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APAC SUPPLY CHAIN THRIVES AMIDST DISRUPTION

AMID GEOPOLITICAL TURMOIL, ENVIRONMENTAL CHALLENGES, AND A PANDEMIC, ASIA PACIFIC SUPPLY CHAINS NAVIGATE TURBULENT SEAS

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Founder Publisher
Mr. Rodney Rupokets
rodney@pacifictenders.com

Business and Marketing Director
Ms. Namoi Kaluae
Solomon Islands

Editor
Mr. Douglas Saefoa
Solomon Islands

Contributing Writers
Mr. David Spring
Sydney, Australia

Jason Paisoi
Port Moresby, PNG

PT Marketing and Research Consultant
Ms. Lorna Bondoc
Manila, Philippines

Media and Advertising Enquiries

 contact@pacifictenders.com
contact@apactenders.com

 www.pacifictenders.com

 ■ **Solomon Islands**
+677 38229
■ **Phillipines**
63 927-002-3699

Editorial Enquiries
media@pacifictenders.com

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Adkonect
PO Box 1368
Henderson Courts Building
Henderson
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www.adkonect.com.sb
sales@adkonect.com.sb

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APAC SUPPLY CHAIN THRIVES AMIDST DISRUPTION



By **LORNA BONDOC**
PT Marketing and Research Consultant
Manila, Philippines

The Asia-Pacific (APAC) region stands as a strong force in the global economic arena, impacting both manufacturing and consumption. Home to over half the world's population and a substantial chunk of global GDP, APAC's influence on global supply chains is undeniable and multifaceted. Yet, this powerhouse is not immune to the disruptive forces that have rattled international markets in recent years. From geopolitical turmoil and environmental crises to a pandemic that reshaped global economic structures, the supply chains within this vibrant region are navigating an exceptionally turbulent sea. This cover story delves into how APAC businesses are not only weathering these challenges but also setting benchmarks for resilience and innovation.

Rising Tides and Perfect Storms

The APAC supply chain has been buffeted by a barrage of challenges seemingly crafted to test its limits. The COVID-19 pandemic, a global health crisis of historic proportions, exposed the vulnerabilities even in the most sophisticated supply networks. Its ripple effects traversed continents, leading to factory shutdowns in China, the world's manufacturing hub, and triggering a domino effect of port congestion and shipping delays worldwide.



Beyond the pandemic, the region faces mounting geopolitical tensions that cast a shadow of uncertainty on the supply chain landscape. The US-China trade war, characterized by retaliatory tariffs, export controls, and sanctions, has forced businesses to re-evaluate their supply chains, prompting a strategic shift towards diversification and de-risking.

Climate change further adds to these complexities. Extreme weather events, such as typhoons in the Philippines and floods in India, have wreaked havoc on supply chains, causing economic losses and humanitarian crises. The transition to a low-carbon economy necessitates substantial investments in sustainable practices and technologies, adding another layer of complexity to the supply chain equation.

Despite these formidable challenges, APAC has showcased a remarkable ability to adapt and thrive. Companies in the region are not merely weathering the storm; they are redefining what it means to build a resilient and future-ready supply chain.

Case Studies in Resilience

Several APAC companies have exemplified resilience and innovation in their supply chain strategies. Their success stories offer valuable insights into how businesses can navigate and thrive amidst disruption.

Redefining the Consumer Experience in Retail

Retailers in APAC are responding to the growing consciousness of consumers, who are increasingly demanding sustainable products and ethical practices. From H&M's transparency initiatives to Alibaba's green logistics, the sector is undergoing a significant transformation.

- Textile and Apparel. Brands like Adidas (global), Uniqlo (Japan), and Li-Ning (China) are prioritizing organic materials, reducing water usage in production, and implementing ethical sourcing practices. Adidas' commitment to transparency and accountability sets industry standards, while Uniqlo prioritizes sustainable sourcing and production, and Li-Ning focuses on eco-friendly materials, reducing carbon emissions, and supporting local communities.
- Grocery and Consumer Goods. 7-Eleven Japan promotes local sourcing, reduces plastic waste, and supports sustainable practices. Tesco Lotus (Thailand) focuses on sustainable sourcing, reducing food waste, and promoting energy efficiency.
- E-commerce. JD.com (China) and Lazada (Southeast Asia) are investing heavily in logistics infrastructure and technology to improve efficiency and reduce environmental impact. They emphasize sustainable packaging and last-mile delivery solutions.

The Green Mile in Logistics

Logistics providers are crucial for building resilient supply chains. They are investing in fuel-efficient transportation modes, optimizing delivery routes, and leveraging technology to improve visibility and efficiency. SF Express (China) has invested heavily in electric vehicles, automated sorting facilities, and green packaging materials. J&T Express (Singapore) and Ninja Van (Southeast Asia) have focused on optimizing delivery routes, reducing fuel consumption, and implementing green packaging initiatives. Global logistics giants like DHL and DB Schenker are also implementing various sustainability measures across the APAC region, including using alternative fuels, reducing emissions, and improving energy efficiency in their warehouses.

The Philippines in Focus

Company	Industry	Initiatives
SM Prime Holdings	Retail	Reducing energy consumption, Recycling waste, Using sustainable materials in construction
Unilever Philippines	Consumer Goods	Reducing waste, Improving energy efficiency, Using sustainable materials in packaging
Bench	Apparel and Textile	Reducing waste, Improving energy efficiency, Using sustainable materials in production
ICTSI	Logistics	Reducing emissions, adopting renewable energy, and protecting biodiversity, while also demonstrating resilience through operational efficiency and community support.
LBC Express	Logistics	Reducing fuel consumption, Using electric vehicles, Recycling packaging materials
2GO Group	Logistics	Reducing fuel consumption, using electric vehicles, and recycling packaging materials.
Flex	Electronics and Semiconductor	Energy efficiency, waste reduction, and supply chain resilience strategies.
Acer Philippines	Electronics and Semiconductor	Eco-friendly practices in its Philippine operations, such as using renewable energy and reducing electronic waste.

Key Sustainability Strategies

Circular Economy Principles. Embracing reuse, repair, remanufacturing, and recycling to minimize waste and maximize resource efficiency.

- **Sustainable Material Sourcing.** Prioritizing the use of recycled, renewable, and organic materials to reduce environmental impact.
- **Water and Energy Efficiency.** Implementing technologies and processes to conserve water and energy throughout the supply chain.
- **Waste Reduction and Management.** Minimizing waste generation and implementing effective waste management systems.
- **Ethical Sourcing and Labor Practices.** Ensuring fair labor conditions, safe working environments, and responsible sourcing throughout the supply chain.
- **Supply Chain Transparency.** Providing clear information about product origins, production processes, and environmental impact.
- **Product Design for Sustainability.** Incorporating sustainability considerations into product design to reduce resource consumption and waste.
- **Renewable Energy Adoption.** Utilizing renewable energy sources to power operations and reduce carbon emissions.
- **Packaging Reduction and Optimization.** Minimizing packaging materials and using sustainable packaging options.
- **Carbon Footprint Reduction.** Measuring and reducing

Core Sustainability Drivers and Strategies

In the face of disruptions, technology has emerged as a critical enabler for supply chain resilience in APAC. Digital transformation has shifted from being an optional enhancement to a fundamental necessity for businesses seeking to maintain competitiveness and agility.

- **Blockchain Technology.** Blockchain offers unparalleled transparency and traceability, enabling companies to track products through every stage of the supply chain. For instance, in the fashion industry, blockchain is being used to authenticate the provenance of materials and ensure ethical sourcing, combating counterfeiting and promoting transparency.
- **Artificial Intelligence (AI).** AI-driven analytics enhance operational efficiency and predictive capabilities. Businesses

can forecast demand with greater accuracy, identify potential disruptions, and optimize inventory management. Predictive maintenance, where AI analyzes equipment data to predict failures and schedule timely maintenance, reduces downtime.

- **Internet of Things (IoT).** IoT technology enables real-time visibility into supply chain operations through sensors in products and infrastructure. Continuous monitoring of inventory levels, asset locations, and environmental conditions allows for more responsive and proactive management. For example, IoT devices can track the temperature of perishable goods during transit, ensuring they remain within required limits and reducing spoilage.

The integration of these technologies is helping APAC businesses build supply chains that are not only more agile but also more sustainable and secure.

Sharpening Talent: The Human Engine

While technology is transforming supply chains, the human element remains crucial in driving successful outcomes. The complexities of modern supply chains demand a skilled workforce capable of leveraging technological tools and navigating an increasingly intricate environment.

There is a growing demand for supply chain professionals who possess expertise in technology, data analytics, and risk management. As a result, companies across APAC are investing heavily in talent development. Corporate training programs are being enhanced to focus on emerging technologies and advanced analytics, while partnerships with educational institutions are being forged to ensure that future supply chain leaders are well-equipped to meet evolving demands.

