients. A grant agreement has been used, for example, to channel funds to the Parents-Teachers' Association of a government primary school for the construction of a building in 2021. A systematic approach for channeling grants to households affected by drought is illustrated by the Republic of Côte d'Ivoire (2019) under the African Risk Capacity facility.

The Solomon Islands Government has experience using grants as illustrated by the examples in the table below. Grants are identified by economic account code 25 in the annual budget estimates and the financial management information system. Recent response financing for COVID-19 was channeled through the Economic Stimulus Package (ESP), which comprised ESP Relief Support for Grants, ESP Support to the Productive and Resource Sector, ESP Equity Support to State-owned Enterprises, and ESP Support to Infrastructure Initiatives. An interesting non-emergency example for channeling grants to the provincial level is the PCDF, which provides performance-based grants to provincial governments to manage public investments with incentives for improved governance (minimum access conditions for a share of the funds and remaining funds based on performance score relative to the average score of all provinces).

<b>Emergency examples</b>	<b>Non-emergency examples</b>
<ul style="list-style-type: none"> <li>NDMO: Grants to Solomon Islands Red Cross, Provincial Disaster Committees, and Members of Parliament<sup>23</sup></li> <li>Economic Stimulus Package (ESP) for COVID-19 response (economic account code 29)</li> </ul>	<ul style="list-style-type: none"> <li>Constituency Development Fund &amp; Provincial Capacity Development Fund grants</li> <li>Various health and education grants (e.g., Community Education Grant)</li> <li>Government Livestock Grant</li> <li>Various grants under the Ministry of Women, Youth, Children &amp; Family Affairs</li> </ul>

While no further documentation of grant practices in the Solomon Islands was available for this assessment, the Ministry of Women, Youth, Children and Family Affairs Corporate Plan 2015 - 2018 mentions existing guidelines for community assistance grants and the review of funding guidelines for youth grants. The Ministry's website further highlights that a grant agreement was signed with Temotu Provincial Government in March 2021 to construct a youth and children resource center.

Related to grant-making, the report of the NDRFS Workshop in March 2023 highlighted the inadequacy of, and distribution mechanisms for, financing right down to the community level and identified the opportunity for electronic cash transfer mechanisms to ensure rapid distribution of financial assistance. The DRF Diagnostic (2024) found an unclear role for adaptive social protection and recommended assessing the feasibility of an adaptive social protection system considering social protection systems in the Solomon Islands and possible disbursement mechanisms.

#### **Possible actions for the Strategy:**

- Collect and review experiences and available documentation (e.g., procedures, agreement templates, and guidelines) related to grant-making in regular and emergency times, including for support provided through the recent COVID-19 Economic Stimulus Package, to identify gaps, good practices, and the feasibility of using existing grant programs to channel DRF after an emergency event (e.g., via the PCDF).
- Consider the use of grants as a channel for DRF to different DRM actors (e.g., state-owned enterprises including utilities, civil society organisation (CSOs) including the Solomon Islands Red Cross, community and business groups, and/or households as part of adaptive social protection) as part of disaster planning and revisit this annually during disaster plan update exercises.
- Improve existing or develop new procedures, agreement templates, and/or guidelines for any identified gaps and potential use cases (see actions above) and use them to prepare for emergency grant-making (e.g., identify potential grant recipients for a specific activity, how to channel funds to them, and accountability and reporting requirements).
- Carry out training of potential grant recipients to raise awareness of procedures and accountability requirements.
- Assess the feasibility of an adaptive social protection system considering the current state of social protection in Solomon Islands.

## **PFM Area 5: Accountability and Learning**

Accounting. MoFT commissioned a new financial management information system (Microsoft Dynamics 365 or D365) in October 2021, which included the configuration and implementation of a new chart of accounts. The new chart of accounts includes fund source, organization (ministry and division segments), project, and economic classifications. The fund source segment allows accounting of spending against various sources, including special funds, which could include a disaster fund in the future. The organizational segment allows the accounting of spending by division, including of the National Disaster Council under the Ministry of Environment, Climate Change, Meteorology and

23. *Special Audit Report of Tsunami and Earthquake Relief Fund in 2008 highlighted lack of any requirement for grants provided to MPs.*

Disaster Management. The project segment allows the accounting of funds against specific capital/development projects that could be dedicated to DRM. The economic segment allows the recording of specific items related to DRM (e.g., the different Economic Stimulus Package components under the COVID-19 response). While technical specifications of the new FMIS were not available for this assessment, the lack of a program classification may hinder the systematic tracking of allocations and expenditures for DRM-related activities funded by non-emergency specific fund sources and projects across budget entities and economic items. Further information would be needed to explore options to track DRM spending, which should be coordinated with the efforts to track climate financing outlined in the Roadmap for Improving Access to Climate Finance and Public Spending 2022–2027. Regarding documentation supporting imprest payments, the Thematic Audit Report on COVID-19 Related Procurement in a State of Public Emergency by Three Ministries noted the lack of regulation and guidance, recommending to review the imprest procedures manual. In regard to accounting capacity, the Post-disaster Budget Execution Guidelines (2015) recommended ensuring that MoFT accounting staff are integral to the NEOC/NDMO during a post-disaster period.

