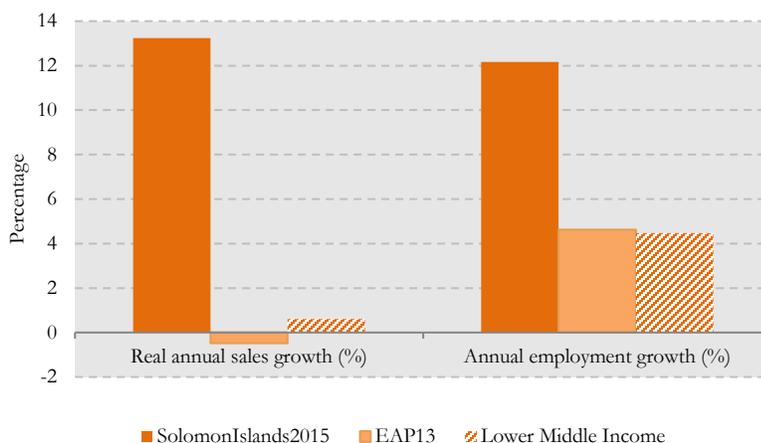


The World Bank Group conducted face-to-face interviews with top managers and business owners of 151 enterprises in **Solomon Islands** from September 2015 through May 2016. The Enterprise Survey (ES) sample is representative of Solomon Islands' formal private sector. The ES covers several aspects of business environment along with measures of firm performance. Below are the main highlights from the survey.

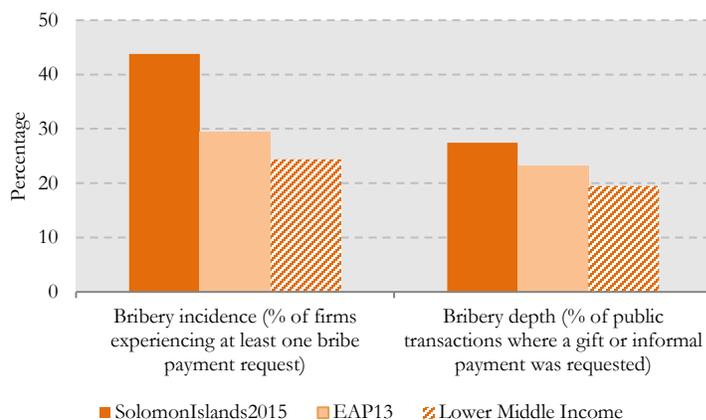
Firms in Solomon Islands experience robust growth in both real annual sales and employment

Between 2013 and 2015, real annual **sales growth** and employment growth in the private sector in the Solomon Islands was higher than the average growth rates in similar income economies and in the region. Real annual sales grew at 13.2% compared to the average of -0.2% in lower middle income economies and -0.5% in East Asia and Pacific (EAP) economies. During the same period, annual employment growth in the Solomon Islands (12%) was more than double the employment growth rate (4.6%) in EAP and lower middle income economies (4.5%).



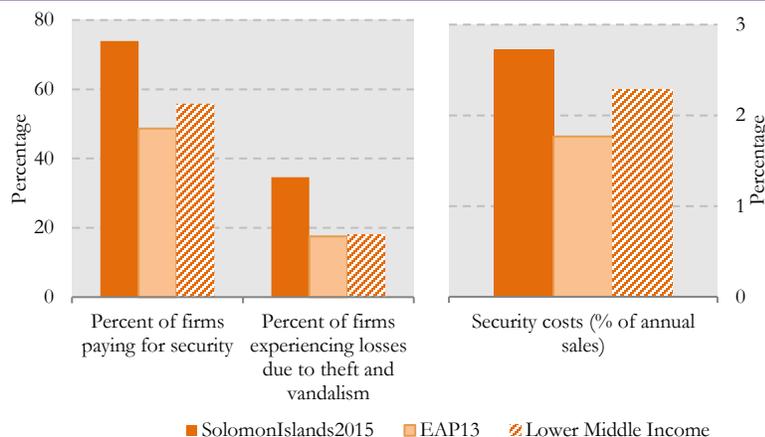
Corruption is experienced more frequently by firms in the Solomon Islands than in comparator economies

Firms in the Solomon Islands face higher levels of **corruption** than in comparator economies. In 2015, bribery incidence (the percentage of firms experiencing at least one bribe payment request) was 44%, compared to 30% in EAP and 24% in lower middle income economies. Additionally, bribery depth (the percentage of public transactions involving a bribe payment request) was higher in the Solomon Islands: 27% of transactions entailed a bribe request compared to the average of 23% and 20% in EAP and lower middle income economies, respectively.