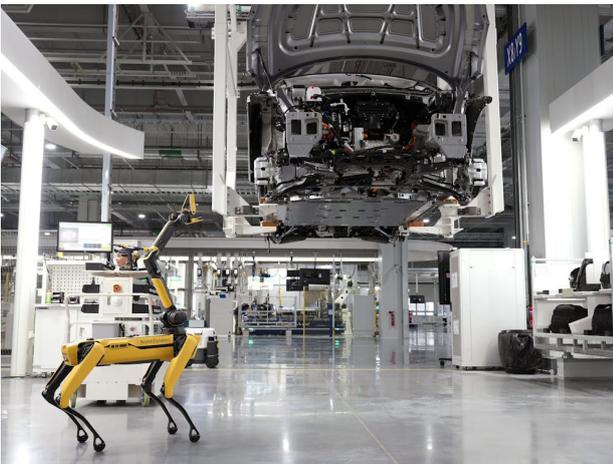
Educational institutions are also rising to the challenge. Universities and vocational training centers are expanding their curricula to include advanced supply chain management techniques, digital skills, and sustainability practices. These programs are designed to produce graduates who can not only manage but also innovate within complex supply chain environments.

Government as Catalyst

Government policies and regulations play a pivotal role in shaping the supply chain environment. By fostering a supportive business environment, governments can stimulate innovation, attract investment, and enhance overall supply chain resilience.

- **Infrastructure Development.** Investment in infrastructure—such as transportation networks, ports, and logistics facilities—is essential for improving supply chain efficiency. Countries like Singapore and South Korea have made significant investments in port facilities and logistics hubs, facilitating smooth and efficient supply chain operations.
- **Trade Facilitation.** Simplifying trade processes, reducing tariffs, and streamlining customs procedures can enhance supply chain performance. Regional trade agreements, such as the Regional Comprehensive Economic Partnership (RCEP), aim to lower trade barriers and foster economic integration, improving the flow of goods across borders.
- **Sustainability Policies.** Governments can drive sustainable practices by setting environmental standards, offering incentives for green technologies, and supporting research and development. Policies that promote energy efficiency, waste reduction, and carbon footprint minimization are crucial in transitioning to more sustainable supply chains.

In APAC, government initiatives are increasingly aligning with global sustainability goals, encouraging businesses to adopt practices that are both economically and environmentally beneficial.



- **Reduced Geopolitical Risk.** By diversifying across multiple countries within a region, companies can mitigate the impact of trade disputes or political instability.
- **Shorter Lead Times & Lower Transportation Costs.** Geographic proximity to markets and suppliers can significantly reduce delivery times and improve responsiveness to customer demands, while also minimizing transportation emissions and costs.
- **Enhanced Supply Chain Visibility.** Operating within a smaller geographic area can improve visibility and control over supply chain operations, enabling better planning and resource allocation for sustainable practices.

Countries like Vietnam, Indonesia, and Malaysia are rapidly emerging as key hubs for regional value chains, attracting investments from global manufacturers seeking to diversify their operations. This trend is poised to gain further traction in the coming years, reshaping the APAC supply chain landscape and creating new opportunities for businesses in the region to build more resilient and sustainable operations.

The Road Ahead

The future of APAC supply chains will be shaped by a dynamic interplay of technological advancements, geopolitical developments, and shifting consumer preferences. To navigate this complex environment successfully, companies must focus on building supply chains that are resilient, sustainable, and customer-centric.

Investing in talent, technology, and sustainability will be key to solidifying APAC's position as a global leader in supply chain management. Collaboration between governments, businesses, and academic institutions will be essential in addressing the challenges and seizing the opportunities that lie ahead.

As APAC continues to drive global economic growth, its ability to innovate and adapt in the face of disruption will not only define its future but also set new standards for supply chain excellence worldwide.

Challenges and Opportunities

While APAC has demonstrated impressive resilience, it is not without its challenges. Ongoing trade tensions between major economies, increasing global supply chain complexity, and the urgent need to address climate change continue to pose significant hurdles.

However, these challenges also present opportunities for innovation and growth. Embracing digital technologies, investing in talent, and fostering strong partnerships can help APAC companies not only overcome obstacles but also gain new competitive advantages.

For example, the push towards sustainability is creating new markets for green technologies and solutions. Companies that invest in sustainable practices and technologies are likely to gain a competitive edge as consumers and regulators increasingly prioritize environmental responsibility.

-- Emerging Story -- APAC's Regional Shift

A significant transformation is underway within the APAC supply chain landscape—the regional value chains.

Fueled by factors like geopolitical tensions, growing supply chain complexity, and the yearning for greater resilience and sustainability, companies are increasingly looking inward, towards regionalizing their operations. This entails establishing production facilities, distribution centers, and supplier networks within closer geographic proximity, fostering a more compact and environmentally conscious supply chain ecosystem.

Here's a glimpse into the compelling advantages of regional value chains, promoting both resiliency and sustainability:

The Path Forward for APAC Supply Chain Leadership

The APAC region has emerged as a global supply chain powerhouse, demonstrating remarkable resilience and innovation in the face of unprecedented challenges. APAC companies are not only navigating the turbulent waters of the global economy but also shaping the future of supply chain management by embracing digital technologies, prioritizing sustainability, and fostering strong partnerships. As the region continues to evolve, its ability to adapt and thrive will be instrumental in driving global economic growth and setting new standards for supply chain excellence.

The journey ahead is fraught with challenges, but APAC's unwavering commitment to building resilient, sustainable, and customer-centric supply chains positions the region for continued success. The world is watching as APAC redefines the boundaries of supply chain management, inspiring businesses across the globe to follow suit.

About the Author

Lorna Bondoc, Founder and CXO at YOVEO Digital (www.yoveodigital.com), a marketing support firm dedicated to empowering agencies and marketers. She has over 30 years of experience providing clients with consulting and digital marketing solutions.

Beyond YOVEO Digital, Lorna also serves as a Regional Correspondent at APAC Tenders, keeping a close pulse on business opportunities across the Asia-Pacific region. This dual role allows her to offer a unique perspective on the trends impacting regional businesses.

AUS-SI BUSINESS FORUM

The business of exports



By **DAVID SPRING**
PT COLUMNIST
Sydney, Australia

Australia and New Zealand are archrivals on the field (think, Bledisloe Cup, the ‘underarm’ incident), but in the world of trade and diplomacy they sing the same anthem. Our last issue highlighted the New Zealand trade mission to Solomon Islands in June. Now it’s Australia’s turn, but the story is the same – meetings and workshops to deepen ties and open up business relationships. To find out why this is valuable for all involved, read on.

Kick-off

These events typically open with drinks and networking. The Australia Solomon Islands Business Forum from September 2-4 is no different – Heritage Park Hotel, sunset over Iron Bottom Sound, Savo silhouettes – a great chance to catch up with old colleagues and meet new ones. Day 2 is the formal start of proceedings – welcome and ministerial keynotes, followed by the economic outlook. This sets the scene within which the subsequent themed sessions play out:

- Trade relationship and investment update
- Shipping logistics
- Labour mobility
- Infrastructure and utilities, including renewable energy
- Agriculture and fisheries
- Tourism

These addresses, by business leaders, public servants, technicians and experts, will engage the listener and provide context for further conversations – over the next sponsored tea break, and beyond. Note the sponsorships – Hall Contracting Arrival Refreshments, Bred Bank Lunch, etc., – these may seem trivial, like some reminder of the corporatisation of sporting fields (where is “Accor Stadium” anyway?!). But they indicate something far more important – engagement. This forum matters to businesses who live, work and operate in the Pacific, and Solomon Islands in particular.

Pace yourself

This is the 13th Aus-SI Business Forum and it comes at an interesting time in the bilateral relationship. Just as it is impossible to separate sport and politics, so it is with business and politics, particularly when it involves international trade. It is no secret that Australia and Solomon Islands have shared political tensions over the 5 years, as Solomon Islands have pushed closer to China. That is unlikely to be raised at the Forum – attendees already know the environment in which they are operating.

Both Australia and Solomon Islands are signed up to the Pacific Agreement on Closer Economic Relations Plus (PACER Plus). PACER Plus is a trade and development agreement that came into force on 13 December 2020. Ten countries are Parties to the Agreement: Australia, Cook Islands, Kiribati, New Zealand, Niue, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. The intent of PACER Plus is to increase exports from Pacific countries. This will improve economic prospects, raise living standards, and create jobs. The agreement provides a framework to give businesses certainty that rules and standards will be upheld in the transactions of international trade.

The theme of the Forum is “Business Leading Employment and Export Growth”. The figures show that this characterises the need and opportunity right now. While The Central Bank of Solomon Islands (CBSI) acknowledge the difficulty of estimating unemployment, “due to a large proportion of people of working age in the Solomon Islands working in the informal sector,” estimates put the Solomon Islands unemployment rate at anywhere from 2-8%. Urban unemployment is typically higher, closer to 12%. This reveals significant capacity in the labour market.

Australian exports to Solomon Islands were worth USD 53.5m in 2022, consisting mainly of poultry meat, wheat and bale clothes. This total is well down from a peak of USD136m in 2012 when rice exports were big. The volume has been steady for the past 5 years.

Solomon Islands exports to Australia have followed a similar trend. 10 years ago, USD 39.2m of products were sold to Australia, 70% of which was gold and the majority of the remainder was sawn wood. In 2022, USD 23.2m of exports were sold to Australia, with the gold and sawn wood and almost the same percentages as in 2014. Steady indeed.