Financial Reporting. This can include fund-specific and disaster-specific reports. The former can include reporting on DRF allocations and spending as part of the annual budget and financial reporting processes. It further includes reporting for the National Disaster Council Fund set up as a Special Fund with separate annual financial reporting and audit requirements by Sections 16–21 of the National Disaster Council Act 1989. In regard to emergency-specific account/fund reporting, PCRAFI (2015) refers to a disaster-specific account established at the Central Bank of Solomon Islands for the 2014 flash floods, receiving SI\$2.3 million in donations.

No recent public accounts or disaster-related financial reports were available for this assessment. The Post-disaster Budget Execution Guidelines (2015) recommended establishing a separate disaster-specific special fund account in the event of a disaster occurring, into which cash donations from international agencies, the private sector, the public, and catastrophe insurance payments could be paid. This would facilitate transparency and accountability of external disaster relief; such a disaster-specific special fund would complement the existing National Disaster Council Fund.

### **Possible actions for the Strategy:**

- Explore pragmatic options for budget tagging for DRM, in coordination with efforts to track climate financing outlined in the Roadmap for Improving Access to Climate Finance and Public Spending 2022–2027, and strengthen reporting in the D365 system of DRM expenditures for declared and non-declared disasters (including to improve understanding of disaster and fiscal risk).
- Review the imprest procedures manual in response to the findings of the Auditor General's report on COVID-19-related procurement during the state of public emergency.
- Collect and review experiences and available documentation for disaster-specific and DRF instrument-specific (e.g., National Disaster Council Fund) fund arrangements, accounting, and financial and implementation progress reporting, and address identified gaps (e.g., missing templates that provide systematic information by a disaster event, activities, and type of inputs funded and guidance to be included in a comprehensive updated post-disaster budget execution manual or specifically for accounting and financial reporting).
- Review current emergency financial management capacity, including for accounting and financial reporting, and address identified gaps, including through regular training (e.g., as part of annual drills/tabletop exercises) and by ensuring that MoFT accounting staff are integral to post-disaster response.

Audits and Evaluations. Several good practices exist in the Solomon Islands that can be built upon. The Office of the Auditor General prepared a Thematic Audit Report on COVID-19 Related Procurement in a State of Public Emergency by Three Ministries, which provides detailed recommendations to strengthen disaster-related procurement and financial management. PCRAFI (2015) and news articles

reference a 2008 Special Audit on the Tsunami and Earthquake Relief Fund. The Auditor General further prepared a Performance Audit Report on Climate Change Adaptation and Disaster Risk Reduction Management in 2018. In regard to evaluations, a government press release highlights National Disaster Council COVID-19 After Action Review – Lessons Learnt Workshops at the provincial level. Stakeholder discussions during the NDRFS Workshop in October 2023 raised the need to ensure that audit reports and recommendations are addressed.

**Possible actions for the Strategy:**

- Review process to systematically address issues identified in After Action Reviews and audit reports and implement improvements.

## Funding Gap Assessment

A funding gap analysis compares available resources from risk finance instruments with potential needs for disaster response for different event magnitudes. To do this, one possible strategy has been selected (the base strategy). This strategy is based on instruments that the government has already adopted or are under consideration. Ex-ante measures are available as resources that the Government can call on to address the impacts of a disaster, however, these are constrained due to a limited fiscal space. These include a disaster relief budget allocation to the National Disaster Council (NDC), the National Disaster Council Fund (NDCF), Contingency Warrants, the Asian Development Bank (ADB) Contingency Disaster Risk Facility (CDF), and the World Bank Catastrophe Deferred Drawdown Option (Cat DDO). The country continues to rely heavily on ex-post (i.e., addressed after a disaster occurs) instruments, particularly donor support, to fund post-disaster expenses. These include several reallocations from consolidated funds, flash appeals, donor assistance, and external borrowing where available.

