



Pacific Trade Invest

# PACIFIC BUSINESS MONITOR 2020

## SOLOMON ISLANDS FOCUS



PACIFIC ISLANDS  
FORUM SECRETARIAT

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# INTRODUCTION

## INSIGHTS INTO PACIFIC BUSINESSES

The COVID-19 outbreak has caused a global health emergency and an economic slowdown impacting millions of small and medium-sized enterprises (SMEs) around the world, including the Pacific region.

International tourism is a driving sector for local Pacific economies, but travel restrictions in 2020, including border closures, have affected businesses in this region.

To understand the ongoing impact on the Pacific's private sector, Pacific Trade Invest (PTI) commissioned Fifth Quadrant, an independent research agency, to run a regular survey to understand the ongoing effects of COVID-19 on businesses in the Pacific.

This report reviews the data collected from across the Pacific region in the first nine waves of the survey, conducted from 18 May–13 December 2020.

# OBJECTIVES



## UNDERSTAND THE IMPACT OF COVID-19 ON SMES IN THE PACIFIC:

- Track impact on business revenue
- Track impact on the local economy
- Track level of concern regarding business survival
- Track impact on mental health

## COMPARE SATISFACTION WITH GOVERNMENT SUPPORT:

- Track satisfaction with government response and support
- Track access to government support



## UNDERSTAND HOW SMES IN THE PACIFIC ARE REACTING TO THE CRISIS:

Track how businesses are adapting to the crisis to reduce impact and damage (e.g. reduced wages, staff/operational costs etc.)

## IDENTIFY KEY AREAS OF SUPPORT NEEDED TO RECOVER FROM THE IMPACT OF COVID-19:

- Expectations regarding speed of recovery
- Initiatives taken to optimise/improve business readiness for upswing
- Understand the key challenges
- What assistance do they need to adapt/optimize/ improve/ survive?
- What information is required?



# SAMPLE PROFILE

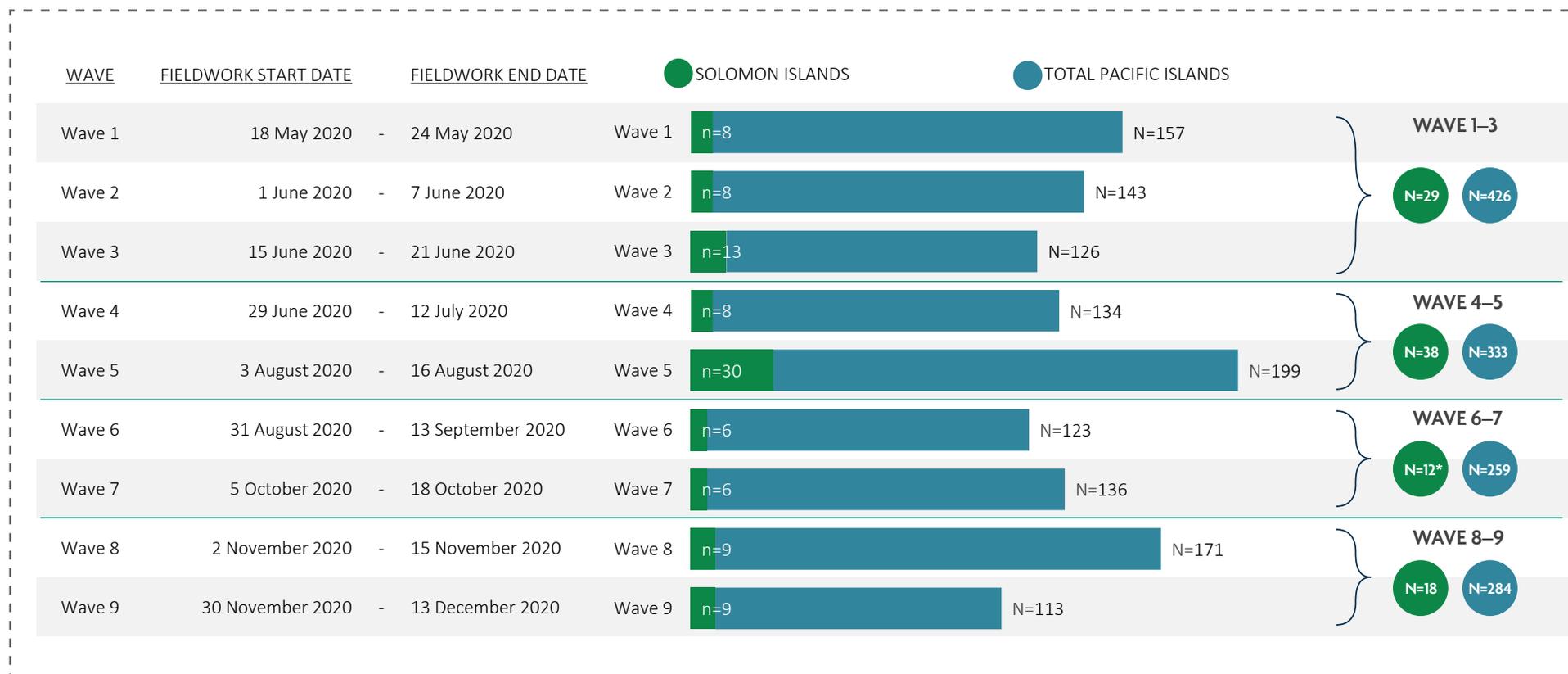
## LOCATION

Our sample includes businesses based in the Pacific Islands. We achieved a robust sample of over n=110 for each wave in 2020 and a relatively consistent representation of businesses in the Solomon Islands across each wave.

	Wave 1	Wave 2	Wave 3	Wave 4	Wave 5	Wave 6	Wave 7	Wave 8	Wave 9
TOTAL PACIFIC ISLANDS	157	143	126	134	199	123	136	171	113
Cook Islands	10	4	4	2	20	4	31	19	17
Federated States of Micronesia (FSM)	1	0	0	0	0	0	0	0	0
Fiji	27	15	10	10	6	13	5	34	9
French Polynesia	3	0	4	2	0	1	0	1	1
Kiribati	6	2	3	2	4	1	2	4	0
Marshall Islands	1	1	1	0	0	7	1	0	0
Nauru	1	0	2	0	1	0	1	1	1
New Caledonia	8	10	7	9	25	12	7	10	6
Niue	2	36	10	52	41	18	22	36	30
Palau	2	13	16	4	5	9	4	4	3
PNG	19	26	16	12	18	4	5	6	4
Samoa	15	10	12	5	10	10	9	8	4
Solomon Islands	8	8	13	8	30	6	6	9	9
Tonga	32	9	16	15	18	10	8	11	2
Tuvalu	2	1	1	4	13	15	26	15	20
Vanuatu	20	8	11	9	8	13	9	13	7

# SAMPLE PROFILE

As base sizes were low for some waves, 2020 waves were combined into four periods as shown below to maximise the validity of the data and ensure reliable comparison of the Solomon Islands to the total Pacific Islands.



\*Low base size

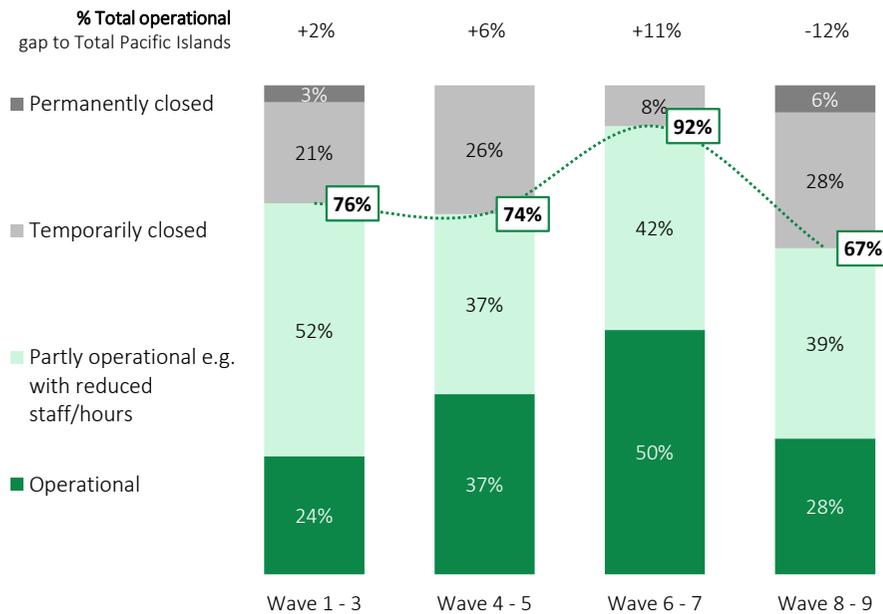
# IMPACT OF COVID-19 ON BUSINESS STATUS

The COVID-19 crisis continues to have a significant impact on the normal operation of businesses in the Solomon Islands. Despite a positive increase in fully operational businesses in September to October (Wave 6-7), by the end of 2020 only 28% of businesses in the Solomon Islands were fully operational compared to a 36% on average for all the Pacific Islands.