Drinks break pep talk

The Forum is being hosted by The Solomon Islands Chamber of Commerce and Industry (SICCI), in partnership with Australia Pacific Islands Business

Council. As noted, there is significant engagement from the Solomon Islands business community in this forum. The benefits of trade flow both ways and the interest and investment in the forum reflects that. Sectors of traditional participation by Australian firms are infrastructure, agriculture and to a lesser extent, tourism. These are featured in the Forum and each is well represented by experts and leaders, local and international. What will they say and how will it change the opportunity quotient?

Key speakers to look out for:

Naomi Kaluae – Co-founder of Adkonec and Asia-Pacific Tenders (which this auspicious magazine represents) and chairlady of SICCI, Naomi is a force for positive growth in Solomons Islands. As this magazine and APT's (is this the acronym?) platforms attest, Naomi is at the forefront of digital transformation initiatives across the Pacific. She will deliver the joint opening address.

Bob Pollard – Well known in the Solomon Islands business community, Bob is the Managing Director of Pasifiki HR and Kokonut Pacific. His influence and experience span several decades and his insights are valuable. He will be speaking on labour mobility.

Daniel Tucker – Country Manager for Kramer Ausenco and vice-chairman of SICCI. His experience developing and delivering engineering and project management services for an international company in Solomon Islands well-qualifies him to speak on the effectiveness of PACER Plus from a business perspective.

Samantha Maeke – Country Manager for PHARMA Plus, Samantha has been an advocate for rural development and health care. This is an important counter-balance to the inevitable focus on Honiara. She will be speaking on growing the agriculture-for-export sector.

Game of two halves

This is not a one-way street – encouraging investment in the Solomons by Australians and to create export markets for Solomon Islanders. Not exclusively, but yes. The opportunities for market growth and expansion into Solomon Islands for Australian firms is also there, but it tends to be focussed on foreign money (overseas development assistance), rather than the local economy. There is value in this for local employment, skills growth and the provision of services and infrastructure. SICCI is a driving force for this Forum as the benefits of foreign investment to an increasing number of Solomon Islands firms is evident.

The Aus-SI Business Forum will be a success if person-to-person business connections are made. These relationships are the currency that facilitate trade and business growth. Ties are not only good for business, they're also good for the economy. At the Reeves International Closing Drinks, this will be cause for salutation.

About the Author

David is an experienced engineer, with over 20 years experience in construction, design and international development. David has been working in Solomon Islands and Vanuatu as a team leader for the past six years, specifically on road and bridgeworks. He worked on intra-Ministry roles at the Ministry of Infrastructure Development (MID, Solomon Islands) and led the Cyclone Pam road reconstruction project in Vanuatu, understanding donor requirements and how development projects are procured and delivered. Continuing as a Team leader for MID and with some corporate responsibilities for Cardno, David seeks to deliver equitable access for communities, which generate social and economic benefits.



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MHMS SIGNS MOU ON PHARMACOPOEIA WITH INDIA

India Pharmacopoeia Commission, promises to revolutionize the procurement of essential medicines and medical supplies

Honiara, Solomon Islands – In a significant step towards improving healthcare accessibility and affordability, the Solomon Islands Ministry of Health and Medical Services (MHMS) has signed a pivotal Memorandum of Understanding (MOU) with the Government of India. This strategic partnership, established under the India Pharmacopoeia Commission, promises to revolutionize the procurement of essential medicines and medical supplies in the Solomon Islands.

Enhancing Access to Quality Medicines

The agreement, signed in Honiara in August, was formalized by the Honorable Minister for Health and Medical Services, Dr. Paul Popora Bosawai, and His Excellency, the Indian High Commissioner, Inbasekar Sundaramurthi. The ceremony, attended by officials from various government ministries, marks a turning point in the Solomon Islands' approach to securing high-quality medical products at more affordable rates.

"This MOU represents a crucial opportunity for the Solomon Islands to access high-quality medicines and medical supplies directly from India at significantly reduced rates. This will not only ensure substantial cost savings for our government but also improve the overall availability and affordability of essential medical products," said Dr. Bosawai during his address.

Overcoming Procurement Challenges

The National Medical Store, which currently relies on prequalified suppliers in the open market, faces numerous challenges, including high costs due to international freight and relatively small order quantities. Dr. Bosawai emphasized the importance of the MOU in addressing these issues, stating that it provides a much-needed solution to the financial constraints in the procurement process. "Our current procurement processes are expensive, given the small scale of our orders and the costs of international shipping. This partnership with India offers a more sustainable and cost-effective approach," he explained.

Broader Health Collaborations on the Horizon

The MOU not only focuses on medicine procurement but also opens the door to a broader range of healthcare collaborations between the Solomon Islands and India. Dr. Bosawai expressed the Ministry's eagerness to explore further partnerships, particularly in addressing the high prevalence of non-communicable diseases in the Solomon Islands.

"This MOU is just the beginning of what we hope will be a series of health cooperations with the Indian government. We are keen to explore opportunities such as the Jaipur Foot Camp, training programs for our health professionals in India, and the establishment of a formal overseas patient referral system," he shared.

Strengthening Bilateral Relations

In a move to solidify this growing partnership, Dr. Bosawai also revealed plans to appoint a Medical Attaché at the newly established Solomon Islands High Commission office in India. This attaché will be instrumental in coordinating health programs, including procurement and patient referrals, with Indian health institutions.

"This is the start of more meaningful and fruitful engagements between our two countries," said Dr. Bosawai, expressing optimism about the future of Solomon Islands-India relations.

Australia Boosts Maritime Investments to Strengthen Pacific Fisheries and Disaster Preparedness

Suva, Fiji - Australia is stepping up its commitment to maritime initiatives in the Pacific, unveiling significant investments aimed at enhancing the region's fisheries surveillance, enforcement, and disaster preparedness capabilities.

During the recent Pacific Islands Forum (PIF) Foreign Ministers Meeting in Fiji, Australia's Foreign Minister, Penny Wong, announced a substantial AUD\$18.5 million (US\$12.15 million) investment towards the construction of a Pacific-owned oceans and fisheries research vessel. This initiative underscores Australia's dedication to supporting Pacific-led efforts in sustainably managing ocean resources and addressing the impacts of climate change.

Minister Wong emphasized that this investment is a top priority for the Pacific region, with backing from the Partners in the Blue Pacific. The new vessel will play a critical role in gathering essential scientific data to inform sustainable ocean management practices and monitor environmental changes in the Pacific.

In addition to the research vessel, Australia is committing another AUD\$18.5 million to bolster Pacific-led fisheries surveillance and enforcement. This funding will be channeled through the Pacific Islands Forum Fisheries Agency (FFA) as part of

Australia's contribution to the Quad Indo-Pacific Partnership for Maritime Domain Awareness. Minister Wong highlighted that this investment will enhance the region's ability to detect illegal activities within their maritime zones, supported by advanced satellite data, comprehensive training, and capacity-building programs.

Meanwhile, in a further demonstration of its commitment to the Pacific, Australia and New Zealand are jointly investing close to AUD\$63 million in the Pacific Humanitarian Warehousing Program. This program is designed to support 14 Pacific Island countries, as well as Timor-Leste, by ensuring they have the necessary disaster relief supplies in the critical first 48 hours following a humanitarian emergency. Driven by Pacific governments and in alignment with the PIF 2050 Strategy, the program is also supported by the Partners in the Blue Pacific initiative, which includes the USA, New Zealand, Germany, the UK, and Japan.

Australia's increased maritime investments reflect its ongoing partnership with Pacific nations, addressing key regional priorities and fostering resilience in the face of growing environmental and security challenges.



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SHIPPING LINES' COVID REMEDY

As the world economy gasped with COVID-19 and lockdowns took hold, shipping lines faced a potentially grave crisis. Global trade fell by 4.4%, consumers couldn't go to the shops and workers couldn't work in factories. If the global economy caught the disease, the lungs of international trade would wheeze first. However, that's not what happened.

By **DAVID SPRING**
PT COLUMNIST
Sydney, Australia

Shipping companies overcame the financial ailments through a combination of good management, good luck and opportunism. While traders who bore and passed on the higher shipping costs suffered more than most, the successful market and business strategies employed by shipping could be applied to other industries. Read on to find out which way the wind blew.

Never waste a good crisis

In 2021, Maersk, a Danish shipping firm, reported USD 24 billion in earnings before taxes and depreciation, triple its 2020 efforts. "Shanghai-based Cosco Shipping reported \$14 billion in annual profits, nine times its 2020 earnings. Germany's Hapag-Lloyd ... pre-tax income more than quadrupled to \$12.8 billion." These are stunning numbers. But how?

Born out of the last major crisis – the global financial crisis (GFC) – shipping lines consolidated their fleets over the next decade, to better match demand growth. When the GFC hit in 2008, "an armada of new ships, which take at least two years from order to launch, arrived just as growth slowed. The [global shipping] fleet expanded by 100% while demand grew by just 50%," according to BIMCO, a ship owners association. This created an oversupply of shipping - excess capacity ruined company returns for years after the GFC.