Type	Financing Source	US\$ million
Ex-ante	NDC disaster relief budget **	0.3
Ex-ante	National Disaster Council Fund *	0.0
Ex-ante	Annual budget appropriation for Contingency Warrants **	2.4
Ex-ante	ADB CDF	10.0
Ex-ante	World Bank CAT-DDO	10.0
<b>Total</b>		<b>22.7</b>

To obtain loss estimates applicable to the funding gap analysis, risk data from the PCRAFI was utilized to compute a probabilistic distribution of losses. From this, established metrics can be derived. The Average Annual Loss (AAL) is the most common metric to estimate disaster losses. It indicates the annual expected long-term loss. However, average loss values smooth costs over time, therefore not fully reflecting the magnitude of losses that could occur from a single, large-scale event. AALs may not be the best indicator for hazards, such as large earthquakes, which are relatively infrequent but potentially devastating. The reduced likelihood can give a misperception of the potential risk. Where possible, this note also refers to risks at different return periods (RP), which reflect the estimated average time until the next occurrence of a defined event or the probability that various loss levels will be exceeded in any given year.

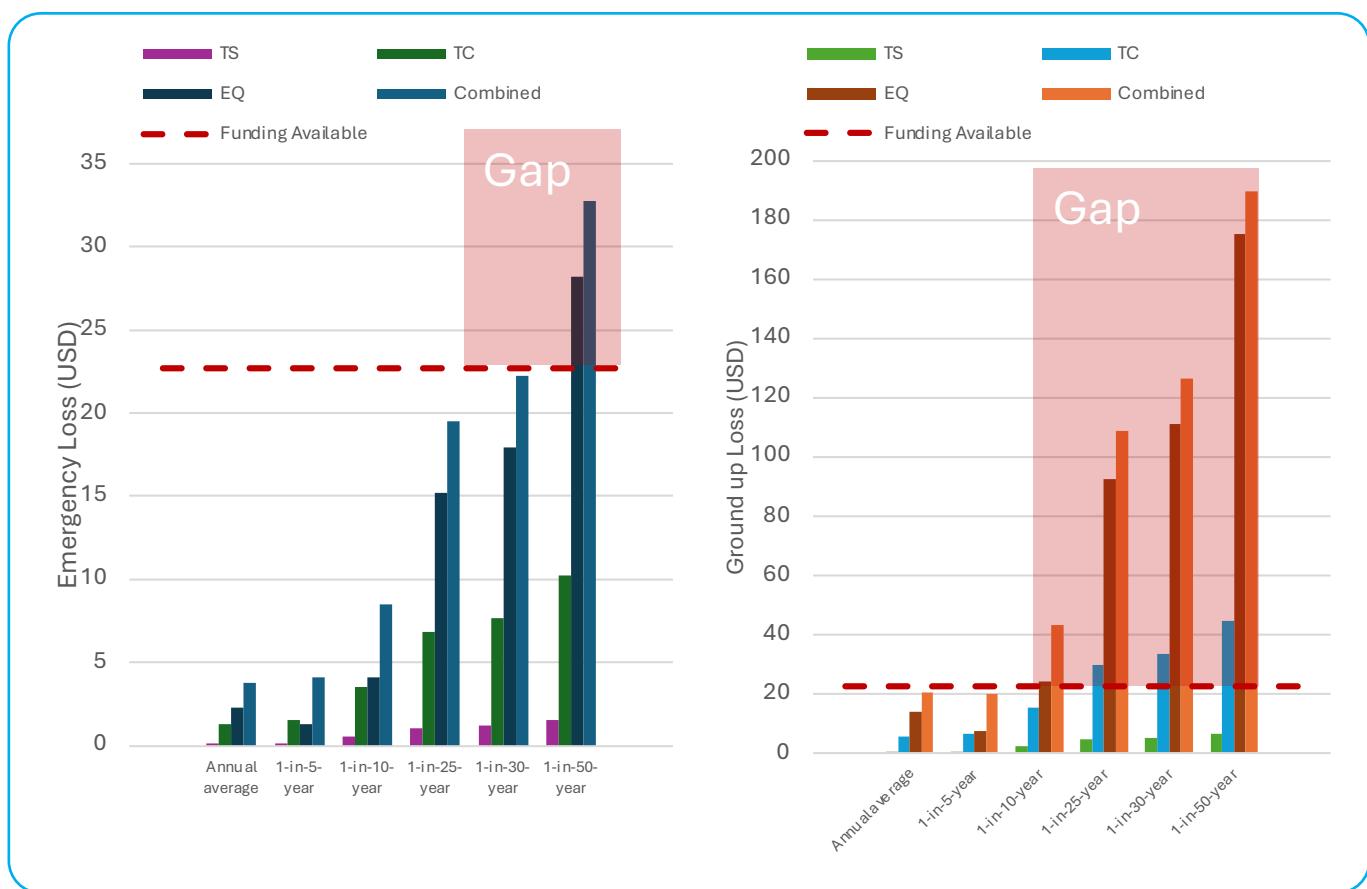
For example, a 1 in 50-year loss RP is expected to be exceeded with a 2% probability in any given year, this is the expected frequency and does not mean a flood of this size cannot occur next year.