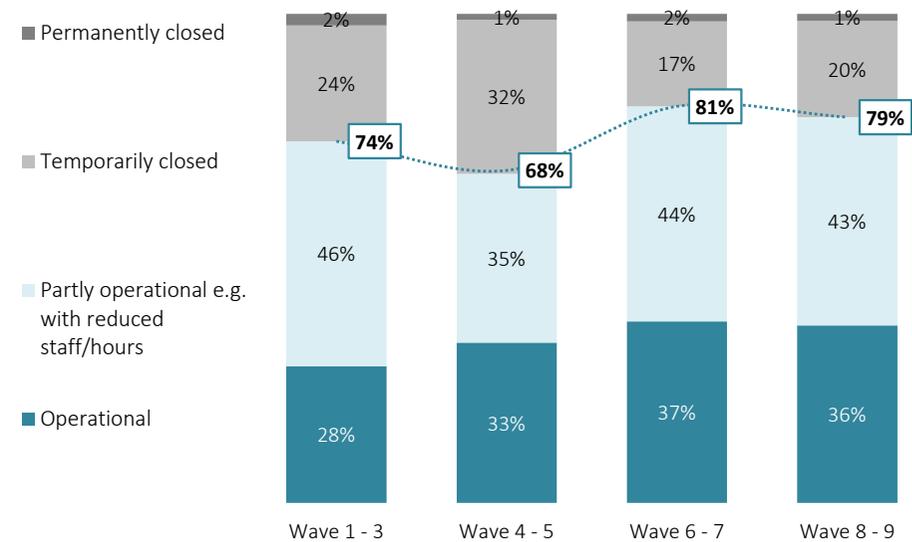
Q

WHAT IS YOUR CURRENT BUSINESS STATUS?

## SOLOMON ISLANDS



## TOTAL PACIFIC ISLANDS



..... % TOTAL OPERATIONAL

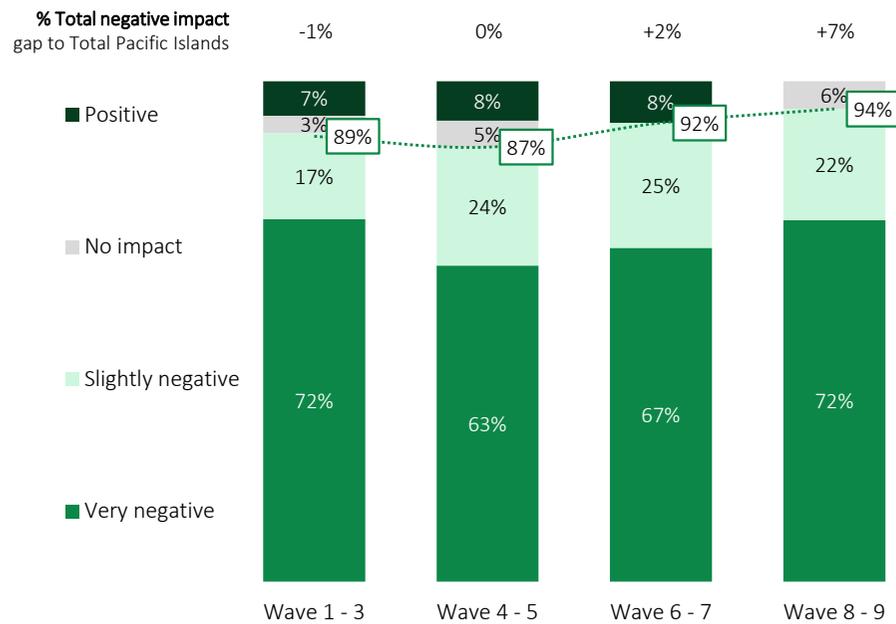
# IMPACT OF COVID-19 ON BUSINESS

A very negative impact on business has remained higher for businesses in the Solomon Islands across 2020 compared to the rest of the Pacific Islands.

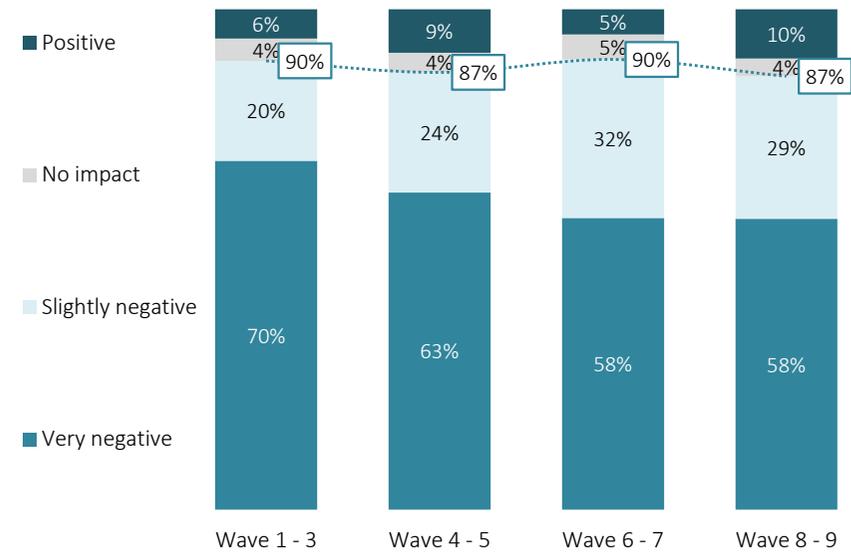
Q

HOW WOULD YOU DESCRIBE THE IMPACT OF THE COVID-19 OUTBREAK ON YOUR BUSINESS?

## SOLOMON ISLANDS



## TOTAL PACIFIC ISLANDS



..... % TOTAL NEGATIVE IMPACT

# IMPACT OF COVID-19 ON BUSINESS REVENUE

A very negative impact on business has remained higher for businesses in the Solomon Islands across 2020 compared to the rest of the Pacific Islands.

Q

WHAT IMPACT HAS THE COVID-19 CRISIS HAD ON YOUR BUSINESS SALES/REVENUE SO FAR?

## SOLOMON ISLANDS

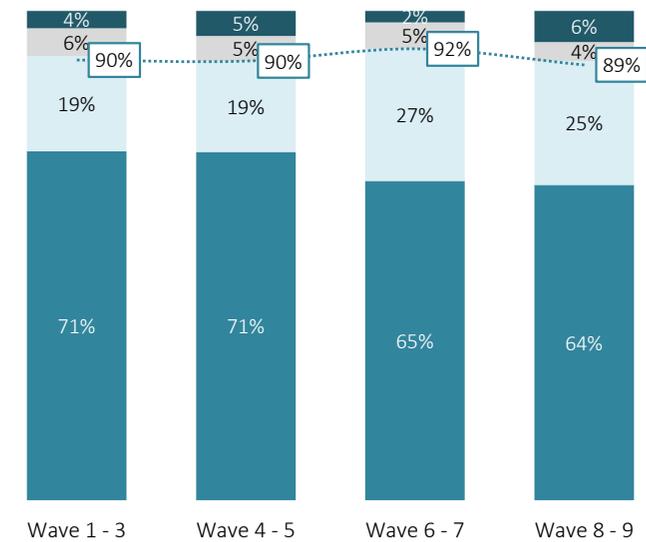
% Total decline in revenue gap to Total Pacific Islands

- Increase
- No impact
- Slight decline
- Significant decline



## TOTAL PACIFIC ISLANDS

- Increase
- No impact
- Slight decline
- Significant decline



..... % TOTAL DECLINE IN REVENUE

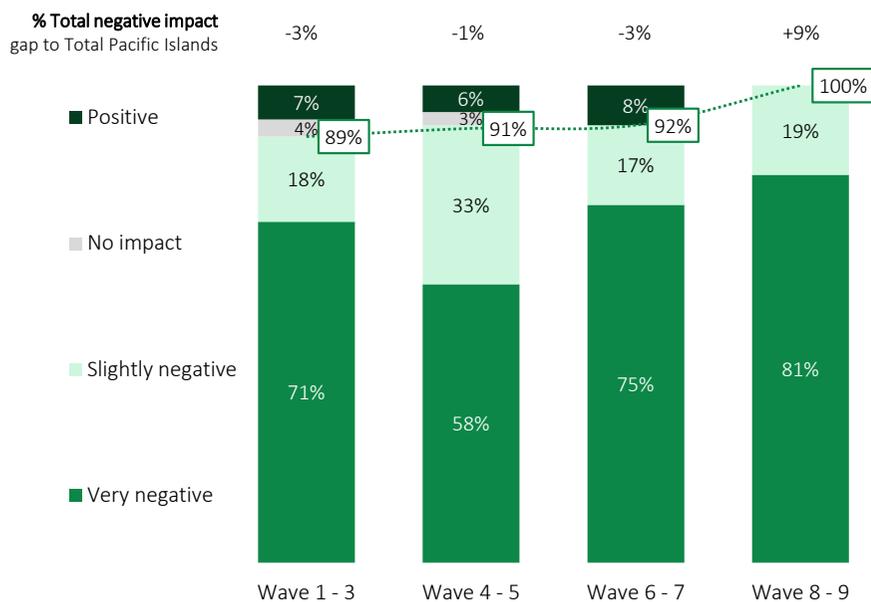
# IMPACT OF COVID-19 ON THE LOCAL ECONOMY

Those reporting a very negative impact on the local economy in the Solomon Islands has been increasing since Wave 4-5 and currently sits much higher than the Pacific Islands overall.