Oversupply happens during boom times, as companies battle for market share ("Let's gear up, so we can win more work"). When the boom busts, the spare capacity is no longer an opportunity but a liability ("Oh no, let's lay off staff and sell equipment"). Good managers will strike this balance, and shipping companies did not make the same mistake twice. When the world caught COVID, the initial shock and confusion idled ships around the world (a record 12% of the fleet, according to one estimate). It would have been worse if the prior decade of consolidation had not occurred.

Half your luck

Was it just good luck? COVID didn't hit as hard as expected – the fleet idle rate was down to 3% by October 2020. Lockdowns induced an online shopping spree. This sent shipping rates skyward as the limited capacity and staff absence created slowness of port processing, inducing significant inefficiency and interruption.

Or was it good management? The good management here is to forgo an increase to capacity and market share for the sake of maximising today's profits. This is in part guided by the expectation that the effect of COVID was going to be short-lived and building capacity takes years – ride the luck while it lasts. Counterintuitively, it requires a long-term view to decide when to take profits and when to reinvest them. In the rise and fall of shipping fortunes, it is rare that demand outstrips supply for long.

Bulking up

What role does opportunism play? The post-GFC fleet consolidation was not just about prudent management. Several other factors influenced a reticence towards ship buying.

Firstly, new environmental regulations, which rendered some new shipping as non-conforming (or potentially non-conforming) to emissions standards, before a ship's end-of-life. That uncertainty makes large capital investments non-commercial.

Secondly, uncertainty of supply and demand are a staple of the oil industry – from COVID sapping demand, to the collapse of the OPEC-Russia co-operation; from Russia's invasion of Ukraine, to the geopolitics of America's increasing share of production. To keep prices high when demand drops, the excess supply of oil needs to be stored somewhere and some of the easiest and most willing storage vessels are oil tankers - a boon for tanker companies.

Lastly, the Sino-American trade war diversified some manufacturing away from China. This has reversed the trend of ever-increasing ship size (container carrying capacity), as shipping needs to accommodate more and smaller ports rather than larger, centralised ports. This means smaller ships.

Proper preparation prevents poor performance

While no one expects another pandemic to hit the world any time soon, there are plenty of other crises that Asia-Pacific firms, large and small, will face in the next 12 months. From conflicts to stock market jitters, to another Trump presidency – all of these will test the resilience and efficacy of businesses long-term planning. How can firms prepare?

Robust values. Company values which are posted on the wall but which do not influence decision-making are a falsehood. A company needs to know if it exists to maximise profits, to create a business community that thrives, or to lead an enabling environment for competitive cooperation (for example). Without this company compass, the loudest or most powerful voice in the room holds sway.

Diverse hiring. To consider a range of perspectives, those different perspectives must be available. Increasing the diversity of the team is one of the most obvious ways to create this. Gender, age, ethnicity, professional backgrounds. These are all valuable ingredients in generating options in any decision-making process. A safe culture. It is no good assembling a diverse and willing team if there is no space for them to express their diverse views. The company culture must provide the psychological safety for people to express their views without fear of ridicule, or worse, exclusion. Long-term planning based on a range of scenarios. The shipping companies who consolidated were rolling out a plan forged in adversity, but tested by management boards each quarter – are the assumptions that underpinned this strategy still valid? While staying the strategic course is good business, so is the ability to respond to market conditions, short-term cycles and recognising the beginning of long-term trends.

Good luck and opportunity cannot be planned, but they can be planned for. This is a subset of the above – long-term planning based on a range of scenarios. If any of those scenarios unfold, an examination and assessment of the scenario is required to determine if it presents an opportunity or a distraction.

Traders, exporters and importers bore the brunt of increased shipping costs. They coped (some better than others) with these disruptions by passing on the costs (if business continuity is in line with a firm’s values!). Applying market mechanisms – adjusting for supply and demand – is an appropriate crisis response.

Here we go again

The Economist, a weekly business newspaper, reckons the good times are back for shipping profits, thanks to the war in Gaza. Houthi rebels, who forcefully sympathise with the Palestinian

cause, have disrupted shipping in the Red Sea since the start of Israel’s October 2023 offensive in Gaza. See chart below.



CHART: THE ECONOMIST

This article is not in celebration of mega-profits, or conflicts or disease. Losses in business and bankruptcy are a harsh reality. What can be celebrated is the successful combination of steady performance and agile responses. Both good luck and good management are needed for success during and after a crisis, but the foundations are built beforehand. Long may the remedy hold.

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Prime Minister the Hon. Jeremiah Manale, Foreign Minister the Hon Peter Shanel and Kitano Construction Corporation witnessing the signing event.

A New Era for Healthcare in Malaita : Kiluúfi Hospital Improvement Project

PT Media

In a landmark moment for the Solomon Islands' healthcare infrastructure, the Honorable Dr. Paul Popora Bosawai, Minister for Health and Medical Services, officially signed a contract with Kitano Construction Corporation to spearhead the much-anticipated Kiluúfi Hospital Improvement Project. This pivotal agreement, witnessed by the Prime Minister, Honorable Jeremiah Manale, and other distinguished officials, marks the beginning of a transformative journey for the hospital in Auki, Malaita Province. Valued at approximately SBD120 million, the Kiluúfi Hospital Improvement Project is set to breathe new life into six key buildings within the hospital complex. These refurbishments aim to elevate the hospital's standards, ensuring it can meet the growing demands of Malaita's rapidly expanding population and the increasing complexities of healthcare needs.

A Vision for Progress and Resilience

In his remarks at the signing ceremony, Dr. Bosawai emphasized the significance of this contract, describing it as a symbol of progress, resilience, and an unwavering commitment to the health and well-being of the Solomon Islands people, particularly those in Malaita Province.

"For years, the need for improvements in our health facilities, especially in provincial hospitals, has been glaring. The challenges posed by a growing population, emerging diseases, and the impacts of climate change have stretched our current infrastructure to its limits. Today, we are taking a significant step forward in addressing these challenges," Dr. Bosawai remarked.

A Strong Partnership with Japan

The Minister extended his heartfelt gratitude to the Government and people of Japan for their enduring partnership and support. For nearly five decades, Japan has stood as a steadfast ally to the Solomon Islands, and this project is yet another testament to the strength of this bilateral relationship.

Dr. Bosawai also praised the collaborative efforts of the Japanese

International Cooperation Agency (JICA), Fukunaga Architects and Engineers (FAE) Company, and Kitano Construction Corporation. Their combined expertise and dedication have been instrumental in bringing this project to fruition.

"I am confident that with Kitano's professionalism and proven track record in the Solomon Islands, this project will not only meet but exceed our expectations. Their commitment to excellence will ensure that Kiluúfi Hospital sets new benchmarks for healthcare infrastructure in Malaita Province," he added.

Opportunities for Contractors and Stakeholders

The Kiluúfi Hospital Improvement Project represents a significant opportunity for contractors and stakeholders in the region. With a completion target set for 2026, there will be various phases of construction and refurbishment work, requiring skilled labor, specialized services, and high-quality materials. This project is poised to create jobs, stimulate the local economy, and set a precedent for future healthcare developments across the Solomon Islands.

A Commitment to Healthcare Access for All

The Ministry of Health and Medical Services have expressed commitment to improving healthcare access for all citizens, particularly in remote and underserved areas. The Kiluúfi Hospital Improvement Project is a vital piece of this vision, ensuring that Malaita Province has the modern healthcare facilities.

"Our ministry is fully prepared to support this project, ensuring its smooth implementation and timely completion. This is more than just a construction project; it is a promise to the people of Malaita, a promise of better healthcare, and a brighter future," Dr. Bosawai concluded.

As the project moves forward, contractors and stakeholders are encouraged to engage with the opportunities presented by this transformative initiative, contributing to the betterment of healthcare infrastructure in the Solomon Islands.

This is not just a construction project; it's the dawn of a new era for healthcare in Malaita Province.



Prime Minister Hon. Jeremiah Manele, Deputy Prime Minister Hon. Bradley Tovosia, Ministers of the crown, development partners, senior government officials, provincial premiers and other stakeholders pose for group photo following the opening ceremony.

SOLOMON ISLANDS RESET ECONOMIC GROWTH AT NATIONAL ECONOMIC SUMMIT

Honiara, Solomon Islands - The Solomon Islands Government launched a pivotal two-day National Economic Summit on Wednesday, July 31st, unveiling an ambitious vision to reset economic growth and steer the nation toward a more prosperous future.

In his keynote address, Prime Minister Hon. Jeremiah Manele underscored that the summit was not merely a platform for discussion but a call to action. "It is about action. We are here to agree on the strategic priorities we must pursue, formulate a plan to address these priorities, and develop a National Economic Development Road Map tailored to specific sectors to drive our economic revival and growth," he declared.

The summit's opening ceremony also featured compelling speeches from Minister of National Planning and Development Coordination (MNPDC) Hon. Rexon Ramofafia and Minister of Finance and Treasury (MoFT) Hon. Manasseh Sogavare. Minister Ramofafia framed his remarks through the lens of the National Development Strategy 2016-2035, particularly focusing on the goal of sustained and inclusive economic growth. He proposed decisive actions to accelerate progress, aligning with the summit's theme: "To Foster Resilient, Transformative, Sustainable Economic Growth and Inclusive Development."

