



THE MCC-SOLOMON ISLANDS THRESHOLD PROGRAM

Niusleta

Edition 01 • August 2023

Message from the MCC Resident Threshold Director

Welcome to the first edition of the SITHP Nius Leta.

In January 2022, the United States' Millennium Challenge Corporation (MCC) and the Solomon Islands Government (SIG) signed the MCC-Solomon Islands Threshold Program partnership agreement, commencing a USD\$20m (approximately SBD\$160m) investment in the country's tourism and forestry sectors. That agreement is publicly available at https://bit.ly/MCC_SITHP_Agreement.

The SIG and MCC jointly agreed to focus assistance on these two sectors because of their importance to the country's future economic prosperity. Our work is highly targeted within these sectors and designed to achieve specific objectives, to which we are accountable to the Government and people of Solomon Islands.

Progress towards those objectives over the four-year life-cycle of the program will help to unlock the tourism potential here and also to help make the country's most important natural resource—trees—more

sustainable and productive for the people of the Solomons.

The guiding principle of the MCC-Solomon Islands Threshold Program (MCC-SITHP) is to find solutions that are country-led and country-implemented, and this newsletter also lists all the organizations and stakeholders involved in making decisions about the program.

This newsletter provides general information about the program, the two projects and their expected outcomes, and is part of our commitment to open communication and transparency. I hope it illustrates the genuine and equal partnership that exists between MCC and Solomon Islands Government.

Please contact the program at info@sithp.com.sb with any enquires.

Charles Jakosa
MCC Resident Threshold Director



“ ”

Progress towards those objectives will help to firstly unlock the tourism potential here and secondly help make the country's most important natural resource – trees – more sustainable and productive for the people of the Solomons.

info@sithp.com.sb



Hon. Rexon Ramofafia , Minister of National Planning and Development Coordination(right) with Mr. Charles Jakosa, MCC Resident Threshold Director in Solomon Islands (Photo: Jared Koli/MNPDC).

What is the Millennium Challenge Corporation?

The MCC is an independent U.S. foreign assistance agency with a mission to reduce poverty through economic growth. MCC forms true partnerships with developing countries who meet rigorous standards for good governance, economic freedom, and investing in their citizens. Solomon Islands became eligible for an MCC partnership in late 2018, and the SIG and MCC began negotiating the assistance in 2019.

MCC has successfully partnered with countries worldwide, totaling approximately USD\$17 billion in economic investment.

These grants have helped lift millions

of people from poverty by catalyzing investment and economic growth. The core values of MCC are its competitive selection processes, country-led solutions, country-led implementation, and achieving results.

“I am proud to represent MCC in Solomon Islands because of MCC’s outstanding record on transparency, accountability, and results. MCC is an ‘open book’, and comprehensive information on the MCC’s work in Solomon Islands is available online at at mcc.gov and sithp.com.sb”, Charles Jakosa said.

Accessing Land for Tourism Investment Facilitation Project

Access to land and investment facilitation issues are barriers to Solomon Islands realising its full tourism potential. As logging declines, tourism represents one of the country’s main growth opportunities. The ALTIF project will help the government identify land suitable for tourism purposes and facilitate investment in the sector, with the overall objectives of increasing job opportunities for Solomon Islanders, lifting productivity, increasing the purchase of local goods, and achieving foreign exchange benefits.

In doing so, the ALTIF project will also address some specific problems that have held the sector back. Firstly, the benefits of tourism to communities are commonly either unequal or perceived as unequal, so the project will address this by establishing and maintaining “*social license*” around benefit-sharing with the community. Specifically, the project will work directly

with communities surrounding potential areas for investment to gain their support and understanding of the changes that an investment could bring to their lives, as well as identify potential opportunities for local communities to participate in the operation of the investment. Secondly, the project will examine risk-sharing and blended finance options for investments in tourism to lower the unpredictability and risk currently associated with the sector. And finally, reform to land governance and investment facilitation policies and practices is needed to ensure those processes are rules-based and transparent.

It is expected that new tourism enterprises will emerge from this support. Decisions about the nature and locations of the ventures will be made collaboratively with the SIG and MCC and will be published at sithp.com.sb.