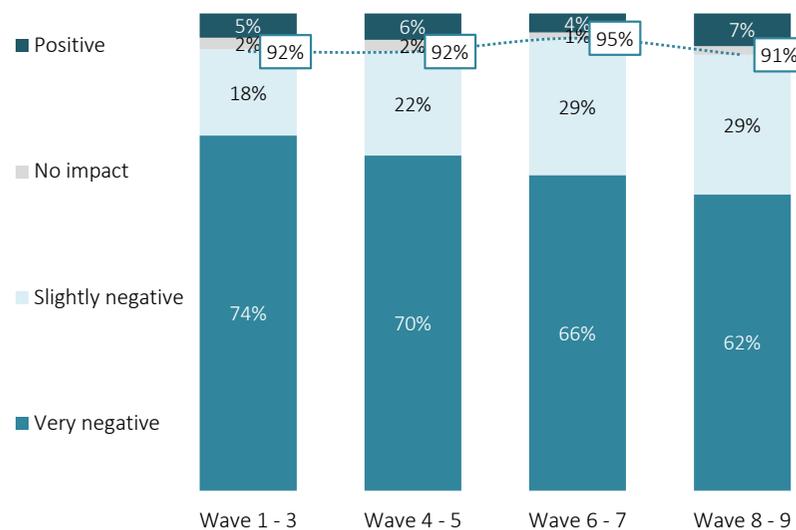
Q

WHAT IMPACT HAS THE COVID-19 CRISIS HAD ON YOUR LOCAL ECONOMY?

## SOLOMON ISLANDS



## TOTAL PACIFIC ISLANDS



..... % TOTAL NEGATIVE IMPACT

# IMPACT OF COVID-19 ON WELLBEING

In line with other data, decision-makers in the Solomon Islands have also reported greater negativity regarding the impact on their community wellbeing, financial situation and mental health across most waves in 2020.

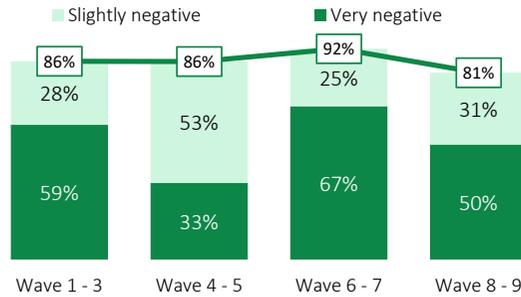


WHAT IMPACT DO YOU THINK THE COVID-19 SITUATION WILL HAVE ON THE FOLLOWING...?



## THE WELLBEING OF YOUR COMMUNITY

SOLOMON ISLANDS

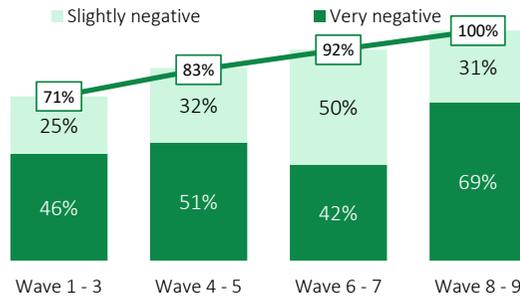


% total negative gap to total

0%    +3%    +8%    0%



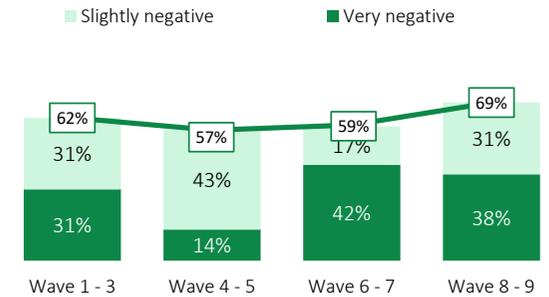
## YOUR PERSONAL FINANCIAL SITUATION



-13%    -2%    +6%    +16%

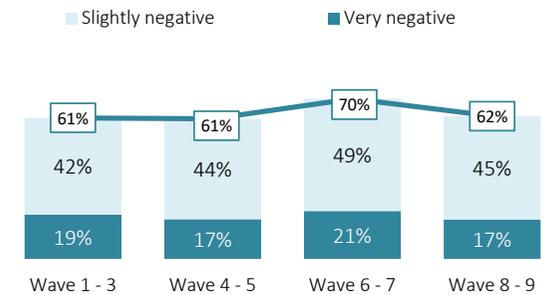
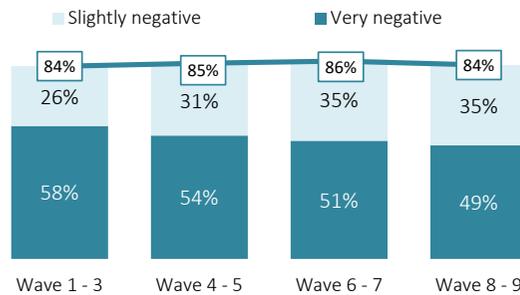
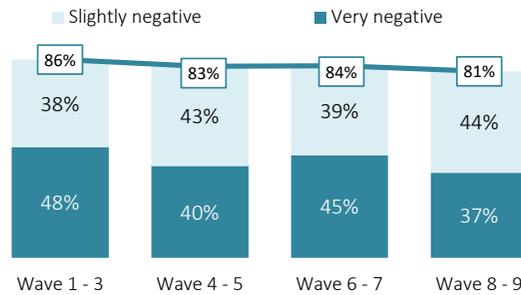


## YOUR MENTAL HEALTH



+1%    -4%    -11%    +7%

TOTAL PACIFIC ISLANDS



# IMPACT OF COVID-19 ON EMOTIONAL STATE

Levels of anger among decision-makers in the Solomon Islands have been steadily increasing across the year, with a third now feeling angry all/most of the time.

Q

THINKING BACK OVER THE LAST 2 WEEKS, HOW OFTEN DID YOU FEEL...?

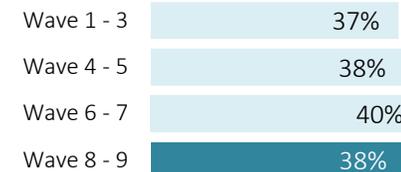
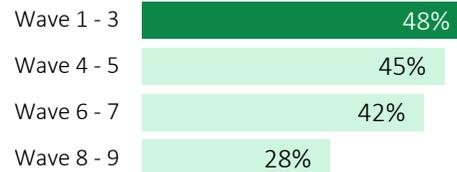
## SOLOMON ISLANDS

## TOTAL PACIFIC ISLANDS



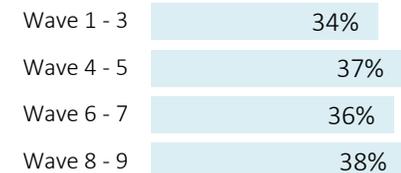
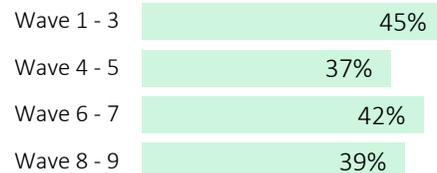
### OPTIMISTIC

% Felt optimistic all/most of the time



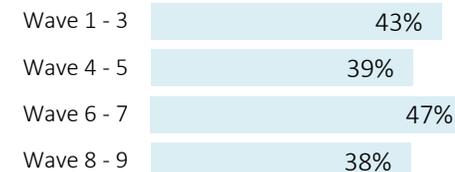
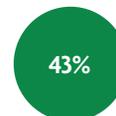
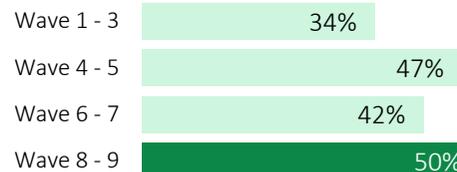
### HAPPY

% Felt happy all/most of the time



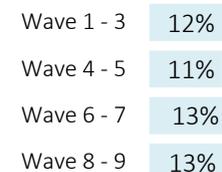
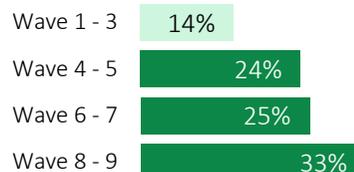
### WORRIED

