

Solomon Islands Knowledge-Action-Sustainability for Resilient Villages (SOLKAS)

Annex 26: Market and value chain analysis report in support of the feasibility of a Youth Climate Resilient Livelihoods Incubator

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SOLKAS - Market and value chain analysis for a Youth Climate Resilient Livelihoods Incubator Youth Climate Resilient Livelihoods Incubator

Country context

1. While Solomon Islands has made significant economic gains since the Regional Assistance Mission to Solomon Islands (RAMSI) commenced in 2003, it remains one of the poorest countries in the Pacific. Economic growth remains barely above population growth and financial prospects for the country are bearish given the anticipated slow-down of logging activity due to unsustainable logging practices. The UN's Human Development Index has remained virtually static. While Solomon Islands is trending favourably in the World Bank's Doing Business Index, businesses, especially micro, small and medium-sized enterprises (MSMEs) are still facing big hurdles on both the supply and demand side. Solomon Islands is largely a price taker on commodity exports in markets that have wildly fluctuating prices. This coupled with high operating costs, high transportation costs, low export volumes as compared to the region/world, land rights issues, small population representing a small domestic market opportunity, and low human resource capacity, hampers Solomon Islands' bid to promote domestic and international investment. This modest growth outlook has not provided adequate opportunities for women, who have a much lower rate of participation in the formal labour force than men and face multiple barriers to employment and business enterprise beyond informal trading. It also has done little to relieve the social pressure from widespread youth unemployment. The Covid19 epidemic has exacerbated these challenges with rising transportation costs and delays and restrictions at the border, effectively shutting down the already struggling tourism sector for example.
2. Solomon Islands' population of roughly 700,000¹ are disbursed over almost 1,000 islands stretching about 1,448 km from one end to the other. Roughly 80% of the population live in remote rural areas on the coast (rather than inland). The 27,986 sq km are covered by only 1,390 km (2011) of roads, 34km of which are paved, and of which 920 km are private plantation roads². Much of the movement of people and freight of goods is done via inter-islands ships or motor-powered fibreglass canoes. Solomon Islands does not produce oil and imports diesel to cover 92%³ of its electricity and the large majority of its transportation needs. As a result, Solomon Islanders pay among the highest prices in the world for electricity⁴. Solomon Islands' main export commodities include: timber, fisheries (tuna), coconut (copra), palm oil, and cocoa⁵, though unsustainable logging practices are expected to result in decreased timber exports. The limited agricultural land, estimated to be around 3.9% of total land mass⁶, in addition to complicated land tenure issues (most land is communally owned)⁷, result in limited opportunity for expanding agricultural activity or

¹ <https://www.cia.gov/the-world-factbook/countries/solomon-islands/#people-and-society>

² Ibid.

³ Ibid.

⁴ https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/impact-stories/cleaner-cheaper-power-fuels-better-future-solomon-islanders

⁵ [https://www.un.int/solomonislands/solomonislands/country-facts#:~:text=There%20are%20six%20major%20islands,miles%20\(28%2C466%20sq.](https://www.un.int/solomonislands/solomonislands/country-facts#:~:text=There%20are%20six%20major%20islands,miles%20(28%2C466%20sq.)

⁶ <https://data.worldbank.org/indicator/AG.LND.ARBL.ZS?locations=SB>

⁷ <https://openresearch-repository.anu.edu.au/bitstream/1885/141295/1/IB2017.5%20Joe%20Foukona.pdf>

other international investment. The average literacy rate for Solomon Islands citizens 15 years and older is around 76%, which ranks the Solomon Islands 142nd in comparison with other countries; only around 50% of the population complete the six years of primary school and only roughly 3% of the population have university degrees⁸.

3. On a positive note, the arrival of the deep sea fibre optic cable into Honiara in 2019, has drastically reduced data rates, increased access to the internet to thousands of Solomon Islanders, and presents the potential to serve as a major disruptive catalyst for access to the global economy.