To ensure this analysis is relevant to the context of the SIG, a set of assumptions were introduced to estimate the contingent liabilities related to potential payment obligations or future expenditures that may arise based on the outcome of a future event. These liabilities can be explicit, backed by legal obligations, or implicit, stemming from the social expectation that the government will act as a last-

resort insurer. Explicit liabilities include emergency relief and public asset reconstruction following a disaster, while implicit liabilities involve covering losses for the population where they are not able to fund losses and resort to seeking support from the government.

Comparing the modeled contingent liabilities with main financing sources reveals an estimated funding gap, which represents the proportion of disaster losses that fall due on the government and can be covered with expected sources of funds, as well as the remaining gap. Considering the ex-ante instruments available there is no funding gap up to the 1-in-30-year scenario for emergency costs and no funding gap up to the 1-in-5-year scenario for ground up losses.

For ground up damage, the financing available is sufficient to cover the AAL and losses from events less severe than a 1-in-5-year for all perils combined. For 1-in-10-year events and beyond, a gap emerges based on combined loss scenarios where ex-ante funding would be insufficient to cover ground up losses. This analysis highlights the materiality of the potential funding gap that may emerge in future. For instance, losses in a 1-in-30-year return period scenario would require an additional US\$111 million to cover ground up losses.



**ESTIMATED FUNDING GAP FOR VARIOUS RETURN PERIODS (LEFT: EMERGENCY LOSSES; RIGHT: GROUND UP DAMAGES; US\$ MILLION)**

**TC** = tropical cyclone

**EQ** = Earthquake including tsunami losses (ground shaking and tsunami losses produced by earthquakes)

**TS** = Tsunami losses only (produced by earthquakes that produce no ground shaking losses)





## Annex 2 – MEL Framework

	DESIRED RESULT	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS & RISKS
Goal	Strengthened financial protection against disasters across all phases, from preparedness to recovery.	<ul style="list-style-type: none"> <li>Collection of relevant data and information to better understand financial risks related to disaster events.</li> <li>Evidence of enhanced financial protection and resilience of the Solomon Islands against disasters.</li> <li>Expedited recovery from disaster impacts</li> <li>Increase in the percentage of disaster-affected population able to access disaster protection options.</li> <li>Decrease in the time taken for financial disbursements for disaster response and recovery activities.</li> </ul>	<ul style="list-style-type: none"> <li>Policy Documents and Reports.</li> <li>Financial Reports and Budget Allocations.</li> <li>Stakeholder Interviews and Surveys.</li> <li>Monitoring Reports</li> <li>Economic impact assessments conducted after disasters.</li> <li>Number of individuals or households receiving financial assistance post-disaster.</li> <li>Timeliness of financial disbursements recorded in post-disaster reports.</li> </ul>	<ul style="list-style-type: none"> <li>Political Stability and support.</li> <li>Availability of Financial Resources.</li> <li>Effective governance and institutional capacity for financial management.</li> <li>Effective Coordination Among Stakeholders</li> <li>Availability of accurate and reliable data for decision-making.</li> </ul>
<b>Priority 1: Strengthen the Overarching Enabling Environment for DRF</b>				
Outcome 1	Enhanced national capacity for DRF through legislation, policy, institutional reforms and strengthened technical capability.	<ul style="list-style-type: none"> <li>SIG agencies demonstrate increase in human and institutional capacity for DRF.</li> <li>Evidence of new or revised legislation to enhance DRF.</li> <li>Number of key personnel trained in DRF principles and practices.</li> <li>Number of revised policies and financial instructions specific to DRF.</li> <li>Increased level of satisfaction among stakeholders regarding the relevance and effectiveness of capacity-building programs.</li> </ul>	<ul style="list-style-type: none"> <li>Revised legislation, policy and financial instructions.</li> <li>Training attendance records and feedback surveys.</li> <li>Assessment reports on institutional capacity improvements.</li> <li>Monitoring reports and mechanisms on DRF capacity-building programs.</li> <li>Revisions to the PFM Act in 2025/2026.</li> <li>Revisions to the NDMP 2018.</li> </ul>	<ul style="list-style-type: none"> <li>Consistent political support and availability of resources for capacity building and institutional strengthening.</li> <li>Alignment of capacity-building efforts with identified DRF needs.</li> <li>Effective coordination among stakeholders involved in capacity-building initiatives.</li> <li>Timely implementation of institutional reforms and legislative/policy revisions.</li> </ul>
Output 1.1	Effective planning, mobilization, allocation, and use of DRF through strengthening of overarching frameworks and systems for DRM and PFM.	<ul style="list-style-type: none"> <li>NDRFSG inputs to support conceptualising the review of the PFM Act .</li> <li>DRF Manual developed by 31 December 2024.</li> <li>NDRFSG paper identifying specific constraints that hinder effective DRF in existing DRM governance developed by 31 December 2024.</li> </ul>	<ul style="list-style-type: none"> <li>NDRFSG paper outlining proposed changes to the PFM Act from a DRF perspective with supporting rationale.</li> <li>NDRFSG paper outlining any required changes to address constraints in existing DRM arrangements and frameworks.</li> </ul>	<ul style="list-style-type: none"> <li>NDRFSG provides advice and support to the PFM Act review in 2025.</li> <li>Support obtained from MECDM and NDMO to undertake NDMP review.</li> <li>Timely revision and updating of policies and procedures within the PFM and DRM system.</li> </ul>