% Felt worried all/most of the time



### ANGRY

% Felt angry all/most of the time



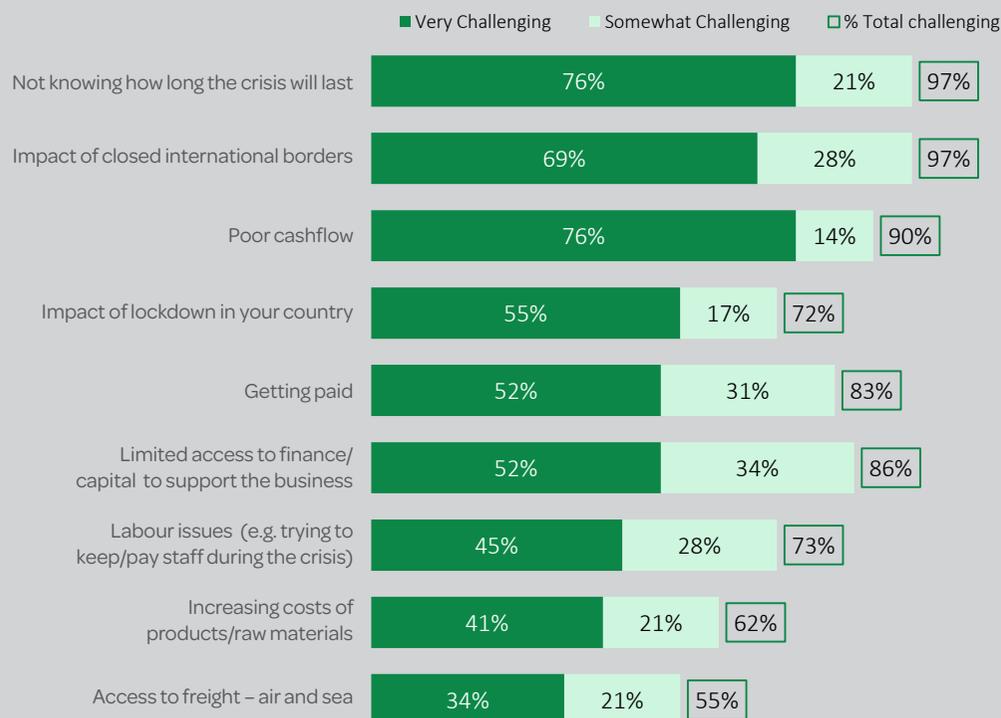
# CHALLENGES AS A RESULT OF COVID-19 AND MARKET CONDITIONS

The extent of challenges faced by businesses in the Solomon Islands increased across most factors by the end of 2020, as international borders remain closed.

Q

HOW CHALLENGING HAS YOUR BUSINESS FOUND THE FOLLOWING AS A RESULT OF COVID-19 AND THE CURRENT MARKET CONDITIONS?

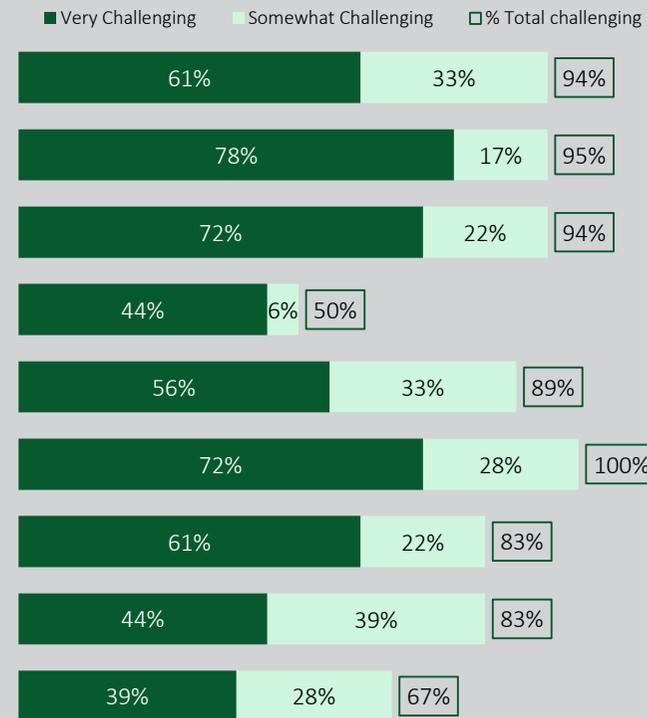
## SOLMON ISLANDS: WAVE 1-3



% Total challenging  
Wave 8-9 difference to  
Wave 1-3

-3%  
-2%  
+4%  
-22%  
+6%  
+14%  
+10%  
+21%  
+12%

## SOLOMON ISLANDS: WAVE 8-9



# CHALLENGES AS A RESULT OF COVID-19 AND MARKET CONDITIONS

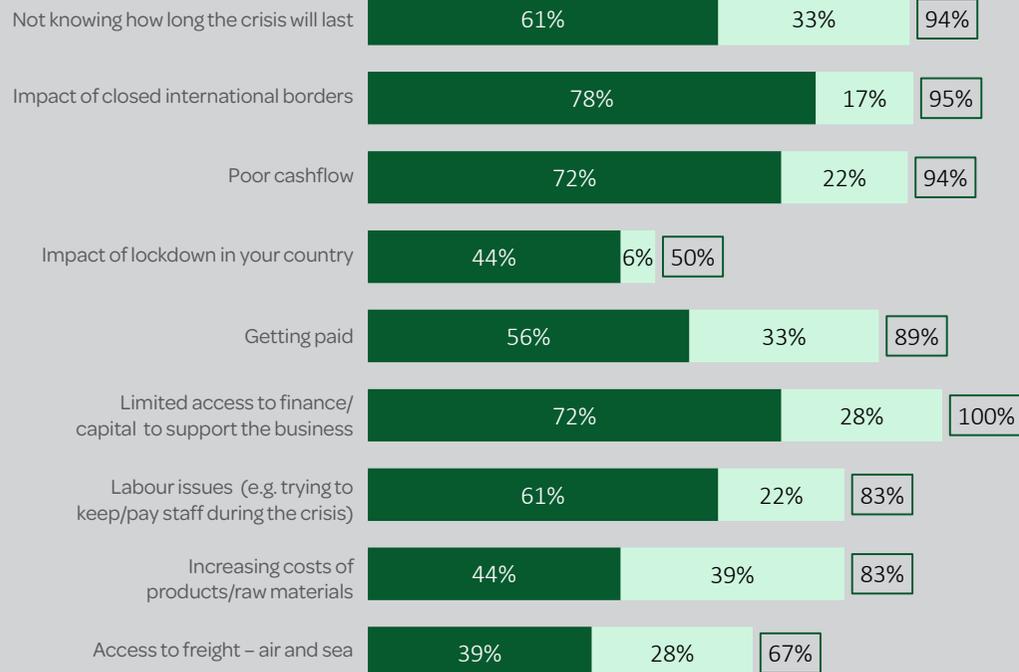
Towards the end of 2020, businesses in the Solomon Islands were more likely to face a greater number of challenges compared to the Pacific Islands overall.

Q

HOW CHALLENGING HAS YOUR BUSINESS FOUND THE FOLLOWING AS A RESULT OF COVID-19 AND THE CURRENT MARKET CONDITIONS?

## SOLOMON ISLANDS: WAVE 8-9

Very Challenging Somewhat Challenging % Total challenging

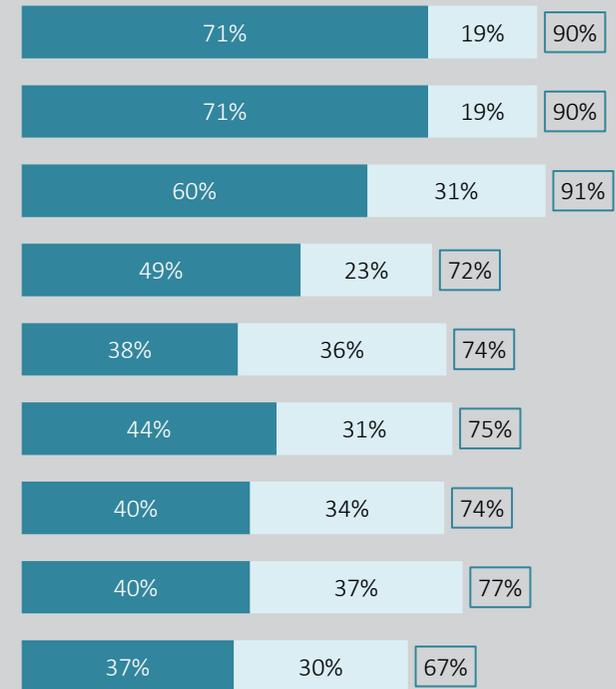


% Total challenging  
Wave 8-9 gap to  
Total Pacific Islands

+4%  
+5%  
+3%  
-22%  
+15%  
+25%  
+9%  
+6%  
0%

## TOTAL PACIFIC ISLANDS: WAVE 8-9

Very Challenging Somewhat Challenging % Total challenging



# ACTIONS TAKEN TO REDUCE COST AND DAMAGE TO BUSINESS DUE TO COVID-19

At end of 2020, a greater number of businesses in the Solomon Islands were focusing on diversifying their offering and selling more online to generate alternative revenue streams.

