

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. Solomon Islands' National Development Strategy (NDS) highlights the need to construct, rehabilitate, and maintain transport infrastructure to provide safe, reliable, and affordable access to essential goods, services, and livelihood opportunities for the country's geographically dispersed population.¹ The medium-term priority strategies and activities, including those for transport investment for the first 5 years of the NDS, are included in the Medium-Term Development Plan, which identifies investments in ports as a priority (footnote 1). The National Transport Plan (NTP) establishes a sector-based approach and pipeline of projects for accomplishing these goals.² The National Transport Fund (NTF) was established in 2009 to coordinate contributions to the sector from the government and development partners. The Medium-Term Transport Action Plan prioritizes projects under the NTP for 2017–2021 (footnote 2). Development partner financing and technical assistance are essential to meet these investment needs so as to improve transport infrastructure, services, and sector management.

2. The Asian Development Bank (ADB) has provided extensive support for the transport sector. Recent projects focus on rehabilitating and maintaining roads and maritime infrastructure, and corresponding technical assistance has built capacity and supported institutional reforms in the Ministry of Infrastructure Development (MID). ADB's projects leverage cofinancing from development partners, including the Government of Australia's Department of Foreign Affairs and Trade (DFAT), New Zealand's Ministry of Foreign Affairs and Trade (MFAT), and the European Commission. Financing from the Japan International Cooperation Agency (JICA) complements activities with investments in the maritime and roads subsectors. The World Bank has expressed willingness to consider financing (sovereign) transport projects, at the request of the government.

3. The Transport Sector Development Project was financed by ADB and DFAT. The project built MID's capacity to implement projects under the NTP and to finance projects through the NTF. The Domestic Maritime Support (Sector) Project leverages cofinancing from ADB, DFAT, MFAT, and the European Commission, and rehabilitated 13 wharves and is building the capacity and financial sustainability of domestic stakeholders.³ The Sustainable Transport Infrastructure Improvement Program leverages cofinancing and increases government ownership of the transport sector (para. 4).⁴ MFAT is providing support for infrastructure and institutional reforms in the aviation subsector, and financing from JICA has made operational a new 150-meter international wharf in Honiara. The table lists past and ongoing development partner activities in the transport sector since 2007.

Major Development Partners

| Development Partner | Project Name | Duration | Amount (\$ million) |
|--|---|-----------|---------------------|
| Investment and Technical Assistance | | | |
| ADB | Solomon Islands Road Improvement (Sector) Project | 2007–2011 | 0.4 |
| | Solomon Islands Emergency Assistance Project | 2007–2010 | 5.0 |
| | Second Road Improvement Project | 2009–2012 | 15.0 |
| | Domestic Maritime Support Project | 2009–2018 | 14.0 |
| | Transport Sector Development Project | 2011–2015 | 12.0 |

¹ Government of Solomon Islands. 2016. *National Development Strategy, 2016–2035*. Honiara.

² Government of Solomon Islands. 2016. *Solomon Islands National Transport Plan, 2017–2036*. Honiara.

³ ADB. 2008. *Report and Recommendation of the President to the Board of Directors: Proposed Grant to Solomon Islands for the Domestic Maritime Support (Sector) Project*. Manila (Grant 0127-SOL).

⁴ ADB. 2016. *Report and Recommendation of the President to the Board of Directors: Proposed Results-Based Lending for the Sustainable Transport Sector Infrastructure Improvement Program*. Manila.

| Development Partner | Project Name | Duration | Amount (\$ million) |
|-----------------------------|---|-----------|---------------------|
| | Flood Recovery Project (proposed) | 2014–2015 | 12.3 |
| Australia | Sustainable Transport Infrastructure Improvement (project) | 2015–2020 | 14.0 |
| | Cofinancing of PCERP | 2006–2008 | 1.5 |
| | Cofinancing of SIRIP | 2006–2013 | 8.3 |
| | Cofinancing of SIRIP II | 2010–2013 | 1.7 |
| | Parallel financing of SIRIP advisers | 2007–2011 | 0.9 |
| | Community Sector Program (transport component only) | 2005–2010 | 8.9 |
| | DMSP | 2012–2016 | 2.9 |
| | Parallel cofinancing of TSDP | 2010–2015 | 24.9 |
| | Parallel cofinancing of TSDP technical assistance | 2011–2016 | 2.6 |
| | Parallel cofinancing of STIIP (project) | 2016–2020 | 28.6 |
| | Parallel cofinancing of STIIP technical assistance | 2016–2020 | 6.6 |
| EC | Marine Infrastructure Project I | 2003–2008 | 6.5 |
| | Marine Infrastructure Project II | 2005–2009 | 8.6 |
| | Cofinancing of SIEAP | 2007–2010 | 8.0 |
| | Cofinancing of SIRIP II | 2009–2012 | 3.3 |
| | Cofinancing of DMSP | 2009–2010 | 5.3 |
| JICA | Bridges in Guadalcanal Province | 1993–2006 | 25.0 |
| | Auki Wharf and Market | 2007–2009 | 12.9 |
| | New International Wharf of Honiara Port | 2013–2016 | 26.0 |
| | Kukum Highway Upgrading (Honiara) | 2014–2018 | 31.9 |
| | Honiara International Airport Development/Restoration | 1995–2004 | 26.8 |
| | Honiara Airport Upgrading | 2014–2016 | TBD |
| New Zealand | Cofinancing of PCERP | 2017–2020 | 6.5 |
| MFAT | Cofinancing of SIRIP | 2007–2011 | 9.8 |
| | Cofinancing of SIRIP II | 2009–2012 | 0.4 |
| | Parallel financing of TSDP | 2010–2015 | 30.0 |
| | Upgrading of Munda Airport | 2016–2017 | 15.4 |
| | Support to Air Transport (project) | 2017–2020 | 20.0 |
| World Bank | Support to Air Transport (project) | 2015–2020 | 14.6 |
| Capacity Development | | | |
| ADB | Institutional Strengthening of the Ministry of Infrastructure and Development | 2005–2008 | 0.6 |
| | ESIMSA | 2009–2011 | 1.0 |
| | Technical Support Program | 2009–2010 | 2.0 |
| | Strengthening of Country Safeguards System (JFPR) | 2012–2014 | |
| EC | Cofinancing of ESIMSA | 2009–2010 | 0.6 |
| JICA | Honiara City Transport Sector Master Plan | 2018–2019 | TBD |