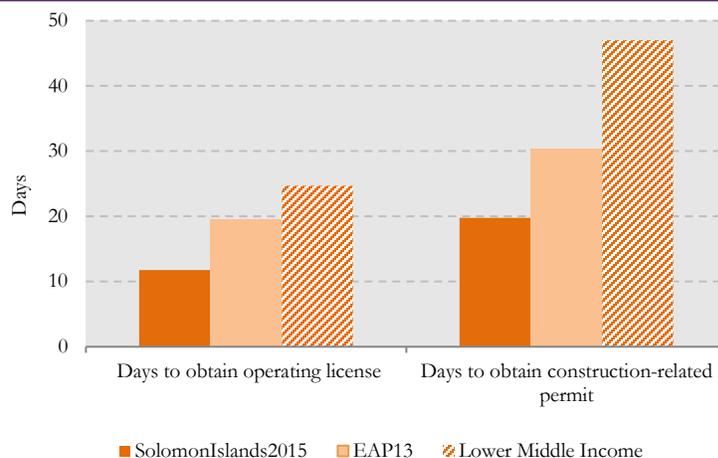
More firms pay for security than in comparator economies

More firms in the Solomon Islands pay for **security** and they also pay more compared to the average in comparator economies. In the Solomon Islands, 74% of firms pay for security services compared to 49% and 56% respectively for EAP and lower middle income economies. Further, the percentage of firms experiencing losses due to theft and vandalism is 35% compared to the average of 18% in both EAP and lower middle income economies. Security expenses are also higher than in comparator economies (2.7% of annual sales compared to 1.8% and 2.3% respectively in EAP and lower middle income economies).



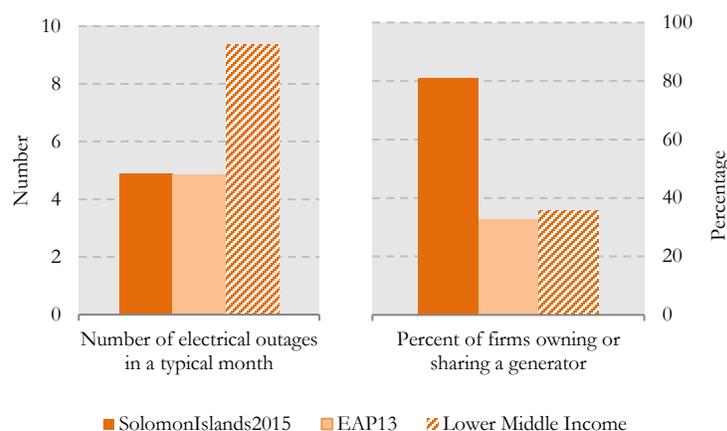
The wait time to obtain licenses and permits is shorter than in comparator economies

It takes less time to obtain an [operating license](#) or a construction-related permit for firms in the Solomon Islands than in comparator economies. Efficiency of business licensing and permit services is important as delays add uncertainty and additional costs to businesses. The average time to obtain an operating license in the Solomon Islands is 12 days compared to 20 days in EAP and 25 days in lower middle income economies. For a construction permit, the average wait time in the Solomon Islands is 20 days compared to 30 days and 47 days respectively in EAP and lower middle income economies.



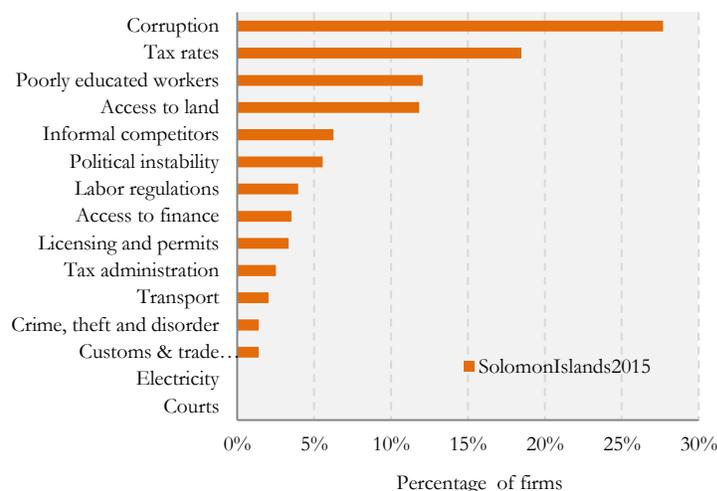
Electrical provision is more reliable in the Solomon Islands than in similar income economies

Compared to similar income economies, [electrical provision](#) is more stable for firms in the Solomon Islands. In 2015, firms experienced about 5 electrical outages in a typical month, comparable to the EAP average but almost half the average in lower middle income economies (9 outages). However, quite interestingly, more firms in the Solomon Islands own or share a generator than in EAP and lower middle income economies (81% compared to 33% and 35%, respectively). Additionally, there are fewer outages in the Solomon Islands, they tend to be slightly shorter than in lower middle income economies (2.2 hours compared to 2.5 hours), but this is longer to the EAP average (1.4 hours).



Firms consider corruption as the biggest business environment obstacle

Among 15 areas of the business environment, 28% of firms in the Solomon Islands chose corruption as the [biggest obstacle](#) to their daily operations. This is in line with the fact that more firms in the Solomon Islands experience at least one bribe payment request than in comparator economies and bribery depth is higher than in comparator economies. Tax rates is ranked second (cited by 18% of firms) and poorly educated workers and access to land are ranked 3rd and 4th (each cited by 12% of firms). Interestingly, electricity is not cited among the biggest obstacle. This may be related to the fact that majority of firms own or share a generator.



The Enterprise Analysis Unit is a joint World Bank and IFC team of economists, survey experts specialized in private sector development. Surveys implemented by the team reveal what businesses and firms experience across the world by interviewing representative samples of the formal, non-agricultural, non-extractive, private sector with 5 employees or more. The resulting globally comparable firm-level data is used to construct business environment indicators and measure firm performance. The findings and recommendations help policy makers identify, prioritize, and implement policy reforms that support efficient private economic activity. For more information on the survey visit <http://www.enterprisesurveys.org>