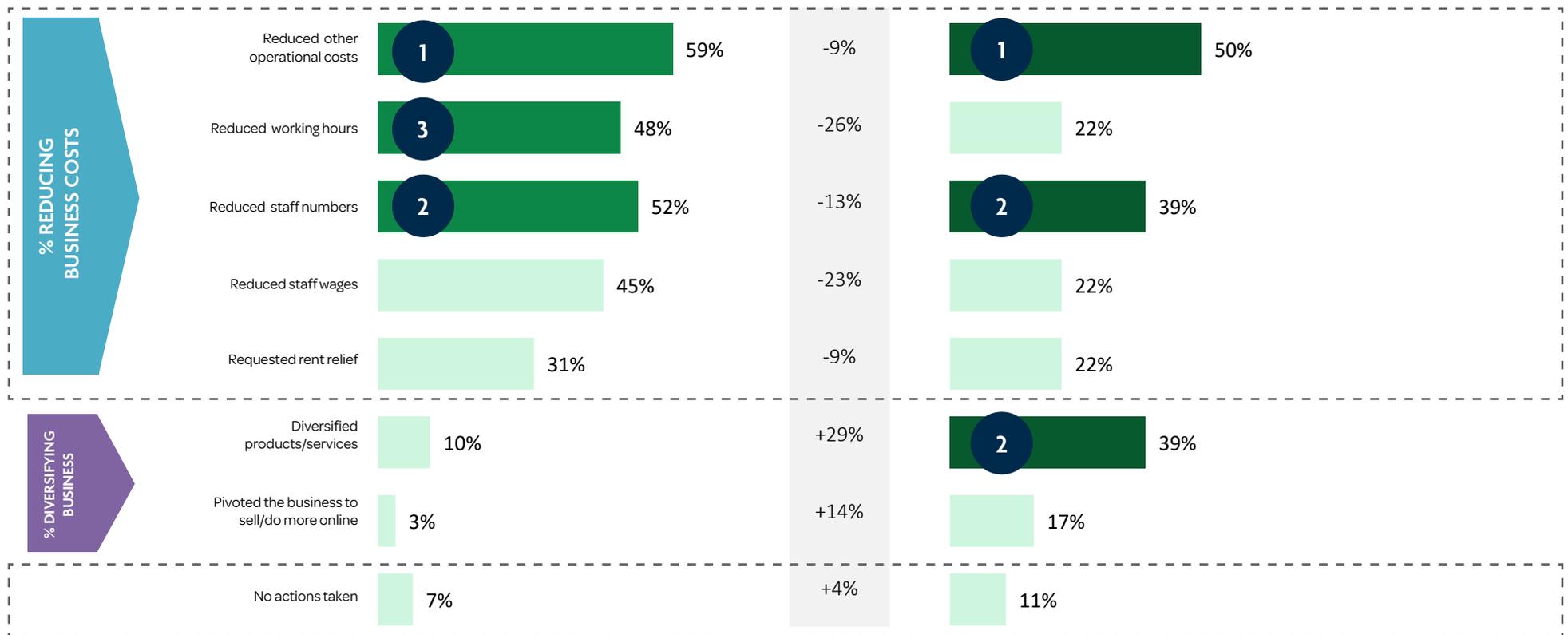
Q

INDICATE THE ACTIONS YOUR BUSINESS HAS TAKEN TO REDUCE THE COST & DAMAGE TO YOUR BUSINESS DUE TO THE COVID-19 CRISIS.

## SOLOMON ISLANDS: WAVE 1-3

Wave 8-9 difference to Wave 1-3

## SOLOMON ISLANDS: WAVE 8-9



AVERAGE NUMBER OF ACTIONS TAKEN

2.5

AVERAGE NUMBER OF ACTIONS TAKEN

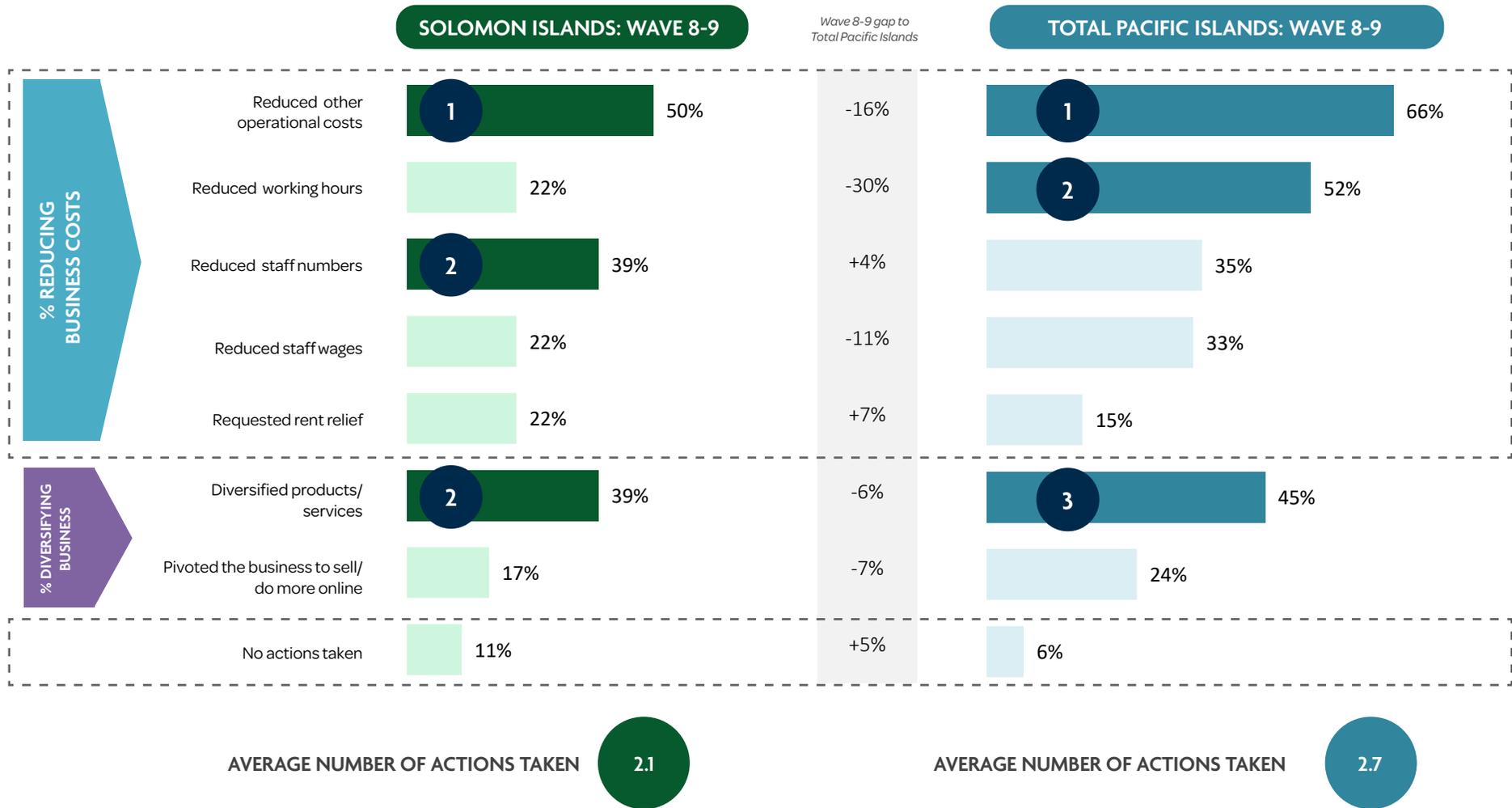
2.1

# ACTIONS TAKEN TO REDUCE COST AND DAMAGE TO BUSINESS DUE TO COVID-19

Compared to the rest of the Pacific Islands, businesses in Solomon Islands are implementing slightly less actions.



INDICATE THE ACTIONS YOUR BUSINESS HAS TAKEN TO REDUCE THE COST & DAMAGE TO YOUR BUSINESS DUE TO THE COVID-19 CRISIS.



# CONFIDENCE IN BUSINESS SURVIVAL

As the negative impact has been greater in the Solomon Islands, the proportion of businesses showing overall confidence in survival is lower compared to the rest of the Pacific Islands.

Q

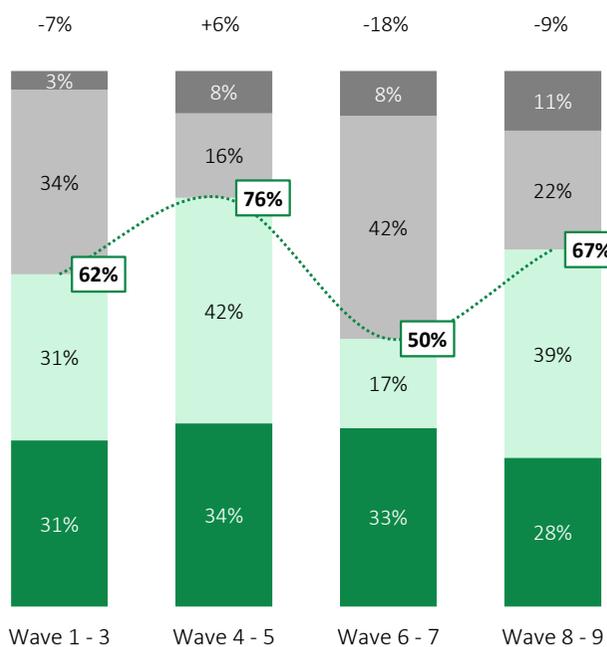
HOW CONFIDENT ARE YOU THAT YOUR BUSINESS WILL SURVIVE THE COVID-19 CRISIS?