Business challenges

4. Given this context, businesses operating (most of which are informal) in the Solomon Islands are facing an uphill battle. The main challenges for business in Solomon Islands can be summarised as the following:
 - Very high cost of doing business due to 1) high cost of energy for transport and processing and 2) due to the remoteness and dispersed population.
 - Lack of economies of scale at the supply side: Solomon Islands is a price-taker in the global commodity markets for exports, due to small volumes as compared to global supply. This results in price volatility. Solomon Islands exporters cannot negotiate, they are price takers as well. So, sometimes prices are high and sometimes they are low.
 - Lack of economies of scale at the local demand side (domestic market), especially in rural communities: because of the few customers in rural areas, high transportation costs, and challenges of communication, there are many products and services which cannot be offered viably (for a profit) in rural areas. These products (if at all) are only available in Honiara or provincial capitals.
 - Lack of human capital to drive innovation, due to low literacy rates and underperforming education systems (including vocational training and business management training).
 - Local cultural norms (ex. Wantok) and the political system (hand-out mentality and corrupt practices).
5. These factors stifle the appetite and ability for businesses and entrepreneurs to innovate and/or start-up new ventures successfully.

Rural economies

6. The Solomon Islands have historically engaged in a barter and sharing economy, with traditional shell money being used mainly for ceremonial means of exchange (ex. weddings), rather than a daily use of a means of exchange⁹. Rural communities grew or fished their own food and built their homes out of materials available in the forest. As the country developed, access to health, education, and building materials improved, and so did the need for cash to pay for these products and services. With more time spent producing cash crops to generate income, or selling crops that would have been consumed, less time was available for subsistence food production via gardening or fishing and as a result arose the need to supplement food production with food purchases¹⁰. In fact, we see today that recurring cash needs of rural

⁸ <https://borgenproject.org/8-facts-about-education-in-the-solomon-islands/#:~:text=Government%20spending%20on%20education%20in,of%20the%20population's%20literacy%20rate.>

⁹ <https://theislandsun.com.sb/barter-system-still-alive-in-malaita/>

¹⁰ https://www.dfat.gov.au/sites/default/files/solomon_study_vol1.pdf

communities in Solomon Islands centre around school fees, health costs, food (ex. rice) and consumer products (ex. hygiene and sanitary). Given this, rural populations have looked for business opportunities to generate cash.

7. Based on the survey conducted by Save the Children in 2021, roughly 70% and 54% of rural households are engaged in land-based agriculture and sea-based activities respectively for consumption and cash-generating purposes. In practice, rural households typically have multiple income streams and work in family units comprised of multiple households. The cash crops grown by rural Solomon Islands communities can roughly be organised into two categories, crops feeding into an export value chain and crops for the domestic market. The most common export crops include copra/VCO/CNO (coconuts), cocoa, kava, beche-de-mer; while crops for the domestic market include betelnut, vegetables, fruit, pigs, poultry, and Ngali nuts. Domestic market products are sold mainly in the village market (due to high transport costs) with little value-added processing or preservation (due to high electricity costs or lack of access to electricity).
8. The survey found that these village markets are flushed with competitors offering the same product to few customers who have little cash¹¹. Besides the limitations such as land availability, access to finance, access to markets and demand, and limited business skills, business owners and potential entrepreneurs also face a lack of exposure to new innovations from outside the community/village (most learn/copy from neighbours, family, or friends). This factor is not helped by the poor telecommunications connectivity in rural areas, especially data services (3G or 4G); however, this will hopefully change for some communities with connection of the fibre optic cable to Malaita and Isabel provinces. Cooperatives or income-generating associations of farmers or fisherfolk are not common (and historically have not worked well) in Solomon Islands, and the few that exist are very small (with few members, for example 2-4 members).
9. Some of the most salient findings of the survey per rural stakeholder category are summarised below.
10. 83% of **village leaders** said that they know about products that are currently not being produced in the village that have potential. Kava was by far the most popular answer, followed by copra, coconut oil, cocoa, and ginger. The main reasons why these products were not being produced and marketed included: the lack of market demand/buyers, followed by lack of technical knowledge on how to produce, then road infrastructure/transportation limitations, then availability of tools/materials and lack of resources to start. Products and services which would be useful in the village that are not easily available were listed to be: transportation services (truck/boat), agricultural and gardening tools/equipment, cool storage (solar freezer, ice cubes, esky), telecom services, bank agents, fishing gear and seeds.
11. 84% of **smallholder farmers** sell in their village/immediate community, the remaining 16% in the provincial capital or Honiara. Smallholder farmers' main self-reported challenges of running their business include physical market accessibility (ex. distance, lack of roads, etc), poor weather conditions, lack of labour, pests, and low demand. The main reasons farmers could not sell more were lack of physical market access, closely followed by a lack of demand (not enough customers, too much competition, and resulting low prices), followed by poor weather conditions. Almost exclusively, smallholder farmers learned about new methods or products from neighbours, friends, and family members (80%), but it is not clear where the information originated in the first place. Also listed as information sources for new agricultural methods were