Hon. Ramofafia highlighted that from 2016 to 2021, approximately SBD 13.604 billion had been committed to funding development programs across the country, with nearly 65 percent of this investment coming from multilateral and bilateral development partners, and the remaining portion from the SIG development budget. However, he acknowledged that progress had been uneven and that most objectives and medium-term strategies remained unmet.

A pressing concern was the GDP growth target of 5 percent by 2025, which seemed increasingly unattainable given the current growth trend of just above 2 percent. The Minister raised critical questions, asking, "With the financial investments made over the

years, have we been investing in the right and critical development areas? Are these investments generating returns and driving economic growth?"

To address these challenges, Minister Ramofafia proposed prioritizing critical enablers of development, including connectivity infrastructure such as transport (sea, land, and air) and communication, emphasizing that "people, production, and trade must move with ease." He also stressed the urgency of energy sector reforms, noting that "Solomon Islands holds the Pacific, and perhaps global, title for the highest electricity tariff," while access to grid power remained very low.

Another key proposal was to roll out targeted provincial urbanization development programs to reduce urban growth in Honiara and stimulate economic growth in provincial towns. The Minister observed that "26.7 percent of our people now live in urban areas, especially in Honiara and its adjacent areas in Guadalcanal Province," emphasizing the need to "decentralize, plan, and implement urban development in our provincial towns and centers."

He highlighted the importance of pursuing selected economic investments that would transform development enablers, enhance downstream processing and value addition, protect the biophysical and cultural environment, and build on the nation's strengths and long-term experience.

Minister Ramofafia concluded by noting that the Ministry of MNPDC was in the final stages of reviewing the National Development Strategy (NDS) 2016-2035, with inputs from this Economic Summit expected to inform its updating. He emphasized the critical nature of these discussions as the country worked toward its graduation from Least Developed Country status in 2027.

The summit brought together over 100 participants from national and provincial governments, development partners, private sector representatives, NGOs, farmers, and other stakeholders to collaboratively discuss and shape the Solomon Islands' economic future.

ICTSI CHARTS A SUSTAINABLE COURSE



International Container Terminal Services, Inc. (ICTSI) is a global powerhouse in port management, with a rich history spanning decades. Founded in 1987, the company's journey began with the management of the Manila International Container Terminal, a pivotal role in the Philippines' port privatization efforts.

By **LORNA BONDOC**

PT Marketing and Research Consultant
Manila, Philippines

From its humble beginnings, ICTSI embarked on an ambitious expansion, establishing a global footprint across six continents. The company's growth trajectory is marked by a relentless pursuit of operational excellence and a commitment to delivering world-class port services.

Today, ICTSI stands as a testament to Filipino enterprise, a company that has successfully navigated the complexities of the global shipping industry while remaining deeply rooted in its home country.

ICTSI is more than just a global port operator; it's a maritime titan charting a course towards a sustainable future. With a sprawling network of terminals across continents, the company has a unique opportunity—and responsibility—to shape the industry's environmental and social impact. At the heart of ICTSI's operations is a growing commitment to

resilience and sustainability. It's a philosophy that isn't merely a buzzword, but a core principle driving strategic decisions and operational practices. The company recognizes that a healthy planet is essential for long-term business success and that a strong social fabric is the bedrock of stable communities.

A Multi-Pronged Approach

ICTSI's sustainability strategy is a multifaceted endeavor. The company is aggressively pursuing carbon reduction initiatives, investing in cleaner technologies, and optimizing resource consumption. A testament to this commitment is the achievement of carbon neutrality in several of its terminals in the Americas—a landmark accomplishment in the industry. Christian R. Gonzalez, ICTSI executive vice president, compliance officer and chief sustainability officer said: "Our commitment to decarbonization targets marks an important step on our journey to becoming a more sustainable company and as part of this, we are actively implementing initiatives



Our commitment to decarbonization targets marks an important step on our journey to becoming a more sustainable company and as part of this, we are actively implementing initiatives to maximize energy and resource efficiency, reduce carbon intensity, and lower emissions.

to maximize energy and resource efficiency, reduce carbon intensity, and lower emissions.” Beyond carbon reduction, ICTSI is actively exploring renewable energy sources and alternative fuels to power its operations. This shift towards cleaner energy is not just a trend; it's a strategic imperative. The company understands that reducing its reliance on fossil fuels is essential to mitigate climate change and ensure long-term business viability. Digitalization is another key pillar of ICTSI's sustainability strategy. By leveraging technology, the company is streamlining operations, reducing waste, and enhancing efficiency. From automated container handling systems to data-driven decision-making, ICTSI is harnessing the power of digital innovation to create a more sustainable business model.

A Greener Footprint

ICTSI is also deeply committed to environmental stewardship. The company is incorporating green infrastructure and natural solutions into its terminal designs to protect biodiversity and mitigate climate change impacts. By preserving ecosystems and promoting biodiversity, ICTSI is demonstrating its leadership in sustainable port development.

Furthermore, ICTSI recognizes the importance of social responsibility. The company is actively engaged in various community development programs, supporting education, healthcare, and livelihood initiatives. By investing in the well-being of the communities where it operates, ICTSI is building strong and lasting partnerships.

A Resilient Future

ICTSI's focus on sustainability is not merely about environmental protection; it's about building a resilient business. By reducing its environmental impact, the company is mitigating risks associated with climate change and resource scarcity. Moreover, by investing in its communities and employees, ICTSI is enhancing its ability to withstand economic and social challenges.

As the global supply chain continues to evolve, ICTSI is positioned as a leader in sustainable port operations. The company's commitment to resilience and sustainability is not only a moral imperative but also a sound business strategy. By balancing economic growth with environmental stewardship and social responsibility, ICTSI is creating a brighter future for its stakeholders and the planet.



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Group of participants in the AIFFP-supported 'Prepare to Work Safely in the Construction Industry' course.

BUILDING SAFER ROADS:

Australian Investment Enhanced Safety Standards in Fiji

PT Media

Australia's investment significantly raised safety and efficiency standards in Fiji's road maintenance and construction sectors.

Through its Restoring Roads and Bridges Across Fiji project, the Australian Infrastructure Financing Facility for the Pacific (AIFFP) invested AUD71.8 million in Fiji's transport infrastructure, enhancing road and bridge resilience across Viti Levu. This strategic financing, which included an AUD14.7 million grant, supported Fiji's post-pandemic economic recovery and strengthened its climate defenses. The initiative exemplified a robust partnership that bolstered sustainable development and secured critical transport networks.

As part of this investment, the AIFFP, in partnership with the Australia Pacific Training Coalition (APTC), supported the Fiji Roads Authority (FRA) in conducting the Prepare to Work Safely in the Construction Industry course (CPCWHS1001). This course provided Fijians with Australian-accredited equivalent construction safety credentials, equipping them with the necessary skills and knowledge to work confidently and safely in the construction sector. The course also met FRA's specific work health and safety (WHS) requirements for its road construction and maintenance activities.

The FRA became the first organization in Fiji to seek mandatory industry-recognized WHS certification for its road workers,

including contractors. After a successful pilot and feedback in 2023, the program was refined and delivered to 65 FRA inspectors and road renewal contractors earlier this year. Upon completing the training, workers on construction sites were equipped with essential safety training, ensuring they were well-versed in identifying hazards and implementing effective safety protocols.

The AIFFP's approach prioritized local employment and capacity across its projects. The road renewal contracts were awarded to locally registered contractors, with the majority of workers being local Fijians.

The AIFFP remained dedicated to improving Fiji's road safety through skill development. In partnership with FRA and APTC, the AIFFP customized the general construction induction card training to align with Fiji's legal framework and FRA's operational environment. This training marked a significant step forward in strengthening the pool of qualified national skills to support FRA's civil works activities.

The FRA recognized the support of AIFFP, in partnership with APTC, in facilitating the essential safety training. FRA maintained stringent policies, standards, and procedures to ensure compliance with safety standards at the workplace, continuously seeking opportunities to strengthen safety and efficiency through regular training and collaborations.

APTC Country Director for Fiji and Tuvalu, Mr. Gareth McGrath,

expressed pride in partnering with the AIFFP to support the construction safety course initiative for the FRA. "The opportunity to deliver the course was the first for Fiji, and APTC was happy to support this initiative, ensuring that participants were trained and empowered with crucial skills, setting a new benchmark for safety and enhancing awareness and accountability among workers and managers within the civil work sector," he said.

APTC also supported FRA by delivering International Skills Training to FRA's three safety officers. This internationally recognized certification equipped them with improved competency-based training skills and assessments using global best practices. "Now proficient in new skills and tools, these officers are prepared to tackle local challenges and lead safety training for FRA staff, significantly boosting organizational capabilities," Mr. McGrath added.

Future plans for the white card training included rolling out customized white card training on a mandatory basis for all road construction personnel, from casual workers to managers. This training aimed to address the diverse risks present on construction sites, ensuring that everyone involved upheld the highest safety standards, thereby safeguarding both individual and collective well-being.