ADB = Asian Development Bank, DMSP = Domestic Maritime Support Project, EC = European Commission, ESIMSA = Establishment of the Solomon Islands Maritime Safety Administration, JFPR = Japan Fund for Poverty Reduction, JICA = Japan International Cooperation Agency, MFAT = Ministry of Foreign Affairs and Trade, PCERP = Post-Conflict Emergency Rehabilitation Project, SIRIP = Solomon Islands Road Improvement Project, STIIP = Sustainable Transport Infrastructure Improvement Program, TBD = To be determined, TSDP = Transport Sector Development Project.

Source: Asian Development Bank.

B. Institutional Arrangements and Processes for Development Coordination

4. The NTF is a central platform for collating government and development partner contributions to the transport sector. In 2016, ADB launched the Sustainable Transport Infrastructure Improvement Program, with cofinancing from DFAT and the Government of Solomon Islands. The program uses a results-based lending modality and contributes funds directly to the NTF. Results-based lending was proposed as it (i) provides a strong incentive and greater accountability to development goals, and lower transaction costs, leading to more efficient public spending in the sector; and (ii) relies on country systems to deliver a well-defined and monitored program. It will significantly increase financing for projects under the Medium-Term Transport Action Plan but does not finance (i) projects with high contract values or high potential environmental or social safeguard risks, and (ii) international wharves.

5. The proposed ADB Transport Sector Development Facility (PDF) will support preconstruction and early-stage implementation activities for projects in the NTP pipeline, focusing on projects beyond the scope of the results-based Sustainable Transport Infrastructure Improvement Program. The PDF will initially support preparation of priority projects in the NTP and/or Medium-Term Development Plan but is designed in such a way that it can be expanded to meet the needs of additional projects in the future. The PDF is expected to improve the efficiency of projects that it supports and, as a result, build the confidence of development partners and lead to increased contributions to the sector. The objectives and proposed subprojects under the facility were discussed with development partners and received positive feedback from all. PDF progress and other information will be communicated to development partners biannually. Further collaboration from development partners will be needed to finance the project pipeline, and the proposed facility can be expanded to support associated project preparatory activities.

6. ADB, DFAT, and JICA are presently participating in the technical working group of the NTP, and the secretariat will continue to invite other development partners to attend these meetings. The selection of subprojects under the PDF is led by the MID and MCA and is endorsed by the Ministry of Finance and Treasury as there is good coordination between the Sustainable Transport Infrastructure Improvement Program and the facility. Regular meetings between development partners currently facilitate coordination, and all loan processing missions meet with key development partners. ADB's Extended Mission in Solomon Islands also holds regular meetings with development partners and attends monthly coordination meetings.

C. Achievements and Issues

7. ADB has a successful record of coordinating major development partners in the transport sector in Solomon Islands. Recent achievements include (i) leveraging cofinancing for the Sustainable Transport Infrastructure Improvement Program; (ii) securing cofinancing for the Transport Sector Development Project from DFAT and parallel financing from MFAT; (iii) coordinating cofinancing for the Domestic Maritime Support (Sector) Project between ADB, DFAT, MFAT, and the European Commission; and (iv) leveraging cofinancing from DFAT for the Solomon Islands Rapid Infrastructure Improvement Project. The performance of the Sustainable Transport Infrastructure Improvement Program gained momentum after a slow start.

8. Central barriers that affect the efficiency of development partner projects include limited preconstruction activities and low capacity of domestic stakeholders to carry out safeguard assessments and project preparatory activities. Key issues associated with limited preconstruction activities include (i) slow mobilization of contractors; and (ii) land disputes because of customary land ownership, limited community consultations, and lack of community engagement. It was highlighted that development partners should include additional safeguards support during project planning, design, and implementation. The PDF will help address these key barriers and build the capacity of domestic stakeholders to support sustainability.

D. Summary and Recommendations

9. The scope, implementation arrangements, and strategy of the proposed PDF were discussed with development partners, and it is recommended that coordination be maintained during implementation so that information on pipeline projects is shared. This can take place through NTF technical working group meetings, development partner coordination meetings, and at other forums. Lessons learned during implementation should be documented and incorporated into future project designs.