¹¹ There is a lack of cash at the village level (poor consumer purchasing power), which is spent on school fees, health expenses, consumer goods, construction materials, transport costs, church contributions, family obligations, etc

local farmers in the village, radio (SIBC), books, agriculture extension, and SINU (20%). Neighbours, friends, and family members were also by far the most common source of information about demand and prices for agricultural products, followed by traders, radio (SIBC), and large farmers in the area. While 65% of SHFs said that it would be beneficial to have a village/ward-level storage unit, it is not clear how this unit would be maintained and operated, as there would need to be a mechanism to pay for maintenance, safeguard products, control inventory and resolve disputes. 88% of SHFs said that they would benefit from the following products/services which they cannot easily access currently: road access to markets and transportation services, agricultural equipment/tools and inputs, and agricultural methods training.

12. The large majority (60%) of **fisherfolk** sell their catch in the local market, 15% sell in the provincial capital market, some in logging camps and very few in Honiara or to a hotel. 74% sell directly to consumers and 21% sell to traders. The biggest challenges fisherfolk face in running their business are: bad weather conditions (by far), followed by not having fishing gear or an OBM/proper vessel, lack of storage/preservation (spoilage), decreasing fish stock, and few buyers/low demand. But when asked what prevents fisherfolk from higher sales, the answers were the following (by prevalence): high competition/low demand and prices, followed by decreasing fish stock/low fish catch, lack of proper equipment/gear, bad weather conditions, and lack of cool storage and consumption needs rounding out the back. Like smallholder farmers, fisherfolk learn about new fishing methods or gear mostly from neighbours, friends, or family, while a small number also listed local fishermen at the market and a fisheries centre. 61% of fisherfolk see a benefit of having a cooling, storage, and/or processing unit in their village (one respondent mentioned that the fisheries development centre at Tataba helps a lot in storing fish). 29% of fisherfolk thought that their village could produce seaweed, shells, clams, fish, bech-de-mer in ponds, and a separate question found that 15% of respondents manage saltwater ponds.
13. The majority of **local traders** sell consumer goods, followed by copra, and petrol. Goods they buy in Honiara and sell in the provinces are mostly food stuff, followed by clothing, fishing gear, kitchen utensils, hygiene/sanitary products, tobacco products, and electronics. Most survey responses related to consumer products, being sold at village canteens, small shops, in the villages, directly to consumers. The biggest challenges in running their business include customers buying “on credit” and not or delayed repaying (by far), followed by high transport/freight costs, low cash flow, high competition/low demand, and delay of transport services. Factors preventing local traders from increasing sales are customer credit needs, high competition, high operating costs, and low cash flow.

Climate resilience challenges

14. In addition to the general business environment challenges faced by businesses (we include farmers and fisherfolk in this category as informal micro businesses) and entrepreneurs, climate change impacts and unsustainable practices are negatively impacting rural populations’ ability to generate or maintain incomes. The majority of respondents (60-96% based on business activity) of the survey conducted in rural communities have experienced a shock or stress from changing environmental conditions in the last few years.

Difference between shocks, stresses and business challenges

- **Shocks** are discrete, rapid-onset events that tend to be relatively short-term and easy

to identify.

- **Stresses** are conditions or pressures that grow more slowly, eroding development progress over time. Stresses should not be confused with broader systemic constraints (e.g., poverty, weak governance, thin markets, gender inequality) that also inhibit people's well-being, but are a more permanent feature of the development context.
- **Business challenges due to systemic constraints:** high competition, low demand, low consumer purchasing power, lack of transportation services, lack of access to information (good agricultural practices, market opportunities, etc.)