	DESIRED RESULT	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS & RISKS
<b>Output 1.2</b>	Strengthen DRF implementation through improved technical expertise, coordination capabilities, and collaboration within the MoFT and NDMO and among disaster management stakeholders.	<ul style="list-style-type: none"> <li>Number of DRF and PFM training programs, (including refresher training) conducted annually for CFRU, NDMO, NDRFSG and N-DOC Sector Committees.</li> <li>Number of DRF and DRM governance awareness programs conducted annually with civil society, faith-based and private sector organisations.</li> <li>Number of annual multi stakeholder meetings or workshops held to discuss DRF initiatives.</li> <li>Number of annual DRF engagements or initiatives between the SIG and other development partners.</li> </ul>	<ul style="list-style-type: none"> <li>Reports of awareness and training programs.</li> <li>Records of engagements or initiatives between the SIG and other development partners.</li> </ul>	<ul style="list-style-type: none"> <li>Support obtained from MECDM and NDMO for use of the Sector Committees to facilitate training and awareness programs.</li> </ul>
<b>Output 1.3</b>	Robust monitoring of DRF actions to ensure achievement of desired results of the National DRF Strategy and behavioural change in people, mechanisms, and processes.	<ul style="list-style-type: none"> <li>MEL Framework revisited and reviewed annually.</li> <li>Quarterly progress reports submitted to MoFT, NDC, N-DOC and MNPDC within 1 month following each quarterly progress review.</li> <li>National DRF Standards finalised by the NDRFSG and endorsed by the MoFT by 31 July 2024.</li> <li>Case study on the uptake of the National DRF Standards completed by 31 December 2027.</li> </ul>	<ul style="list-style-type: none"> <li>Updated MEL Framework following periodic review.</li> <li>Quarterly progress reports.</li> <li>Approved National DRF Standards Practitioners Guide.</li> <li>Case study report.</li> </ul>	<ul style="list-style-type: none"> <li>Consistency and coherence with existing national monitoring and evaluation approaches.</li> </ul>
<b>Priority 2: Strengthen the Understanding of Disaster Risk and the Economic and Social Impact of Disasters</b>				
<b>Outcome 2</b>	Enhanced management capacity, accessibility and reliability of disaster risk and impact information for evidence-based decision-making across all levels of government.	<ul style="list-style-type: none"> <li>Percentage of staff surveyed within Government demonstrate strengthened the understanding of disaster risk and the economic and social impact of disasters.</li> <li>Percentage increase in the availability of data on different hazard types and their impacts.</li> <li>Percentage increase in the accuracy and completeness of hazard information and exposure data.</li> <li>Percentage increase in the utilisation of data and information sources for analysing vulnerability, exposure, and risk.</li> </ul>	<ul style="list-style-type: none"> <li>National data management guidelines.</li> <li>Research centre of excellence terms of reference and enabling instruments.</li> <li>Analysis of data management guidelines to ensure inclusion of disaggregated data.</li> <li>Assessment of hazard information and exposure data quality and standardisation.</li> <li>Review of reports and studies utilising data and information sources for disaster risk analysis.</li> </ul>	<ul style="list-style-type: none"> <li>Availability of resources for data collection, management, and analysis.</li> <li>Support from the National Statistics Office, MoFT and MECDM.</li> <li>Commitment from relevant government agencies to implement data management guidelines.</li> <li>Effective collaboration and coordination among government agencies, NGOs, and other stakeholders for data sharing and utilisation.</li> <li>Risks related to data privacy and security, as well as challenges in integrating data from various sources.</li> </ul>

