

Islands Ports Authority, Solomon Islands Postal Corporation, and Solomon Islands Water Authority. The Act's accountability provisions, which include the requirement to make publicly available a statement of corporate objectives, annual report, and audited financial statement, extend to all subsidiaries owned by these enterprises. State-owned enterprises and their subsidiaries must disclose assistance received from the Government.

123. During the period under review, the ICSI divested part of its equity in Solomon Telekom Company Ltd (Chapter IV(8)(iii)). Solomon Islands Plantation Ltd and Solomon Taiyo Ltd, which were partly owned by the ICSI at the time of the previous Review of Solomon Islands, have been wound up. The authorities have received external assistance to formulate plans for private participation in Solomon Airlines Ltd, but have not taken any policy decisions.¹⁰¹ They note that the privatization process for Home Finance Ltd is in its final stages, and that they intend to privatize Sasape Marina Ltd. A project is under way to improve the Solomon Island Electricity Authority's operational efficiency and financial sustainability (Chapter IV(6)).

(v) Government procurement

✓ 124. Solomon Islands is not a party or observer to the Government Procurement Agreement. In general, central government agencies procuring goods and services, or conducting public works, must follow instructions issued by the Ministry of Finance and Treasury. However, several audits by the Office of the Auditor General have revealed "widespread non compliance" with legislation and guidelines on government procurement.¹⁰² Thus, more needs to be done to ensure that the Government acquires products and services at the best possible conditions.

✓ 125. Central government expenditure on goods and services totalled around SI\$497 million in 2007, close to 17% of GDP.¹⁰³ There are no data on the value of procurement at the sub-central level.

126. Under the Public Finance and Audit Act, the Minister of Finance and Treasury can issue financial instructions to ensure the proper supervision and control of Government finances.¹⁰⁴ Chapter 22 of the Financial Instructions 2004 covers procurement of goods, services, and public works by the Central Government. The Financial Instructions also cover the sale of state assets. The Instructions are not publicly available, but a copy was provided to the Secretariat by the Ministry of Finance and Treasury in the context of this Review. A project is under way in the Ministry of Finance and Treasury to facilitate the implementation of the Financial Instructions by clarifying some of their provisions.

127. The Permanent Secretary of the Ministry of Finance and Treasury can issue alternative instructions when "following the Financial Instructions would, in particular circumstances, not be in the best interests of Solomon Islands".¹⁰⁵ A written copy of the alternative instructions must be sent to the Auditor-General.

✓ 128. There is no central procurement office: each Government entity carries out its own procurement; and provincial governments are responsible for their own procurement. Solomon Islands does not maintain a system for the dissemination of procurement information, including advance

¹⁰¹ See, for example, Asian Development Bank (2006).

¹⁰² Office of the Auditor-General (undated). Under Section 108 of the Constitution, the Office of the Auditor General must submit to Parliament audit reports on the accounts of the Central and Provincial governments.

¹⁰³ IMF (2008b).

¹⁰⁴ Section 6, Public Finance and Audit Act, Chapter 120 of the Laws of Solomon Islands, 1 September 1978.

¹⁰⁵ Chapter I, Financial Instructions 2004.

information on procurement opportunities. Under the Financial Instructions, procuring entities must publish a notice of invitation to tender for procurement valued at more than SI\$50,000 (around US\$6,530). Notices must be published in the press and the *Gazette* at least two weeks before expiry of the deadline to submit tenders.¹⁰⁶ The Financial Instructions do not establish a requirement to publish notices abroad or in a foreign language, nor do they require the product specification in tender documentation to be based on performance requirements rather than brands.

129. There are no registration requirements for prospective tender participants. Procuring entities may maintain lists of "preferred suppliers" for frequent purchases.¹⁰⁷ However, according to the authorities, preferred supplier lists are not used in practice.

130. Open tenders are required for procurement in excess of SI\$50,000. Contracts of SI\$50,000 or less must be awarded on the basis of at least three written quotations (if the value exceeds SI\$10,000), three verbal quotations (if the value falls between SI\$2,000 and SI\$10,000), or direct tendering (SI\$2,000 or less). Quotation requirements may be waived if the product in question is available only from a single source or at "a fixed price", or in an "emergency".¹⁰⁸ The Financial Instructions do not define the term "emergency". No data are available on the value of procurement conducted under each of these methods.

131. Each ministry must establish a tender board responsible for awarding contracts valued between SI\$50,000 and SI\$500,000.¹⁰⁹ The Central Tender Board of the Ministry of Finance and Treasury awards all central government procurement contracts exceeding SI\$500,000. As part of the tender evaluation process, a technical officer must submit to the tender board a written report specifying the reasonable cost for the product in question, the competence and previous performance of the bidders, and their compliance with the tender conditions.¹¹⁰ The Financial Instructions do not contain provisions requiring tender boards to publicize award decisions. (According to the authorities, foreign firms established outside Solomon Islands are not required to have an agent in Solomon Islands to participate in tenders.)

132. The Financial Instructions do not preclude discrimination between foreign and domestic products or suppliers, or against foreign-owned suppliers. Neither do they prohibit offsets. There are no provisions that grant foreign products or suppliers less than national treatment.

133. There is no formal procedure for bidder complaints. However, according to the authorities, bidders can lodge administrative complaints with the tender board responsible for a particular tender.

(vi) Intellectual property rights

134. Solomon Islands has not adopted any legislation to implement the TRIPS Agreement. The legal framework offers copyright protection; patents and trade marks registered in the United Kingdom are eligible for registration in Solomon Islands under statutes that predate Independence. Government experts were not available to comment on this section of the report.

135. Solomon Islands has never made a notification under the TRIPS Agreement or a submission to the TRIPS Council. There have not been any WTO disputes on intellectual property rights involving

¹⁰⁶ Section 524, Financial Instructions 2004.

¹⁰⁷ Section 519(7), Financial Instructions 2004.

¹⁰⁸ Sections 521 and 543, Financial Instructions 2004.

¹⁰⁹ Section 519, Financial Instructions 2004.

¹¹⁰ Section 529, Financial Instructions 2004.