15. Of the smallholder farmers interviewed as part of the survey, 73% experienced a shock/stress from changing environmental conditions over the last 5 years. By far the most commonly cited was high rainfall/flooding and strong winds and unpredictable weather patterns (affecting cocoa trees, vegetable garden cleaning/weeding is harder, causing soil erosion, landslides), followed by hot temperatures (dry seasons) and pests/insects. These resulted in lower production and higher crop loss/damage. While few farmers took action to mitigate the impacts of these shocks, the few cited were: changing what is cultivated, composting, moving to a new location, digging soil drainage systems, covering soil to prevent erosion, and expanding the planting area.
16. Of the large farmers interviewed as part of the survey, 96% stated that changing environmental conditions/climate change has affected agriculture in their community. The main challenges they cited are reduced yield and vegetable/fruit quality in gardens and insect outbreaks/pests causing crops to spoil. Large farmers cited the same mitigation approaches as small farmers. 26% of large farmers said that "climate smart" agriculture practices are being adopted/developed in their community. The large majority of respondents thought that the support needed to help people in the community deal with changing environmental conditions/climate change should be awareness/training/capacity building, followed by proper farming/gardening tools and the introduction of new improved crop varieties.
17. Of the fisherfolk interviewed as part of the survey, 94% cited that they have experienced shocks or stresses with respect to environmental conditions in the past few years. The most commonly cited were: fish migration, sea level rise and sea surges resulting in flooding, storms and reef bleaching. These resulted in low fish catch and low sales. Fisherfolks' reported actions to mitigate the impact included: working on something else and using new fishing methods (most cited), though also mentioned were fishing in the open sea, choosing new fishing grounds, spending more time fishing, borrowing cash from friends, and tracking fish migration. Other actions they could think of to reduce the impact on their business were protecting the environment (preserve reef areas, stop logging, no dumping rubbish in ocean), followed by diversification, and solar freezer/cool storage.
18. Of the local traders interviewed as part of the survey, 59% experienced shocks or stresses from environmental conditions over the past year, resulting in shipping delays due to bad weather.
19. So, following SOLSKAS' definition of climate resilience, *development of business models and/or products/services that respond to, and/or innovate within, the context of a changing climate and the*

challenges climate change brings about, we would need to focus on business owners and/or entrepreneurs who:

1. Respond to the negative impacts of climate change;
 - a. Farmers and other value chain actors
 - i. Soil erosion (due to flooding)
 - ii. Decreasing yields due to pests/insects and variable weather patterns, including drought
 - b. Fisherfolk and other value chain actors
 - i. Fisk stock decline (due to overfishing, logging pollution, and fish migration)
 - c. Local traders and other value chain actors
 - i. Shipping delays (due to bad weather)
2. Practice any livelihood activity which is NOT impacted by the typical climate shocks/stresses in SI's; and/or
3. Establish or practice a livelihood activity with “increased knowledge/understanding (Outcome 1 of Logframe) of climate change implications, improved resilience knowledge, and strengthened adaptation planning capacity”

Opportunities and needs of rural youth entrepreneurs

20. Roughly 70% of the population in Solomon Islands is 34 years or younger¹². The Solomon Islands National Youth Policy 2017-2030¹³, highlights the fact that employment is the most important challenge identified by youth. While around 16-18,000 youth enter the labour market every year, the Solomon Islands Central Bank estimates that the economy will create roughly 4,000 annually at most. The current unemployment rate for youth is around 75-80%.
21. In addition to the general business operation and start-up obstacles faced by business owners and entrepreneurs in the Solomon Islands described in the above sections, youth lack exposure to new ideas or innovations, access to finance, and business skills. A UNCDF report also found that entrepreneurship not seen in a positive light or as aspirational; entrepreneurship is traditionally associated with school leavers and those who cannot get or secure jobs¹⁴. Any support to youth-owned businesses or start-ups would therefore require support with:
 - Market linkages;
 - Market demand;
 - New business ideas and access to information;
 - Business management skills;
 - Access to finance, especially start-up funding;
 - Access to new products/services;
 - Peer support networks; and
 - Start-up support and mentorship.