	DESIRED RESULT	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS & RISKS
<b>Output 2.1</b>	Knowledge base for effective DRF is strengthened through the systematic collection of risk-related data.	<ul style="list-style-type: none"> <li>Templates for data collection reviewed and strengthened to improve timeliness and accuracy of data and ensure adequacy and fitness-for-purpose by 30 June 2025.</li> <li>National disaster loss database developed by 31 October 2025 and updated annually thereafter.</li> </ul>	<ul style="list-style-type: none"> <li>Stocktake of data collection templates with analysis of gaps.</li> <li>Reports from the national disaster loss database.</li> <li>Report on the review of disaster loss data and impact assessments to assess their timeliness and accuracy.</li> </ul>	<ul style="list-style-type: none"> <li>Commitment from relevant government agencies and stakeholders to support data collection and analysis.</li> <li>Effective coordination and collaboration among data analysis teams and stakeholders.</li> <li>Potential gaps in technical expertise for data collection and analysis.</li> <li>Limited access to data.</li> <li>Challenges in ensuring the accuracy and reliability of analysis results.</li> </ul>
<b>Output 2.2</b>	Improved data quality, integrity, accessibility, and interoperability for DRM and DRF through strengthening of data management capability.	<ul style="list-style-type: none"> <li>National data management guidelines to support DRM and DRF established by 30 June 2027.</li> <li>Number of people accessing relevant portals.</li> <li>Number of annual training programs (including refreshers) for staff in Government Agencies to enhance data analysis, maintenance and management capability.</li> <li>Concept note developed by the NDRFSG for a research centre of excellence for data and information management and submit for NSO and NDC support by 30 June 2027.</li> </ul>	<ul style="list-style-type: none"> <li>Approved national data management guidelines.</li> <li>Analysis of data quality, integrity, accessibility, interoperability, and information sharing practices to determine adherence to established guidelines.</li> <li>Concept note for the research centre of excellence.</li> <li>Training reports.</li> </ul>	<ul style="list-style-type: none"> <li>Availability of expertise and resources for the development and implementation of data management guidelines.</li> <li>Commitment from relevant government agencies and stakeholders to adopt and adhere to guidelines.</li> <li>Risks related to resistance to change, lack of awareness or understanding of the importance of data management guidelines, and challenges in ensuring compliance.</li> </ul>
<b>Output 2.3</b>	Strengthened capability to analyse and use data on disaster damage and loss impacts.	<ul style="list-style-type: none"> <li>Number of Damage and Loss Assessments directly informed by data and information analysis from pre-identified sources.</li> <li>Number of Damage and Loss Assessments developed within 1 month following major disaster events.</li> <li>Number of damage and loss assessments undertaken by MoFT and MNPDC.</li> <li>Number of MoFT, MNPDC, NDMO, Provincial Government and other personnel that are trained in Post Disaster Needs Assessments by December 2025.</li> </ul>	<ul style="list-style-type: none"> <li>Disaster loss assessment reports.</li> <li>PDNA training reports.</li> </ul>	<ul style="list-style-type: none"> <li>Availability and credibility of data and information.</li> <li>Expertise is available to conduct PDNA training.</li> </ul>

	DESIRED RESULT	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS & RISKS
<b>Priority 3: Assess and Enhance DRF Instruments and Approach to Risk Layering</b>				
<b>Outcome 3</b>	Customisation of DRF instruments to effectively address the unique characteristics and layers of risk at both national and local levels.	<ul style="list-style-type: none"> <li>Percentage increase in the number of DRF instruments and products to address different layers of risk.</li> <li>Percentage increase in the utilisation of customised DRF instruments by relevant stakeholders.</li> <li>Percentage of surveyed individuals reporting improvement in effectiveness and efficiency of DRF instruments in addressing risks.</li> </ul>	<ul style="list-style-type: none"> <li>Increased resources for DRF.</li> <li>Documentation of the development and adaptation process of customised DRF instruments.</li> <li>Analysis of the utilisation of customised DRF instruments for different disaster phases.</li> <li>Assessment of the impact and effectiveness of customised DRF instruments in addressing different layers of risk.</li> </ul>	<ul style="list-style-type: none"> <li>DRF donor support is consistent and well-coordinated by MOFT and NDMO.</li> <li>Availability of accessible and relevant DRF instrument.</li> <li>Availability of resources and technical expertise for the development and customisation of DRF instruments.</li> <li>Effective coordination and collaboration among stakeholders to ensure alignment with national and local contexts.</li> <li>Risks related to potential gaps in understanding local contexts, and challenges in ensuring the scalability and sustainability of customised DRF instruments.</li> </ul>
<b>Output 3.1</b>	Clear and well-defined DRF objectives and the comprehensive quantification of disaster risk.	<ul style="list-style-type: none"> <li>Methodology to assess fiscal risks posed by various hazards developed by 31 March 2025.</li> <li>Annual fiscal risk assessment and funding gap analysis based on DRF objectives covering hazard, event, and cost types developed and disseminated in time for consideration in agencies' budget submissions and inclusion in annual budget documentation, commencing with the budget process for 2026.</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder surveys or interviews to assess awareness and understanding of DRF objectives.</li> <li>DRF Manual section on fiscal risk assessment and funding gap analysis.</li> <li>Copies of annual fiscal risk assessment and funding gap analysis with DRF objectives (e.g., in budget documentation).</li> </ul>	<ul style="list-style-type: none"> <li>Clear guidance provided by MoFT and NDMO.</li> <li>Commitment from relevant government agencies and stakeholders to prioritise and adhere to established DRF objectives.</li> <li>Effective communication and coordination among stakeholders to ensure alignment with DRF objectives.</li> <li>Risks related to potential misalignment of objectives with competing priorities, and limited stakeholder engagement.</li> </ul>
<b>Output 3.2</b>	Strengthened DRF decision making and resource allocations.	<ul style="list-style-type: none"> <li>An evaluation of the cost-efficiency of different instruments undertaken by 31 August 2025.</li> <li>Percentage of DRM priorities and allocations integrated into the annual budget process by 31 October each year based on the findings of the annual fiscal risk assessments.</li> <li>Percentage annual increase in DRF (in emergency budget lines) allocations for DRF in the MoFT and MECDM/NDMO and NDC established sectors budget.</li> <li>Assessment of budget allocations to the NDC Disaster Relief Budget and Contingency Warrants is undertaken by 31 August each year.</li> </ul>	<ul style="list-style-type: none"> <li>Analysis of the cost efficiency of different DRF instruments and subsequent resource allocation decisions to determine alignment with DRF objectives.</li> <li>Report on DRF support through the NDC/NDMO.</li> <li>National budget estimates.</li> </ul>	<ul style="list-style-type: none"> <li>Consistency of commitment and capacity from MOFT and NDMO.</li> <li>Availability of data and information to support output delivery.</li> <li>Availability as required of external technical assistance.</li> <li>Risks related to potential constraints in data availability, technical capacity, and political will to implement recommended financing options.</li> </ul>