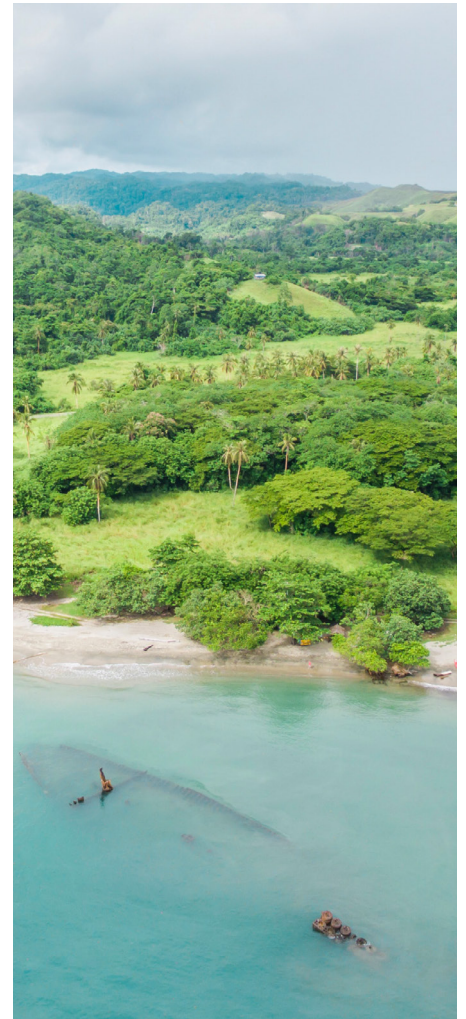


Photo by Gilly Tanabose on Unsplash



SIG-MCC delegation with Trustees and elders. Photo: Jared Koli / MNPDC

Viru Harbour

Viru Harbour in Western Province is the first location to receive Threshold Program support under the FoVEP project.

“We are excited to announce and begin the work of the Forest Carbon Activity which seeks to strengthen communities with economically viable alternatives to extractive logging. The project is part of larger Forest Value Enhancement Project (FoVEP) which is designed to generate more reliable, sustainable benefits for Solomon Islanders through the country’s national forest resources, addressing climate change and enhancing economic opportunities while protecting forests for the future”, said MCC Vice President for Policy and Evaluation, Alicia Phillips Mandaville.

With agreement and participation of landowners, more than 700 hectares of registered land has been approved for the PES project. This will preserve the area from logging and provide communities with a sustainable source of future revenue through the area’s significant reservoir of carbon stocks.

The location at Viru Harbour is susceptible to the effects of climate change, particularly rising sea levels, and is also home to the last remaining lowland forest in Western Province.

The project is implemented by Nakau Programme, Live & Learn Environmental Education, and the Natural Resource Development Foundation which will support the Viru Harbour landowners to transition to forest preservation and carbon capture as an alternative livelihood to logging.

Forest Value Enhancement Project

Logging has played a critical role in the nation’s development, accounting for more than 20 percent of the government’s tax revenues, and more than 70 percent of the country’s export value. As much as 85 percent of land is covered by customary ownership, which is protected under the Constitution. Decades of unsustainable logging practices and over-harvesting has resulted in environmental damage that costs Solomon Islands in many ways. This has underserved the people of Solomon Islands.

FoVEP aims to encourage reforms to forest practices that deliver more sustainable and reliable benefits from the country’s natural resources and provide communities with viable non-logging income and livelihoods, such as capturing and selling carbon. The selection of communities eligible for carbon projects depends on numerous factors, including the viability and availability of forest carbon stocks. The intention behind the reform work is to support the government to address the significant and negative outcomes of

environmental damage, the elite capture of logging benefits, and the regulatory disincentives to economic alternatives in the forest sector. The anticipated outcomes include conserving tracts of forests from logging, establishing alternative incomes for communities and more equitable land use and governance.

Decisions about the locations of preserved sites under FOVEP will be made by the SIG and MCC and will be published at sithp.com.sb.

What is Payment for Ecosystem Services?

The Payment for Ecosystem Services (PES) activity is part of FoVEP and will help build a regulatory and enforcement framework that achieves a balance between using forests for both logging and non-logging purposes. Carbon capture, storage and sale in conserved parcels of land is one aspect of PES that will manage forest resources more sustainably and create alternative income sources for remote communities.



Governance Structure: Who are our Partners?

Advisory Council Membership

- Ministry of National Planning and Development Coordination
- Ministry of Culture and Tourism
- Ministry of Lands, Housing and Survey
- Ministry of Environment, Climate Change, Disaster Management and Meteorology
- Ministry of Commerce, Industry, Labour and Immigration
- Ministry of Forest and Research
- Ministry of Women, Youth, Children and Family Affairs
- Ministry of Justice and Legal Affairs
- MCC Resident Threshold Director

ALTIF Task Force

- Solomon Islands Government Permanent Secretaries for Planning and Culture and Tourism
- Officials from Provincial governments

FoVEP Task Force

- Solomon Islands Government Permanent Secretaries for Planning, Forestry, and Environment
- Officials from Provincial governments

SIHTP Program Implementing Partners

- The International Finance Corporation - IFC (ALTIF)
- Tetra Tech (ALTIF)
- Nakau Programme (FoVEP)
- Live and Learn Environmental Education (FoVEP)
- The Natural Resource Development Foundation – Solomon Islands (FoVEP)
- DT Global (Program Facilitation)