¹² <https://dpa.bellschool.anu.edu.au/experts-publications/publications/6627/ib-201901-youth-inclusive-development-challenges-and>

¹³ <http://www.mwycfa.gov.sb/resources-2/strategic-plans-policies/youth-development-empowerment/6-solomon-islands-national-youth-policy-2017-2030/file.html#:~:text=Solomon%20Islands%20is%20a%20youthful,below%2034%20years%20of%20age3.>

¹⁴ <https://drive.google.com/file/d/1yZT1-ehBSB2Swgi2i82d9ocsrWIFwh54/view>

22. While there are few new opportunities for Solomon Islands' youth, especially rural youth, the growing population does represent a growing market for new businesses and the improved online connectivity (for some rural areas) presents a new trend that youth are especially well-placed to profit from. Based on the results of the survey, there also seems to be demand for better agricultural practices to increase and sustain yields, improved inputs and improved climate resilient agricultural practices; though the question would be how to commercialise this potential demand.

Complementary projects/initiatives in Solomon Islands and region

Solomon Islands entrepreneurship initiatives

23. The UNCDF Entrepreneurship Ecosystem Pacific Report (2021)¹⁵ reveals that there are currently no permanent incubators, accelerators, or pre-incubation services in the Solomon Islands. Services that are available are funded by donor programmes and therefore not sustainable in the long-term, nor do these offer continuity for entrepreneurs after they have taken part in a program. Existing services, such as the incubation and entrepreneurship services provided by the Youth Entrepreneurship Council Solomon Islands (YECSI), within the Solomon Islands Chamber of Commerce and Industry (SICCI), are in early stages of development and need further support and capacity building. Besides Dreamcast Theatre, which supports youth in the arts, including entrepreneurs in the creative arts field, YECSI is the only organisation providing networking and business support to SI youth entrepreneurs. SICCI and YECSI have a good reputation for providing services to youth entrepreneurs. YECSI, mostly supported by donor funds, currently provides the following services to youth entrepreneurs:

- Innovation for resilience program (funded by DFAT's Strongim Bisnis project)
- Inspiring secondary school students
- Mentoring program
- Networking opportunities
- Training (via SISBEC)
- Information sessions

24. The report identifies the need for building local capacity of business skills/entrepreneurship training providers, including universities which currently offer only generic courses that are not practical or in line with entrepreneurs' needs. A co-working space exists, initially set up via funding from UNDP, and now associated with the Ministry of Commerce (MCILI), but has not been fully leveraged due to a lack of long-term integration with the existing ecosystem of entrepreneurship service organisations.

Solomon Islands entrepreneurship organisations

- Small Business Enterprise Centre ([SISBEC](#))
- Solomon Islands Women In Business Association ([SIWIBA](#))

¹⁵ <https://drive.google.com/file/d/1yZT1-ehBSB2Swgi2i82d9ocsrWIFwh54/view?usp=sharing>

- LumiWaka Co-Working Space by United Nations Development Programme ([facebook](#))
- Young Entrepreneurs Council Solomon Islands (YECSI) - [YECSI](#) facebook, [YECSI website](#)

Entrepreneurship projects in Solomon Islands (current and past)

- LumiWaka - co-working space managed by the Ministry of Commerce (MCILI)
 - [LINK to facebook page](#) (currently funded by UNDP Transparency & Accountability Project of Solomon Islands - TAPSI)
- Youth at Work (past) - South Pacific Community Organisation in Solomon Islands (SPC-SI)
- World Vision Youth Social Entrepreneurship Program (past)
- UNPBF - Peacebuilding (past) - see pg6 of [eval report](#)
- YECSI programs (funded by Strongim Bisnis and private sector) (ongoing)

Entrepreneurship organisations in the region

- [Business Link Pacific](#)
- [Scaling Frontier Innovations](#)
 - [Guide/Toolkit to Starting an Incubator](#)
- [UNDP Youth CoLab \(plus courses\)](#)
- [Pacific Greenpreneurs program](#) (not in SI), has training modules

Objectives

25. SOLSKAS' objective, in terms of youth livelihoods, is to "increase rural youth entrepreneurs' income and climate resilience". SOLSKAS defines:

- Youth to be 15- 34 years old;
- entrepreneur to include new and existing businesses, formal and informal; and
- climate resilience to mean "development of business models and/or products/services that respond to, and/or innovate within, the context of a changing climate and the challenges climate change brings about".