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CONCENTRIC CIRCLES:

The emerging circular economy

By **DAVID SPRING**
PT COLUMNIST
Sydney, Australia

Circles have a unique place in the human psyche. The concept of cycles and continuity is as innate as nature itself. Summer to Winter, the circle of life, heat turns to cold. The anomaly has been modern humanity's linear regression to an extract-manufacture-consume-waste paradigm. And it's literally not sustainable - we cannot sustain this approach.

Around the world, urban recycling has been practiced since the 1980s. Growing out of this, and the 1970s realisation of the scarcity of resources, two streams of sustainable resource usage practice have emerged:

1. Those that foster reuse and extend service life through repair, remanufacture, upgrades and retrofits; and
2. Those that turn old goods into as-new resources by recycling the materials.

An economy that values and implements both approaches to resource management is a mature, progressive, sustainable economy. Read on to find out how the Pacific has implemented these circular economy principles in its waste management and what more could be done to reduce the resource impact on the planet.

Going in circles

Attempts have been made across the Pacific to adopt a recycling approach to resource management. Most recently, the 31st Secretariat of the Pacific Regional Environment Programme (SPREP, 4-8 September 2023) plenary session endorsed that SPREP develops a Circular Economy Policy Framework and establish a Circular Economy Network. The aim of these and similar initiatives are to move beyond the take-make-waste linear model and expand opportunities for Pacific firms and countries to engage in this economy.

Euro-centric neo-colonialism, or an idea for its time?

Is this just another European idea, thrust upon the Pacific islands, with little thought to context and suitability? After all, the idea originated in the industrialised West with sustaining economic growth as its motivation. Does it suit the Pacific, with its interwoven culture, reliance on natural resources and different priorities?

The answer is yes. The existential threat of rising seas due to climate change are an imperative for action. Recycling optimises resources and for every 1kg of plastic recycled, 1kg of CO₂ is not burned. Continuing to transfer the costs of waste is not an option. Waste management of plastics to save them from entering the oceans is also an issue that animates the Pacific. So, it's necessary but it's complicated. 'The economy' as we know and use it is wedded to the integrated global supply chain. It cannot change to become circular overnight, as it will have myriad unintended and inferior consequences. Where recycling capability does not exist within a country, that adds additional dependencies in operating a circular economy. Further, a circular economy is at odds with established ways of increasing GDP (by increasing economic throughput, not by making things last).

Pacific-specific difficulties in implementing any changes to create a circular economy are that the region does not participate deeply in the main activities that contribute to it – extraction, manufacturing, product design. Its main function is consumption – Pacific trade imbalance (imports minus exports) was negative USD 3.8bn in 2021-22.

Pacific countries can not only participate, but lead the circular economy. How can firms engage in this?

Key entry points

While there is an outsized role for government in establishing policy settings, including levies, incentives and enforcement of "reuse quality" import standards, there is also a role for private sector.

To make recycling in-country commercially viable, several factors need to be in place. Economy of scale is required, to ensure that the cost per kilogram is optimised – this requires steady flows tens of thousands of tonnes. A manufacturing industrial capability is necessary, to ensure that expertise and support industries (parts, logistics) are in place. Collection systems are essential, whether these are local government or private systems. Small countries are not well placed to sustain these.

However, many developing economies are motivated to repair, remanufacture, upgrade and retrofit, to a greater extent than their rich country counterparts, as the import of new equipment is expensive. There can often be a well-developed series of industries to strip and reuse parts, from cars, to electronics, to fabrics.

Several Pacific organisations are working to promote and develop recycling initiatives - the first step in a circular economy:

- Fiji-based Pacific Recycling Foundation – waste management towards a circular economy and a social justice focus to support waste pickers
- ANZPAC Plastic Pact – focussed on plastic recycling by developing a circular economy
- SWIRE Shipping – Moana Taka Partnership – provides containers and ocean shipping pro bono to enable firms



'The economy' as we know and use it is wedded to the integrated global supply chain. It cannot change to become circular overnight, as it will have myriad unintended and inferior consequences.

and governments, to move recyclable waste out of the Pacific Islands, to countries with established recycling plants.

Business opportunities also exist in partnership with government. Incentivised recycling (e.g., 10c per aluminium can) have proved popular in many countries. The incentive alone is enough to mobilise people to extract containers, otherwise destined for landfill, to be presented for recycling. These schemes must be connected to the relevant end markets to process the waste.

Extended producer responsibility (EPR) policies are designed to encourage or required manufacturers to take responsibility for the lifecycle of the waste that their products create. These typically build in an incentive to return products such as tyres, white goods, and packaging. ANZPAC have established voluntary EPR schemes to collect, recover and reprocess plastic packaging from Pacific Island Countries.

Sustainability in design – less relevant to the Pacific as an origin of product design, but policies can be designed to require sustainable product design for imports. This encourages industry to design their products for recycling, reduce the cost of recycling, and improve recyclability.

Hope

Hope is not a strategy; but strategy gives hope. Current efforts to create a circular economy across the Pacific appear isolated, discontinuous and either low-priority government or NGO project based. A co-ordinated transitional strategy around which recycling and reuse industries develop, and support businesses coalesce, could be implemented over time. This will enable the touch points with the integrated global economy to adjust. Employment is created and the economy will grow. Firms and governments alike will support reducing unemployment and increasing economic well-being. If it can be achieved through a transition-to-circular rather than the linear take-make-waste model, environmental sustainability is added to the bottom line. I mean, why reinvent the wheel (circle)?



Site visit delegation which included representatives from the World Bank Pacific team, MMERE, THL, HEC & the Project Office.

World Bank Commends Progress on Tina River Hydropower Development Project in Solomon Islands

The World Bank's Country Director for Papua New Guinea and the Pacific Islands, Mr. Stephen Ndegwa, recently visited the Tina River Hydropower Development Project site in central Guadalcanal to assess the advancements made since his last visit in late 2023.

Accompanied by key officials, including the Permanent Secretary for the Ministry of Mines, Energy, and Rural Electrification (MMERE), Mr. Chris Vehe, the World Bank Resident Representative for Solomon Islands and Vanuatu, Ms. Annette Leith, and staff from the Tina River Project Office, the visit highlighted the progress and upcoming milestones of the 15 MW renewable energy project. Discussions focused on the forthcoming tunnel and dam construction, set to begin in the coming months.

Expressing satisfaction with the developments, Mr. Ndegwa reaffirmed the World Bank's dedication to supporting initiatives that foster clean energy and sustainable growth in the region. He emphasized the project's crucial role in enhancing energy security and driving economic progress in the Solomon Islands.

"I am impressed by the significant strides made in the construction of the access road and other civil works since my last visit nine months ago. I extend my gratitude to the Solomon Islands Government for their unwavering support and to the contractors for their diligent work. The Tina River Hydropower Project is a transformative investment for the Solomon Islands, harnessing

local natural resources to produce clean, reliable renewable energy for the Honiara grid. This project is poised to deliver substantial benefits across social services, businesses, and the broader economy. As we move towards the main construction phase of the power plant, we recognize that challenges remain, necessitating continued collaboration and commitment from the Solomon Islands Government and all project partners," said Mr. Ndegwa.

Permanent Secretary Vehe expressed the Solomon Islands Government's appreciation for the World Bank's sustained support. "The progress we have achieved is a testament to the collective efforts of all stakeholders. The World Bank and our five other financing partners have been instrumental in ensuring that the project advances in a sustainable and accountable manner," he stated.

For over a decade, the World Bank has collaborated closely with the Ministry of Mines, Energy, and Rural Electrification to guide the Tina River Hydropower Development Project from its inception through to implementation.

In addition to the World Bank, the project receives concessional financing from the Abu Dhabi Fund for Development, the Asian Development Bank, the Government of Australia, the Green Climate Fund, and the Korea EX-IM Economic Development Cooperation Fund.

Take a SIIP: choose your flavour

By **DAVID SPRING**
PT COLUMNIST
Sydney, Australia

Australia's flagship infrastructure program in Solomon Islands has matured over several years. After a slow start to achieving a broad remit, the Solomon Islands Infrastructure Program (SIIP) has found its groove as a delivery unit for practical urban solutions and a niche training provider. SIIP has more recently tackled larger infrastructure, with the 42km Malaita South Road Rehabilitation and Buala Wharf Redevelopment. To learn more about SIIP's diverse but effective projects and opportunities, read on.

Count us in

The number of market upgrades planned and delivered by SIIP is as impressive as it is much needed. Seven market upgrades are either completed, underway or planned, some more significant than others. Provincial capitals Buala, Tulagi, Kirakira, Seghe, as well as Malu'u and Tenaru have been redeveloped or refurbished under the program. The Honiara Central Market extension recently opened. Now there are 100 new places for vendors, which will provide greater revenue for HCC, as well as increased health, safety and amenity for vendors and shoppers. The Honiara bus shelters scheme has delivered five new shelters, boasting large shelters and wheelchair access. The shelters are located at the far end of the bus bays to encourage bus drivers to stop at the far end, maximising stopping space for other buses within the bays. If effective, this will solve one of the common traffic efficiency problems in Honiara – through lanes being blocked due to the haphazard stopping

positions of buses.