## SOLOMON ISLANDS

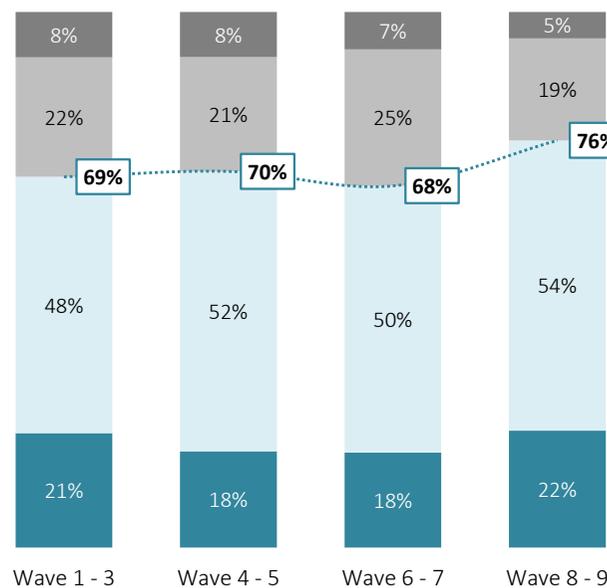
## TOTAL PACIFIC ISLANDS

% Total confident gap to Total Pacific Islands

- Not confident at all
- Not very confident
- Somewhat confident
- Very confident



- Not confident at all
- Not very confident
- Somewhat confident
- Very confident



..... % TOTAL SATISFIED WITH GOVERNMENT RESPONSE

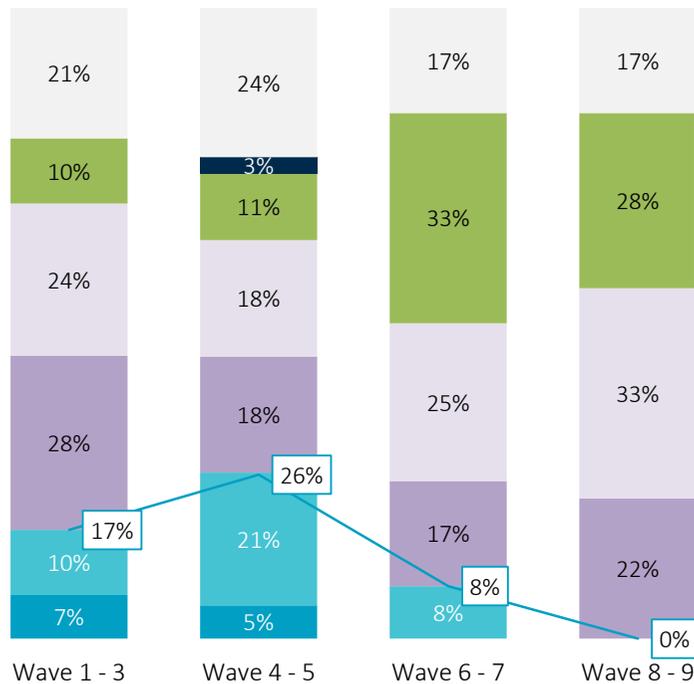
# TIMEFRAME OF BUSINESS SALES/REVENUE RETURNING TO BUSINESS AS USUAL

The timeframe for revenue returning to pre-COVID-19 levels is expected to be earlier in the Solomon Islands with 55% expecting to return by the end of 2021, compared to 39% on average for the Pacific Islands.

Q

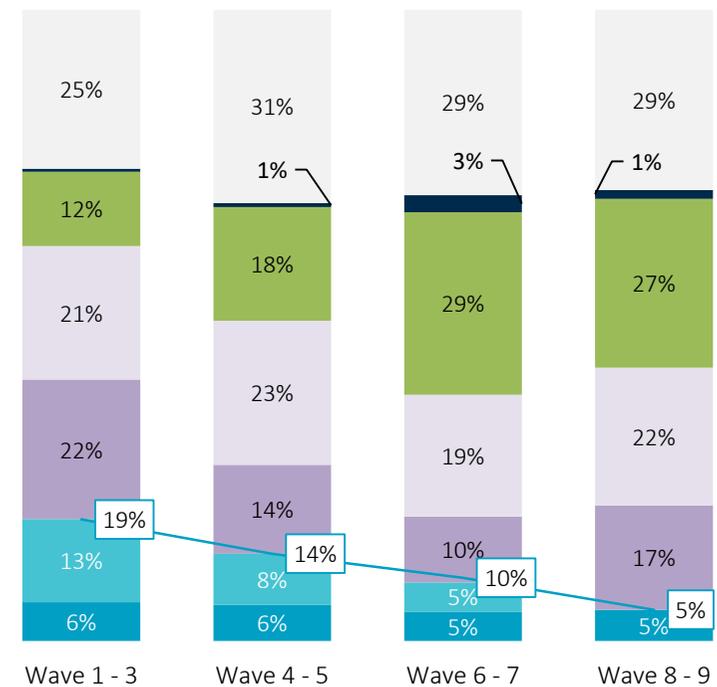
WHEN DO YOU BELIEVE YOUR BUSINESS SALES/REVENUE WILL RETURN TO PRE-COVID-19 LEVELS?

## SOLOMON ISLANDS



## TOTAL PACIFIC ISLANDS

- Don't know/ too hard to predict
- Never
- By 2022 or later
- By 2nd half of 2021 (July – December)
- By 1st half of 2021 (January – June)
- By end of 2020
- Revenue is at pre-COVID-19 levels



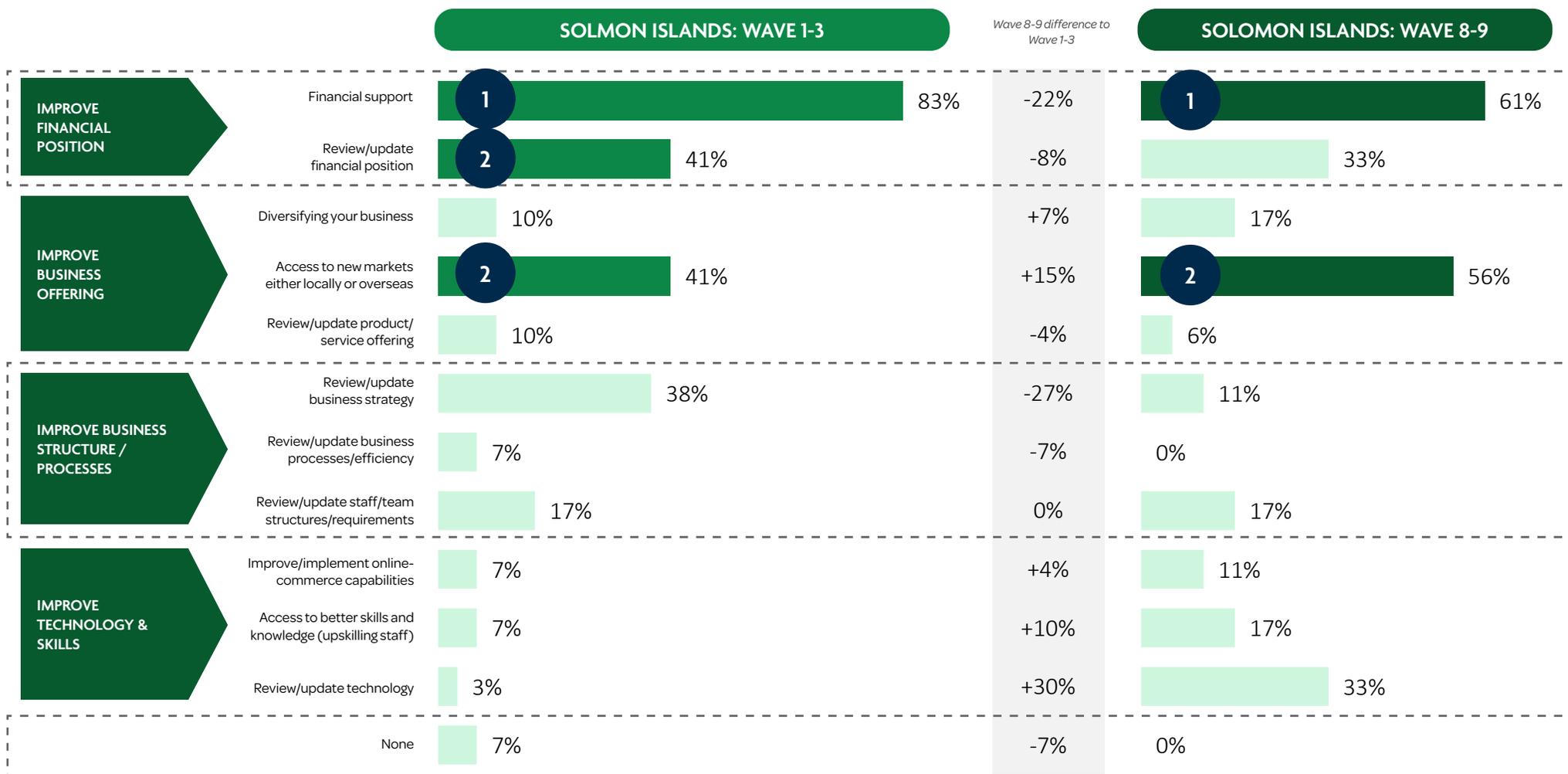
TOTAL RETURNED TO PRE-COVID LEVELS BY END OF 2020

# TOP 3 INITIATIVES NEEDED TO SUPPORT BUSINESSES

Towards the end of 2020, businesses in the Solomon Islands were looking to access new markets, upskilling and updating technology, with less need for financial support.