Evidence-based design

- What are incubators?
- Evidence of impact
- What challenges will an incubator concept have to overcome in the Solomon Islands context?
- Best practices for incubators in the South Pacific

What are incubators?

“Incubators are organisations or initiatives designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services that could include physical space, capital, coaching, common services, and networking connections”¹⁶

26. Incubators are often mentioned in tandem with accelerators, though they serve slightly different purposes, with the latter supporting more established/proven business ideas. There may also be organisations or initiatives serving as “pre-incubators” which prepare youth to take advantage of incubator services. For the purpose of SOLSKAS, the term “incubator” potentially covers all three of these.

Pre-incubators, incubators and accelerators

Pre-incubators

- Offering mindset transformations for youth to engage in innovation and entrepreneurship
- Primary source of Innovation ideas
- Offers hands-on programmes such as Internships
- Program durations between 3 months to 1 Year

Incubators

- Primarily focuses on helping early stage start-ups become viable and scalable
- Provides an array of support services and infrastructure through a systematic process
- Quality controlled intake of start-ups with regular time bound exits
- Program duration generally between 1 year and 3 years

Accelerators

- Accelerators focus on speeding up the growth of existing companies that already have a minimum viable product (MVP) in the hands of early adopters with an established product-market fit

Evidence of impact

27. Literature review¹⁷ for incubators in Europe as part of the SUPER project have found that successful incubators share the following characteristics:

- A good and complete understanding of the business incubator system in general
- Embedding of business incubation in the development policy of a country/region
- Sufficient financial support
- Sufficient demand for the services of a business incubator
- A good understanding of the market within which the incubator is operating
- Suitable and low-cost office space to accommodate clients and management
- A management team with strong business skills and incubator experience

¹⁶ <https://www.entrepreneur.com/encyclopedia/business-incubator>

¹⁷ <https://ec.europa.eu/programmes/erasmus-plus/project-result-content/35ce359d-3c74-4857-91c8-ea03510f35b6/Critical%20factors%20%5BEN%5D.pdf>

- A strong understanding of the role of the incubator in delivering desired outcomes.
 - A supportive and effective start-up ecosystem
 - Strong entry criteria for potential incubatee participants to ensure compatibility
28. Further, research based on a wide literature review, published by the *European Centre for Research Training and Development* in the UK, found that “graduated companies (of incubator programs) tend to have a greater probability of success and ... have a significant positive impact on economic development”¹⁸.
29. A *Literature Review on the Impact of Business Incubation, Mentoring, Investment and Training on Start-up Companies*, by the Overseas Development Institute (ODI), found strong evidence for positive incubator outcomes in terms of “enterprise survival and higher employment growth... increased likelihood of short-term survival, lower failure rate and stronger learning”¹⁹.
30. While not all evidence suggests incubator effectiveness, much depends on the location of the incubator (ex. developed or developing economies), the management and funding, the sector, among other factors. This suggests the obvious, that incubators have to be designed to be contextually appropriate, otherwise there is a chance that they will not be impactful.

What challenges will an incubator concept have to overcome in the SI context

31. Besides the business challenges that rural youth entrepreneurs are facing, the Solomon Islands context also presents challenges to the successful implementation of incubator services.
32. Rural areas in Solomon Islands are remote and difficult and expensive to reach, raising costs and extending timeframes for implementation. Rural areas have low densities of potential youth entrepreneurs; raising the question, how to reach a sufficient number of them effectively. Rural youth are especially limited in terms of education, business skills and exposure to new and innovative business ideas/models; requiring pre-incubator type support and more intense support in general compared to youth entrepreneurs in countries with more mature and innovative economies. Given the context, many potential business models that would work in countries with lower costs of doing business, with large economies of scale (whether on the supply or demand-side) and with a population with stronger purchasing power, won't be viable in the rural Solomon Islands context; this will require the project to spend additional effort in supporting youth entrepreneurs in business model development. Poor telecommunications connectivity in many rural areas, especially data (3G/4G), will require the project to come up with innovative solutions to communicate and provide information and/or training via efficient digital channels. Limited access to start-up funding and business loans, especially in rural areas given the dearth of rural bank branches (none, only in a couple of provincial capitals and bank agents in all provincial capitals and some rural towns); will require the project to develop a creative financial support model for the best ideas/entrepreneurs. A somewhat negative view of entrepreneurship, deterring potential youth participants or causing youth entrepreneurs to drop out of the incubator if they have a job offer, will require the project to come up with effective screening processes,