The most significant funding commitment thus far is for the Naha Birthing and Urban Health Centre, now underway. This project has had a difficult gestation, but was re-launched in May 2024. AUD 36m (SBD 196m) will fund the 22-bed facility, which will be designed to improve health outcomes for urban Honiara. The project includes construction, operational planning for new facility and 3-5 years maintenance support. Noro Port Upgrade and Seghe Airport Upgrade also deserve a mention, as examples of diversity across the transport sector. Both are co-funding opportunities.

Tender is the market

SIIP are currently advertising two tenders -one for Seghe market works and a pre-qualification for another market. So the pipeline is not full, but there are more projects in the works.

Skills training is another area of strength for SIIP. Over 500 Solomon Islanders have been trained in various disciplines, from procurement skills to preparing a Health & Safety Plan. More training is planned, to assist prospective firms win and delivery high quality work.

As part of Australia's enduring place in Solomon Islands' donor landscape, SIIP plays an important role. It is a mechanism for delivery of large and small economic infrastructure, as well as a standard bearer for a way of delivering in line with Australia's values. Above all, it demonstrates an Australian willingness to engage in long-term economic growth. SIIP will no doubt be mentioned at the Australia-Solomon Business Forum (see story page 10), as one of the opportunities for both countries' businesses to work together and deliver improvements to Solomon Islander's lives.

NAC achieves milestone in Aviation Security Training

By **JASON PAISOI**
PT Contributing Writer
Port Moresby, PNG

On July 1, 2024, the National Airport Corporation (NAC) reached a significant milestone in its journey as Papua New Guinea's leading airport operator and aviation security provider.

The Civil Aviation Safety Authority of Papua New Guinea (CASA PNG) granted NAC certification as an Aviation Training Organization (ATO) under Civil Aviation Rule Part 141. This certification marks a pivotal advancement for NAC, expanding its role in internal security screener training and allowing it to offer services to organizations nationwide. Dominic Kaumu, Acting Managing Director and CEO of NAC, expressed the importance of this achievement. "This certification empowers NAC to deliver internal security screener training and broaden our services across the country," he stated. To uphold this new standard, NAC will be upgrading its Computer-Based Training (CBT) Simulator Software to the latest X-Ray Tutorial 4 (XRT4) version. The upgrade is a collaborative effort with the Center for Adaptive Security Research and Applications (CASRA), an international security software company. The XRT4 simulator is designed to enhance NAC's security screeners' ability to identify and respond to emerging threats. This state-of-the-art tool is essential for maintaining compliance with Civil Aviation Rule Part 141, which governs aviation security (AVSEC) screener training.

The XRT4 tutorial will equip NAC's personnel with advanced skills necessary to analyze X-ray scans of luggage effectively. By integrating



this sophisticated technology, NAC ensures that its screeners are adept at recognizing and managing potential risks, thus enhancing passenger safety.

Aviation security screeners play a crucial role in safeguarding air travel. They are the frontline defenders against prohibited items and dangerous materials that could threaten passenger safety. The implementation of the XRT4 program will bolster their capabilities, ensuring they remain at the forefront of aviation security.

In sum, NAC's new certification and the forthcoming upgrade to the XRT4 simulator signify a major step forward in aviation security training, reinforcing its commitment to excellence and safety in the aviation sector.



Tuvalu’s Minister for Transport, Energy, Communication, and Innovation Simon Kofe (center) led the Tuvalu government delegation at the ship launching ceremony. He was joined by ADB Deputy Director General for the Pacific Hideaki Iwasaki (center left) and Honda Heavy Industries Co. Ltd President Hisaaki Masuda (rightmost) to launch the vessel.

Sailing Towards a Sustainable Future: ADB and Partners Unveil a New Lifeline for Tuvalu’s Remote Islands

Saiki, Japan - In a significant stride towards enhancing connectivity and bolstering the resilience of Tuvalu’s outer islands, the Asian Development Bank (ADB), in partnership with the Government of Tuvalu and Honda Heavy Industries Co. Ltd, launched a state-of-the-art passenger and cargo ship, the *Manu Sina*. This new vessel, unveiled in the shipbuilding city of Saiki, Japan, is set to replace the aging *Manu Folau* and is expected to become a vital lifeline for the remote island nation.

The launch ceremony was a momentous occasion, graced by Tuvalu’s Minister for Transport, Energy, Communication, and Innovation, Simon Kofe, who led the government delegation. Joining him were ADB’s Deputy Director General for the Pacific, Hideaki Iwasaki, and Honda Heavy Industries Co. Ltd President, Hisaaki Masuda. Together, they marked the commencement of a new chapter in Tuvalu’s maritime history.

The *Manu Sina* is more than just a ship; it is a symbol of progress and resilience. The vessel is designed to withstand the harsh realities of the Pacific climate, ensuring that the people of Tuvalu have reliable and safe sea transport for decades to come. With a \$30 million grant from ADB’s Asian Development Fund (ADF) and an additional \$3 million contribution from the Government of Tuvalu, the project underscores the shared commitment to fostering sustainable development in one of the world’s most vulnerable countries.

For the people of Tuvalu, sea transport is not merely a mode of travel but a necessity for survival. The nation’s capital, Funafuti, and its outer islands are connected solely by sea, making the *Manu Sina* an indispensable asset. It promises to enhance the transfer of people and goods, improve livelihoods in the outer islands, and stimulate economic development across the region. As Tuvalu grapples with the ever-present threat of climate change, this new vessel is designed to be climate-resilient, reflecting the urgent need for sustainable solutions in the Pacific.

“Tuvalu is one of the most vulnerable countries to climate change,” remarked ADB’s Hideaki Iwasaki. “The new ship is climate resilient and will be a lifeline to the people of the outer islands. Safe, reliable outer island sea transport is essential to Tuvalu’s economy and social cohesion, intra-regional connectivity and trade, and improving women’s mobility to health care and markets.”

Minister Simon Kofe echoed these sentiments, emphasizing the crucial role of shipping services in the lives of Tuvalu’s island communities. “Shipping services are essential lifelines for our island communities, and ensuring their safety and efficiency is a top priority for our government. We deeply appreciate ADB’s support and partnership in helping us achieve this goal.”

The significance of this project extends beyond Tuvalu. It is expected to strengthen the ties between Tuvalu and its neighbouring countries, Fiji.



The Honorable John Still Tari Qetu, Minister of Health, and Australia's Acting High Commissioner, Mr. Jon Philp, at the contract signing ceremony.

VAHP Announces Reconstruction of Six Healthcare Facilities in Vanuatu

Port Vila, Vanuatu - The Vanuatu-Australia Health Partnership (VAHP) has unveiled an ambitious initiative to reconstruct six crucial healthcare facilities across Santo, Pentecost, and Futuna Islands, signaling a transformative moment for healthcare in Vanuatu. This reconstruction effort, backed by the Vanuatu-Australia Partnership, is set to significantly improve healthcare access for up to 40,000 people, including women, children, the elderly, and those living with disabilities.

A ceremonial contract signing on Friday, 2 August, marked the official launch of this vital project. The Honourable John Still Tari Qetu, Vanuatu's Minister of Health, joined Australia's Acting High Commissioner to Vanuatu, Jon Philp, in formalizing the agreement, underscoring the collaborative spirit of this partnership.

With an investment of 250 million VATU, these facilities will be rebuilt to restore and enhance services disrupted by the devastating impacts of Tropical Cyclone Harold in 2020 and the Twin Cyclones Judy and Kevin in 2023. The targeted healthcare centers include:

- Wunpuku Dispensary on the northwest coast of Santo Island
- Tasmate Dispensary on the west coast of Santo Island

- Northern Provincial Hospital in Luganville
- Tsingwege Dispensary in Central Pentecost
- Baie Barrier Dispensary in South Pentecost
- Naukero Dispensary on Futuna Island

Minister Tari Qetu expressed deep appreciation for the continuous support from the people and Government of Australia, highlighting the pivotal role of the Vanuatu-Australia Partnership in advancing Vanuatu's healthcare system. He noted that these efforts align with the nation's commitment to achieving its sustainable development goals by 2030.

The reconstruction will be carried out by four local companies—Tulaet Projects, SD Construction, Tamaraka Construction, and Dexter Construction—ensuring that the project not only revitalizes healthcare infrastructure but also stimulates the local economy through job creation and the sourcing of materials within Vanuatu. The VAHP, managed by DT Global, continues to exemplify the power of international cooperation, working diligently to deliver quality, inclusive health services that benefit communities across Vanuatu.