Q

WHAT ARE THE TOP THREE INITIATIVES THAT YOU NEED TO ACTION TO SUPPORT YOUR BUSINESS NOW?



# TOP 3 INITIATIVES NEEDED TO SUPPORT BUSINESSES

Compared to the rest of the Pacific Islands, businesses in the Solomon Islands are more likely to be looking to access new markets and update technology but are less likely to be looking to diversify their offering or business strategy.

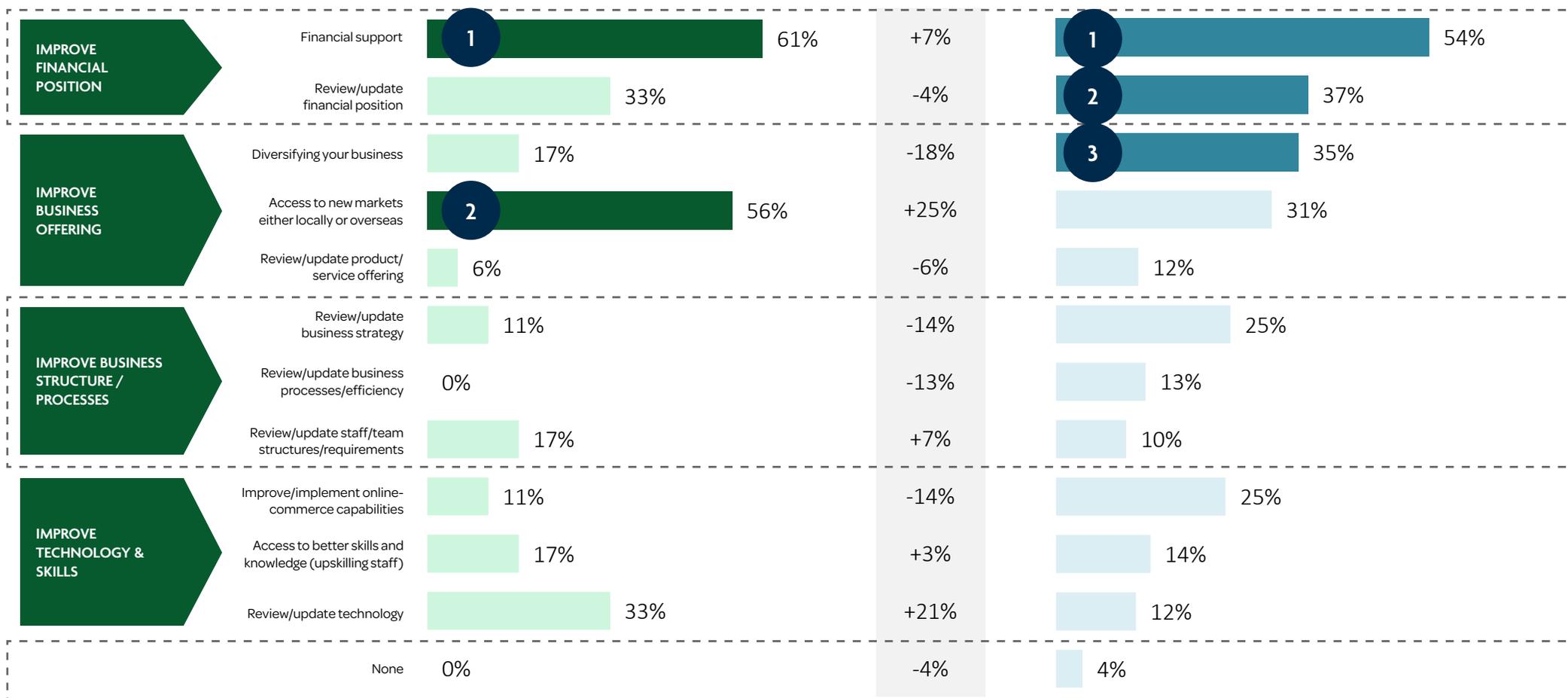
Q

WHAT ARE THE TOP THREE INITIATIVES THAT YOU NEED TO ACTION TO SUPPORT YOUR BUSINESS NOW?

## SOLOMON ISLANDS: WAVE 8-9

Wave 8-9 gap to Total Pacific Islands

## TOTAL PACIFIC ISLANDS: WAVE 8-9

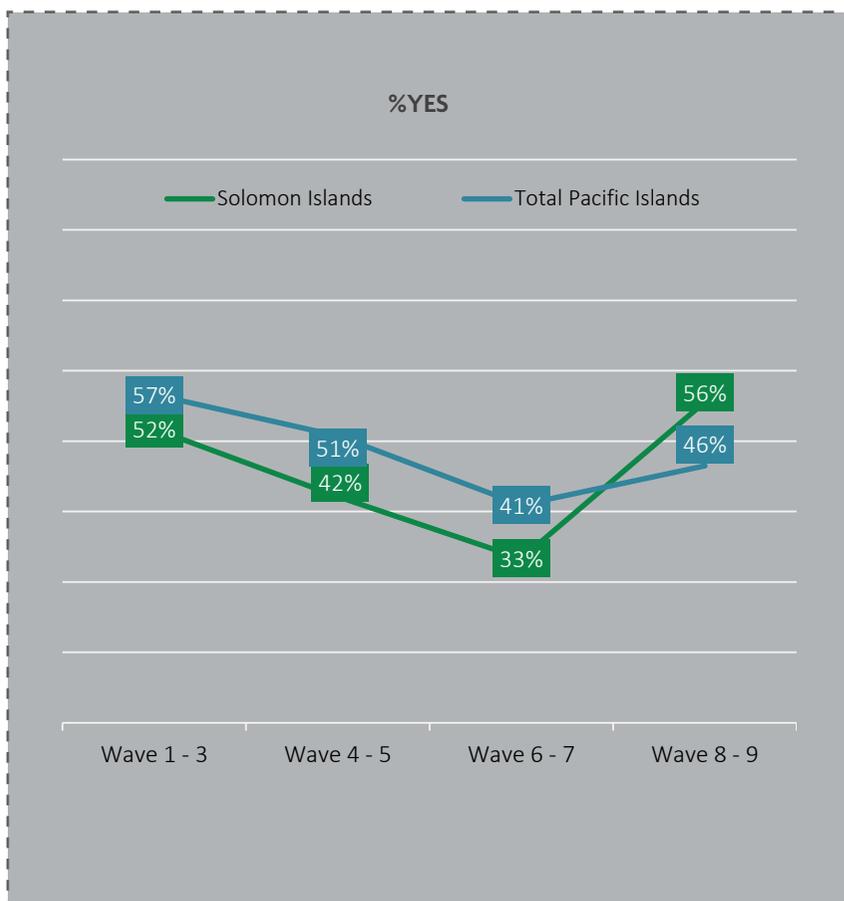


# BARRIERS TO ACTIONING INITIATIVES

The proportion of businesses in Solomon Islands facing barriers to change was gradually declining but increased at the end of 2020, with 56% now experiencing barriers compared to 46% for the Pacific Islands overall.

Q

IS ANYTHING PREVENTING YOU FROM ACTIONING THESE INITIATIVES?



Q

WHAT IS PREVENTING YOU FROM ACTIONING THESE INITIATIVES?

## LACK OF FINANCE (44%)

"Closed borders, no cash flow! Not knowing how long this will last is a problem, we have zero domestic market for the dive product in the Solomon Islands."

– SME, Tourism, Solomon Islands

"We are new small business recently established in 2017, we were gradually growing up and currently on hold due to COVID-19. We are not in a good financial position."

– SME, Agriculture, Forestry & Fishing, Solomon Islands

## CLOSED BORDERS/LOCKDOWN (20%)

"Closed borders, no cash, no guests and not any help yet from government."

– SME, Tourism, Solomon Islands

"Closed borders, zero domestic market and no cash-flow."

– SME, Tourism, Solomon Islands

## LACK OF GOVERNMENT SUPPORT (38%)

"As flights are not allowed into the Solomons, new markets are pointless. We normally deal mostly with the US but cannot start looking at other areas while we do not know what will happen. We are applying for funding from the government but do not know if it will happen."

– SME, Tourism, Solomon Islands

"As flights are not allowed into the Solomons, new markets are pointless. We normally deal mostly with the US but cannot start looking at other areas while we do not know what will happen. We are applying for funding from the government but do not know if it will happen."