Desired Result		Indicators	Means of Verification	Assumptions & Risks
Output 3.3	Improved availability, functioning, and understanding of DRF instruments, including of their benefits, eligibility for access, and guidelines for use.	<ul style="list-style-type: none"> <li>National Disaster Council Fund (NDCF) is re-established by 30 September 2025.</li> <li>An evaluation of the terms and conditions of contingent credit examined by 31 March 2026.</li> <li>Feasibility study for Adaptive Social Protection (ASP) is completed by 31 December 2024.</li> <li>Feasibility study for Anticipatory Action Financing is completed by 31 December 2025.</li> <li>Feasibility study for the use of the PCDF for DRF support to Provincial Governments completed by 30 September 2025.</li> <li>An evaluation of the the feasibility of risk transfer products at the community level examined by 31 March 2026.</li> <li>Number of knowledge products on DRF instruments produced annually.</li> <li>Number of social and other media posts/articles used to strengthen awareness and understanding of DRF instruments are recorded annually by 31 August.</li> <li>In annual surveys undertaken by 30 September each year, 80% of surveyed individuals from eligible stakeholders group “agree” or “strongly agree” (on a sliding scale) that utilization of DRF instruments and products has been enhanced.</li> </ul>	<ul style="list-style-type: none"> <li>ASP and AA feasibility study reports.</li> <li>Report on the review of the NCDF.</li> <li>Report of the PCDF DRF feasibility study.</li> <li>Evaluation report on contingent credit and community level risk transfer products.</li> <li>DRF Manual section with guidance on access and use of individual DRF instruments.</li> <li>Publications including virtual material.</li> <li>Surveys or interviews to assess stakeholders' knowledge and understanding of DRF instruments and products.</li> <li>Analysis of feedback and satisfaction surveys regarding the clarity and accessibility of DRF guidelines and information.</li> <li>Report on DRF products utilisation.</li> </ul>	<ul style="list-style-type: none"> <li>Support obtained from Ministry of Provincial Government and Institutional Strengthening for the feasibility study.</li> <li>Regional technical assistance available to supplement national capacity support.</li> <li>Risks related to potential miscommunication, misunderstanding, or lack of awareness among stakeholders, as well as challenges in reaching marginalised or vulnerable groups.</li> </ul>
<b>Priority 4: Improve Systems and Practices for the Improved Access and the Effective and Efficient Use of DRF</b>				
Outcome 4	Strengthened PFM and DRM systems to support effective DRF.	<ul style="list-style-type: none"> <li>Number of disaster planning and preparedness activities informed/ utilizing/ supported by DRF funding opportunities.</li> <li>Evidence of innovation for DRF needs responsiveness for all stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Reports of DRM and PFM systems assessments.</li> </ul>	<ul style="list-style-type: none"> <li>Commitment from government leadership to strengthen PFM and DRM to enhance DRF.</li> </ul>