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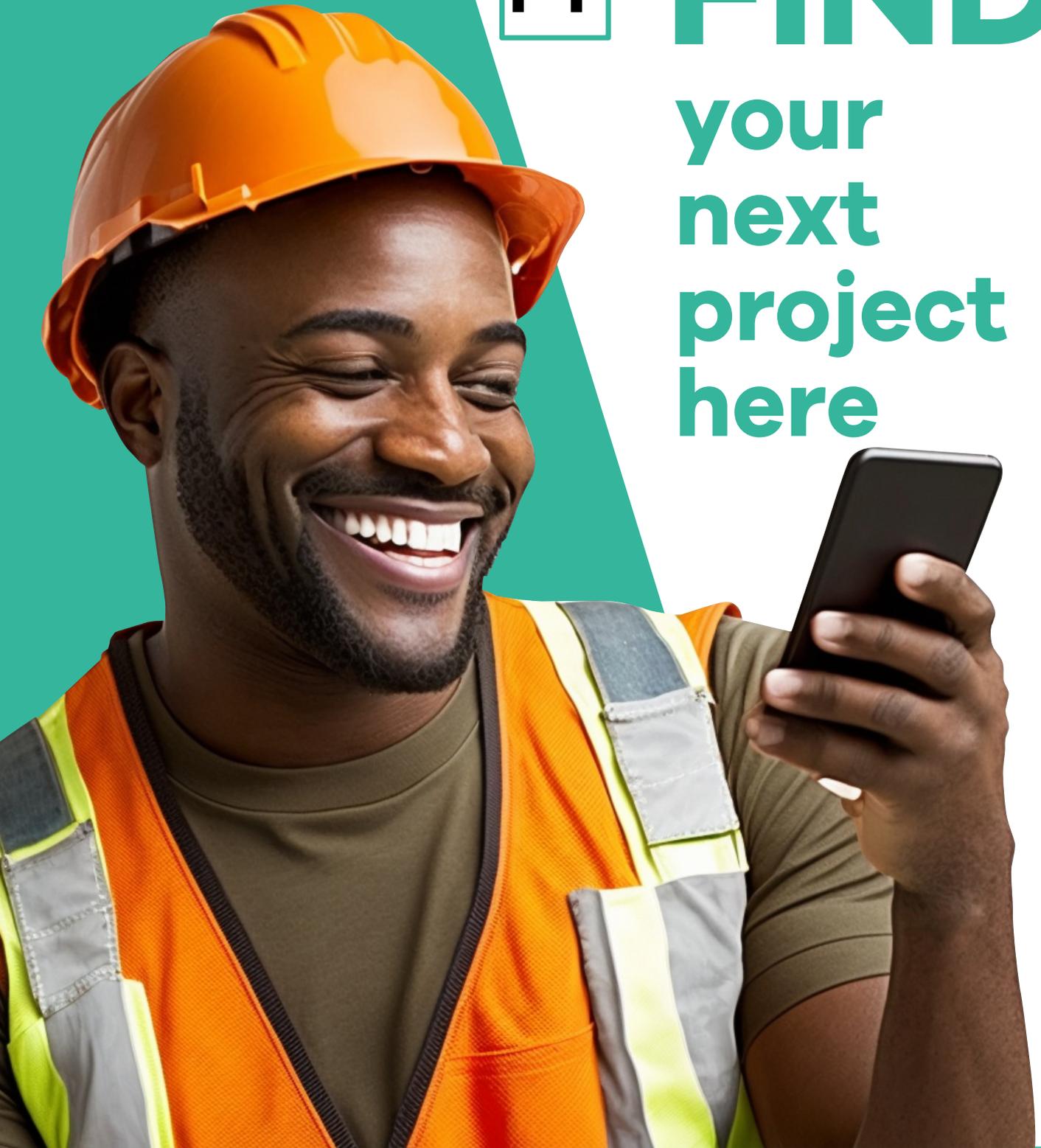
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From future doctor to leading civil engineer

By **JASON PAISOI**
PT Contributing Writer
Port Moresby, PNG

Helena's childhood dream was to become a doctor, but her plans changed when she missed out on the Science Foundation program at the University of Papua New Guinea due to not taking Biology.

Feeling uncertain about her future, she stumbled upon a life-changing moment at the famous Batas market near the PNG Border Post. As she observed the rapid development across the border in Indonesia, she saw an Indonesian civil engineer at work and realized how transformative civil engineering could be. This sparked her interest in the field.

Redirecting her path, Helena enrolled in a Diploma in Civil Engineering at the National Polytechnic Institute of PNG, graduating in 2018. Her journey was challenging, especially as a hearing-impaired graduate with limited field experience. Her most significant project, the K9 million Vanimo-Wutung Highway resealing project, tested her skills. Helena's innovative approach to overcoming communication barriers and maintaining quality assurance/quality control (QA/QC) helped complete the 47km project successfully, despite delays.

Facing challenges as a female engineer with a disability, Helena encountered communication issues and biases. However, her determination and supportive colleagues helped her navigate these obstacles and make a meaningful impact.

Helena is also critical of issues in civil engineering, such as poor compliance with construction standards and inadequate road maintenance. She has embraced new technologies and practices, including managing timesheets and payroll, which were outside her initial training.

A standout moment came in April 2022 when Helena suggested a better method for marking out repair sites during a site inspection. Although initially overlooked, the less satisfactory results highlighted the value of her input and reinforced her commitment to future projects.

Sustainability is a priority for Helena. She works closely with her team to ensure projects stay on track and meet quality standards. Her experience at Global Construction Ltd has shown her that diversity is a strength, helping teams overcome various challenges.

For aspiring female engineers, Helena advises embracing challenges, accepting criticism, and continually learning. She stresses respect and perseverance in a male-dominated field. Helena is currently focused on improving accessibility for people with disabilities. With her diploma and experience, she is eager to further her training in designing disability-friendly infrastructure, aiming to make buildings and public spaces accessible for everyone.



Helena at work with Global Construction Ltd.





Diversion of Weararu Creek now underway.

Boram Airport Boost: Creek diversion project starts

THE skies are looking brighter for Wewak’s Boram Airport as the National Airport Corporation (NAC) and the East Sepik Provincial Government (ESPG) prepare to launch the Creek Diversion Project, a pivotal move set to go out to tender in August 2024.

The ambitious project involves redirecting the Weararu Creek, which currently borders the airport’s runway. This crucial step will facilitate the extension of the runway from its existing 1,760 meters to an impressive 2,000 meters, making room for larger aircraft such as the new Air Niugini A220 jets.

East Sepik Provincial Government Administrator Samson Torovi confirmed that the necessary funds are in place and that preparations are well underway. “We are actively working on the tender documents, and the process will be handled by the National Procurement Commission (NPC),” Torovi said.

This project is the latest development under the Civil Aviation Development Investment Program (CADIP) Phase 2. The agreement between NAC and ESGP, finalized in November 2023, outlines ESGP’s role in funding and managing the diversion and addressing landowner concerns, while NAC will provide the technical expertise needed.

The diversion of Weararu Creek is more than just a technical task; it’s a critical piece in expanding Boram Airport’s capabilities. The runway extension is designed to accommodate larger, more advanced aircraft, boosting the airport’s capacity and enhancing regional connectivity.

Torovi praised NAC for their ongoing support and collaboration, assuring that the provincial government is fully committed



National Airport Corporation (NAC)

to meeting the project timeline. NAC, in turn, lauded ESGP’s dedication and highlighted the importance of such partnerships in achieving significant infrastructure improvements.

As the Creek Diversion Project moves forward, it promises to be a game-changer for Boram Airport, setting the stage for expanded operations and improved services, and reinforcing East Sepik’s role in the region’s aviation landscape.

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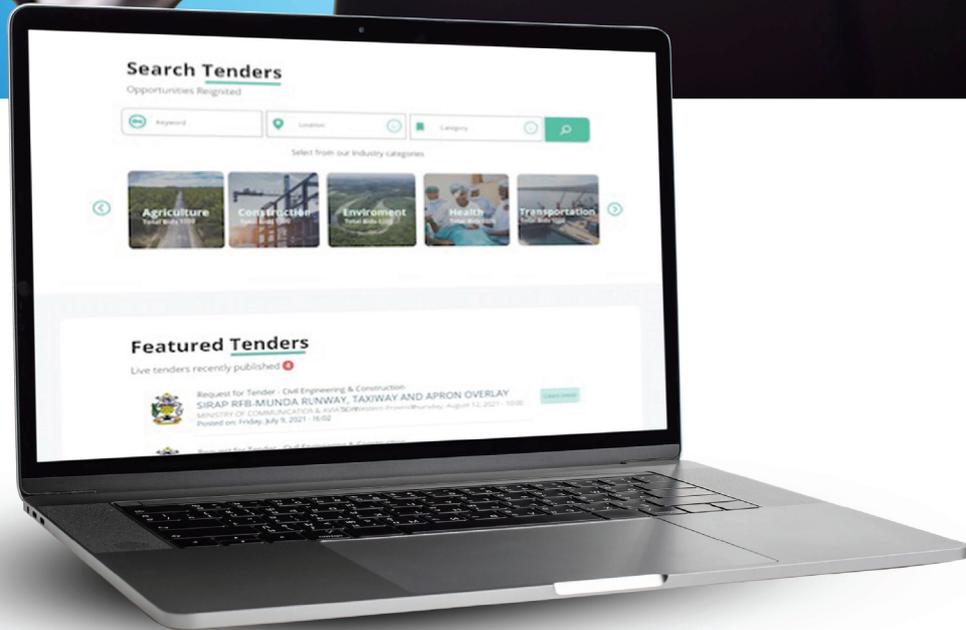
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