¹⁸ <https://www.eajournals.org/wp-content/uploads/The-Effect-of-Business-Incubation-in-Developing-Countries.pdf>

¹⁹ https://assets.publishing.service.gov.uk/media/57a08a21e5274a27b2000437/Literature_Review_on_the_Impact_of_Incubation_Investment_Training20.pdf

phases, and/or creative ways to raise the opinion of entrepreneurship among its target groups. Wantok norms may side-track incubator participants' focus/ability to commit to the incubator program and may also deter some youth from participating in the first place, requiring the project to creatively come up with a solution to anticipate this potential challenge.

Best practices for incubators in the South Pacific

33. The UNCDF Entrepreneurship Ecosystem Pacific Report (2021)²⁰ provide a wealth of recommendations based on evidence from past and current incubator organisations and initiatives in the South Pacific, including best practices for the region. These recommendations and findings, in addition to the information on the Solomon Islands context (from the above sections) need to be taken into consideration when designing an incubator for rural Solomon Islands youth entrepreneurs.
34. The most relevant and salient findings of the report are that:
- “An interactive and handholding approach has shown great results rather than delivering pre-designed programmes in a classroom setting with a teacher-student dynamic”.
 - “Entrepreneurs often find additional support with peers through social media and informal WhatsApp groups”.
 - “While trainings are a key component for every ESO, delivering one on one trainings have been generally more useful than generic group trainings”.
 - “Some incubators use curated peer to peer learning which has been successful”.
 - “Trust is a key component between entrepreneurs and support organisations and building rapport with entrepreneurs is crucial for success”.
 - “Trainings need to be interactive, engage listeners through storytelling and dissolve the power dynamic between entrepreneur and trainer, focus on building local capacity and be rooted in or relatable to the Pacific context”.
 - “Vulnerable groups are largely ignored. There are no services targeted at differently abled and LGBTQI groups”.
 - “Across the region, entrepreneurs need support to build financial skills particularly accounting and bookkeeping”.
 - “Several entrepreneurship service organisations (ESOs) have begun to take their offerings online in addition to training entrepreneurs on moving their businesses online. While ESOs are keen on using the digital medium to reach those entrepreneurs outside urban centres and increase efficiencies, entrepreneurs have been hesitant to transition and prefer in-person contact”.
 - “In addition to being time bound, these initiatives are usually designed with pre-defined deliverables which have little flexibility to be responsive to the needs of the ecosystem”.
 - “Further support to already existing locally led institutions could benefit the growth and sustainability of the ecosystem”.
 - “Due to the dominant role of the ESOs and international organisations which are located in the urban centres, programmes are often designed in urban areas and delivered in rural and outer islands with little consultation or adaptation. This leaves less resources for urban focused entrepreneurs who must compete for funding with established SMEs based in urban areas”.

²⁰ <https://drive.google.com/file/d/1yZT1-ehBSB2Swgi2i82d9ocsrWIFwh54/view?usp=sharing>

- “No organisation provides tailored support for digital or tech businesses. The need for up-skilling and digital literacy for entrepreneurs is widespread”.

35. The report therefore recommends that, in the short-term, 1) the entrepreneurship ecosystem should be supported by leveraging existing actors and strengthening the connections between them, and 2) incubators should consider integrating support to start-ups in the social business, technology and digital space. In the medium-term, the report recommends considering 1) integrating entrepreneurship in school and university curricula for skills building and awareness raising, 2) leveraging successful incubator alumni to share experiences, best practices and become mentors, and 3) eventually create a network of start-up executives, venture capitalists and industry specialists to offer financial and mentorship support to youth entrepreneurs.