<b>DESIRED RESULT</b>				<b>INDICATORS</b>	<b>MEANS OF VERIFICATION</b>	<b>ASSUMPTIONS &amp; RISKS</b>
<b>Output 4.1</b>	<p>Effective and efficient allocation and use of available DRF through strengthened planning for disaster preparedness, response, and recovery.</p>	<ul style="list-style-type: none"> <li>Review of disaster preparedness, response and recovery planning practices and related gap assessment completed by 31 July 2025.</li> <li>Development of sector disaster contingency plan template and completion of remaining sector plans by 31 December 2025.</li> <li>Establish annual update process for sector contingency plans by 31 March 2026.</li> <li>Review of post disaster assessment approaches and methodologies undertaken by 31 August 2026.</li> </ul>	<ul style="list-style-type: none"> <li>Review reports.</li> <li>Sector disaster contingency plans.</li> <li>Annual contingency plan update process.</li> </ul>	<ul style="list-style-type: none"> <li>Combine focus of deliverables under Output 4.1 with the review of the NDMP referenced in Output 1.1.</li> <li>Commitment from NDMO.</li> <li>Availability of technical expertise and resources to undertake actions.</li> </ul>		
<b>Output 4.2</b>	<p>Strengthened timeliness and increased value-for-money of disaster response activities through improved emergency-related procurement.</p>	<ul style="list-style-type: none"> <li>Procurement regulations reviewed by 30 April 2025.</li> <li>Review of procurement instructions/guidance and templates, including MoFT Compliance Checklist, completed by 30 April 2025.</li> <li>Preparation and annual update of emergency procurement plans by 30 September each year.</li> <li>List of specifications for priority emergency response items with an updated list of preferred suppliers/contractor compiled and updated annually by 31 August each year.</li> <li>Number of communications products on emergency procurement requirements developed (and reviewed annually) to support training for Government staff and suppliers by 31 July 2025.</li> <li>Annual conduct of awareness and training on emergency procurement by 30 September each year.</li> </ul>	<ul style="list-style-type: none"> <li>Review reports.</li> <li>Emergency procurement plans.</li> <li>Annual list of emergency response items with preferred emergency suppliers and contractors.</li> <li>Communications products.</li> <li>Training reports.</li> </ul>	<ul style="list-style-type: none"> <li>Activities related to deliverables to be included in the annual work plan of the NDMO.</li> <li>Activities to be integrated into the Solomon Islands Country Development Plan for the Pacific Humanitarian.</li> </ul>		

DESIRED RESULT		INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS & RISKS
<b>Output 4.3</b>	Improved practices and capacity for post-disaster grant-making and strengthened financial management systems and capacity within CSOs and MSMEs.	<ul style="list-style-type: none"> <li>Review of grant management experiences undertaken by 30 April 2026.</li> <li>Review of financial management systems capacity for DRF undertaken for selected CSOs and MSMEs by 31 March 2026.</li> <li>Number of capacity-building workshops or training sessions conducted for CSOs and MSMEs on DRF by 31 December 2027.</li> <li>Financial management systems capacity strengthening programs developed for selected provinces, sector agencies, CSOs and MSMEs by 30 June 2027.</li> </ul>	<ul style="list-style-type: none"> <li>Review reports.</li> <li>Training programs.</li> <li>Training/workshop reports.</li> <li>Surveys of DRF practices by CSOs and MSMEs.</li> </ul>	<ul style="list-style-type: none"> <li>Grants to be a potential conduit of DRF assistance to stakeholders in particular civil society and MSMEs.</li> <li>Interest and sustained commitment to investments in DRF capacity strengthening by CSOs and MSMEs.</li> </ul>
<b>Output 4.4</b>	Strengthened capacity to transparently account for the use of DRF and learn from past disaster response performances, to prevent misuse and wastage and to improve risk understanding.	<ul style="list-style-type: none"> <li>Climate and disaster budget tagging and DRM expenditure reporting through the D365 system implemented by 31 December 2026.</li> <li>Review of imprest procedures manual conducted by 30 April 2026.</li> <li>Review of financial management arrangements for disaster-specific funds and DRF instruments completed by 30 June 2026.</li> <li>Review of current emergency financial management capacity by 31 March 2026.</li> <li>MoFT follow-up of post-disaster After Action Reviews (AARs) and audit reports undertaken within 2 weeks of their completion and issues within 3 months.</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change and DRF Classification manual.</li> <li>Updated D365 system user's manual.</li> <li>Review reports.</li> <li>Follow up progress reports.</li> </ul>	<ul style="list-style-type: none"> <li>Commitment from MoFT to address changes as part of an ongoing cycle of improvement.</li> </ul>



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