– SME, Tourism, Solomon Islands

## LACK OF ASSISTANCE FROM BANKS (4%)

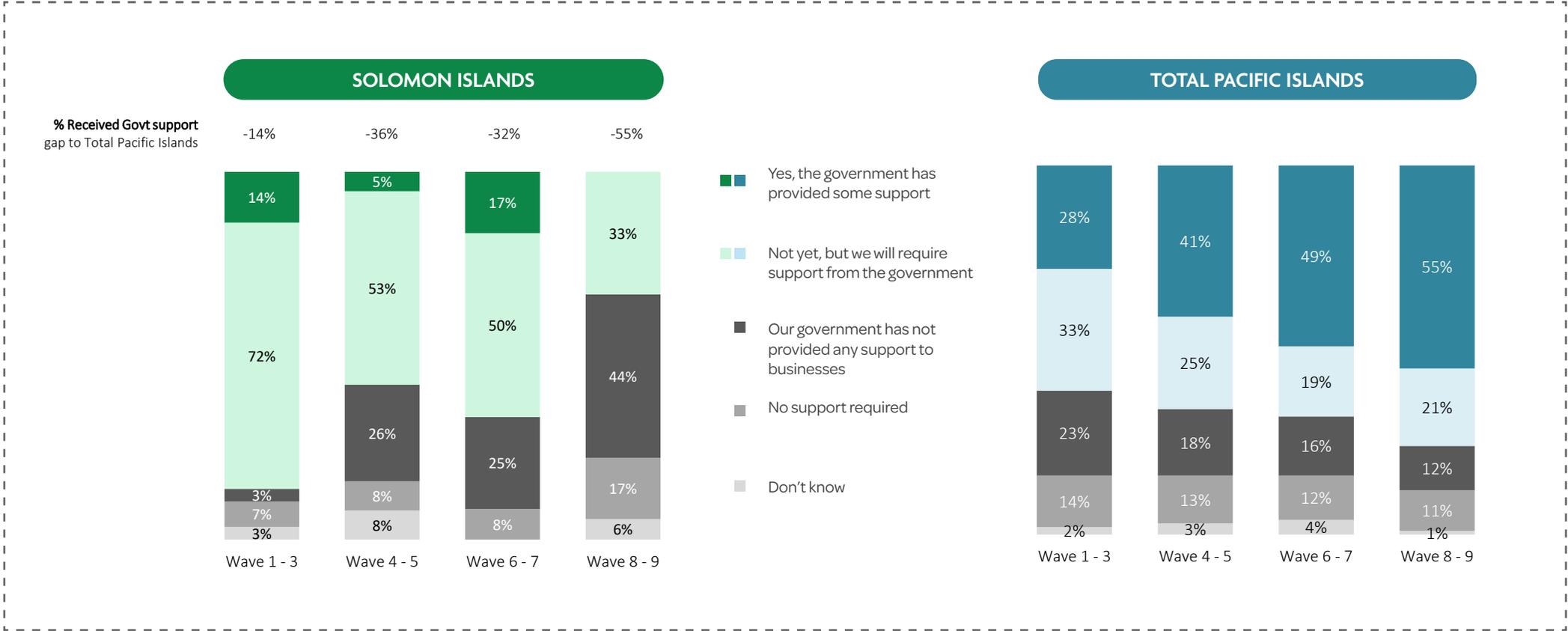
"I can't action any strategy without money. Banks here are not in a helping position with their lending method, so now we all worry about our own survival."

– SME, Professional, Scientific & Technical Services, Solomon Islands

# ACCESS TO GOVERNMENT SUPPORT DURING COVID-19 CRISIS

The proportion of businesses receiving government support in the Solomon Islands is much lower than the rest of the Pacific Islands, with 44% reporting the government had not provided any support at the end of 2020.

## Q HAS YOUR BUSINESS ACCESSED ANY SUPPORT FROM YOUR GOVERNMENT TO HELP YOU THROUGH THE COVID-19 CRISIS?

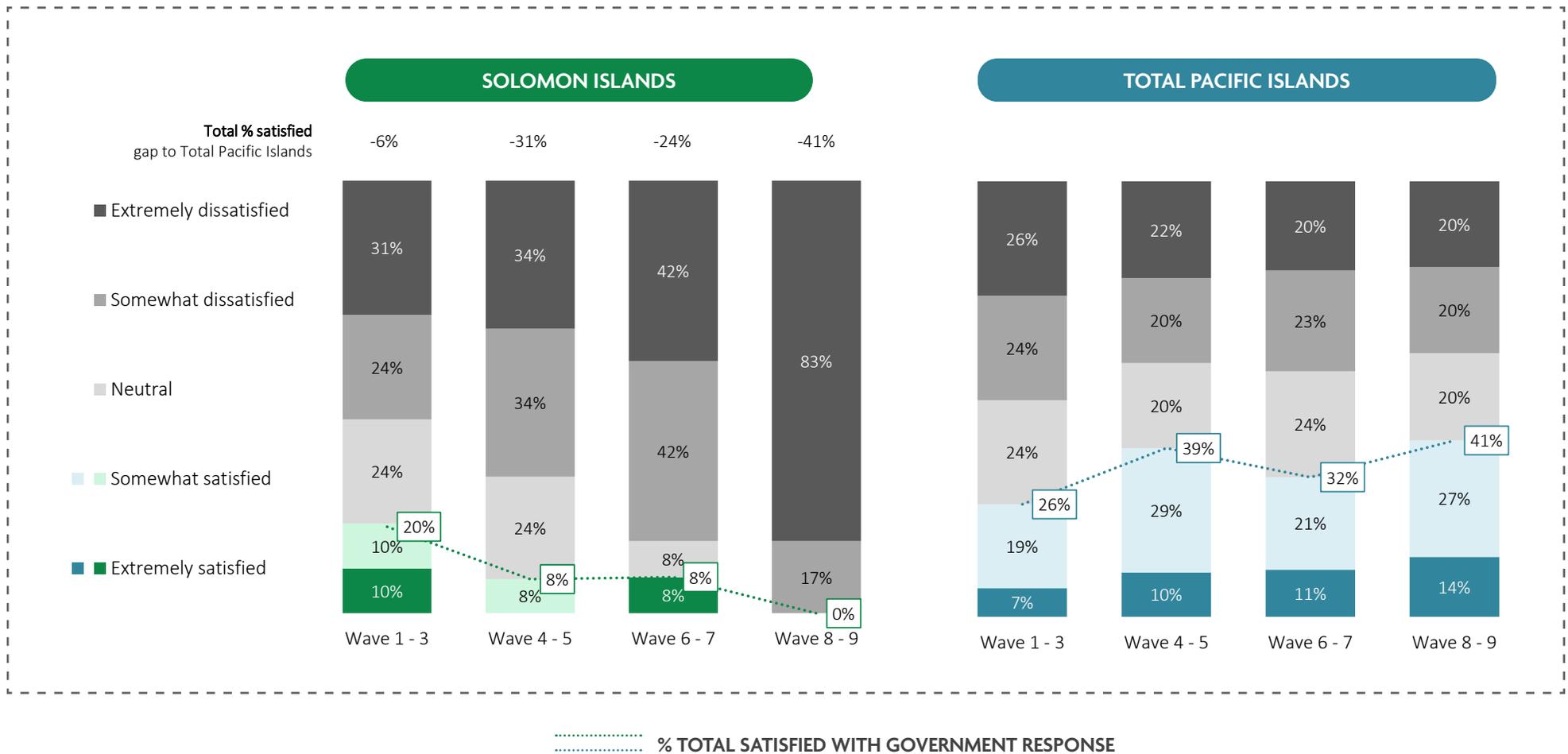


# SATISFACTION WITH GOVERNMENT SUPPORT

In line with receiving little to no support from their government, most businesses in the Solomon Islands are extremely dissatisfied with how their government has supported them.

Q

HOW SATISFIED ARE YOU WITH THE WAY YOUR GOVERNMENT HAS SUPPORTED YOUR BUSINESS THROUGH THE COVID-19 CRISIS?



# RESEARCH METHODOLOGY



## WHO DID WE SPEAK WITH?

MORE THAN

**110**

COMPLETED  
SURVEYS PER WAVE

All respondents are key influencers or decision makers in their business. All businesses are based in the Pacific Islands.

**N=97**

TOTAL COMPLETED  
SURVEYS FROM THE  
SOLOMON ISLANDS



## HOW DID WE SPEAK WITH THEM?

**8**

MINUTE

QUANTITATIVE  
ONLINE SURVEYS



## WHEN DID WE SPEAK WITH THEM?

**9**

WAVES

IN 2020

Online responses were collected over nine waves between 18 May–13 December 2020.

## PACIFIC TRADE INVEST

The PTI Network is an agency of the Pacific Islands Forum Secretariat and is the Pacific's leading trade and investment promotion agency. With offices in Australia, China, Europe and New Zealand, the PTI Network develops and promotes trade and investment across international markets.

## ACKNOWLEDGEMENTS

The PTI Network would like to thank all the Pacific businesses that took part in the Pacific Business Monitor Surveys, and on-the-ground partners for their ongoing support and who shared the surveys through their networks.

## DISCLAIMER

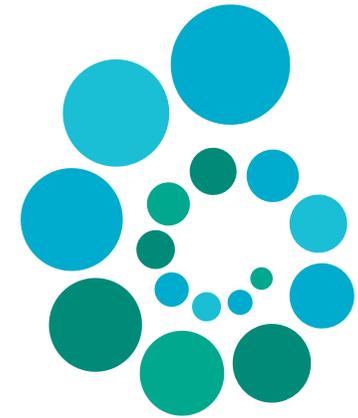
The information presented in this report is based on responses received by research company Fifth Quadrant from surveys administered from 18 May–13 December 2020.

## FOR FURTHER INFORMATION

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# Pacific Trade Invest

