



Report and Recommendation of the President to the Board of Directors

Project Number: 51214-001
August 2018

Proposed Technical Assistance Grant Solomon Islands: Transport Sector Project Development Facility

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 15 July 2018)

Currency unit	–	Solomon Islands dollar (SI\$)
SI\$1.00	=	\$0.13
SI\$1.00	=	SDR0.09
\$1.00	=	SI\$7.81
SDR1.00	=	SI\$10.95

ABBREVIATIONS

ADB	–	Asian Development Bank
CPIU	–	Central Project Implementation Unit
MCA	–	Ministry of Communication and Aviation
MID	–	Ministry of Infrastructure Development
MTTAP	–	Medium-Term Transport Action Plan
NTF	–	National Transport Fund
NTP	–	National Transport Plan
NDS	–	National Development Strategy
PAM	–	project administration manual
SIPA	–	Solomon Islands Ports Authority

NOTE

In this report, "\$" refers to United States dollars unless otherwise stated.

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PROJECT AT A GLANCE

1. Basic Data		Project Number: 51214-001	
Project Name	Transport Sector Project Development Facility	Department /Division	PARD/PLCO
Country Borrower	Solomon Islands Government of Solomon Islands	Executing Agency	Ministry of Finance and Treasury
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Transport	Road transport (non-urban)	1.00	
	Transport policies and institutional development	1.00	
	Urban roads and traffic management	1.50	
	Water transport (non-urban)	2.50	
	Total	6.00	
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change impact on the Project	Low
Environmentally sustainable growth (ESG)	Disaster risk management		
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Institutional development	Some gender elements (SGE)	✓
Knowledge solutions (KNS)	Knowledge sharing activities		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Nation-wide	High
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG9		
6. Risk Categorization:	Low		
7. Safeguard Categorization	Environment: C Involuntary Resettlement: C Indigenous Peoples: C		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		6.00	
Sovereign TA grant: Asian Development Fund		6.00	
Cofinancing		0.00	
None		0.00	
Counterpart		0.96	
Government		0.96	
Total		6.96	

I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed technical assistance (TA) grant to Solomon Islands for the Transport Sector Project Development Facility.

2. The proposed facility will support the government to improve the design and implementation readiness of priority transport projects in the roads, maritime, and aviation sectors by (i) preparing feasibility studies and detailed designs; (ii) providing implementation support for procurement, social, and environmental safeguards activities at the early stage of project implementation; and (iii) supporting capacity building of key implementing agencies.

II. THE PROJECT

A. Rationale

3. Solomon Islands is an archipelago with six large islands, dozens of smaller islands, and hundreds of islets and atolls. The country relies heavily on intermodal transport to connect its population with essential goods and services. About 85% of the population is dispersed across rural and often remote villages. Given its dispersed geography, the development and management of a reliable, appropriate, sustainable, and affordable transport system is critical for sustaining economic growth. An effective transport sector provides access to essential goods and services and helps create livelihood opportunities. However, Solomon Islands still lacks transport services and facilities. This restricts economic activity and negatively affects livelihoods and income-generating opportunities. The country's economic potential—particularly from agriculture and tourism—remains unrealized. In addition, Solomon Islands is ranked sixth in the world for being at risk from disasters caused by extreme natural events such as cyclones, floods, storm surges, earthquakes, tsunamis, and droughts.¹ These factors emphasize the need for integrated and climate-resilient marine, land, and air transport connectivity to drive sustainable and inclusive economic development.

4. Solomon Islands' National Development Strategy (NDS) provides a framework for sustained and inclusive growth.² It highlights the need to expand and upgrade weather-resilient infrastructure and utilities focused on access to productive resources, markets, and essential services. As a key measure for achieving equitable socio-economic growth by 2020, the NDS targets to provide at least 30% of Solomon Islands' rural population with access to essential services through improved transport.

5. The National Transport Plan (NTP) outlines Solomon Islands' policies, priorities, and plans for improving transport infrastructure and services in line with the NDS.³ The Ministry of Infrastructure Development (MID) updated the 2010 NTP in 2016 to cover 2017–2036, and the updated plan highlights 260 priority construction, rehabilitation, and maintenance projects. The Medium-Term Transport Action Plan (MTTAP) of the NTP sets out priority investments for the projects identified in the NTP, covering 2017–2021. The total investment needs for construction and rehabilitation works under the MTTAP are about \$280 million, and corresponding maintenance works are estimated to be \$90 million.

¹ Bündnis Entwicklung Hilft, 2017. *World Risk Report, Analysis and prospects 2017*. Berlin.

² Government of Solomon Islands. 2016. *National Development Strategy, 2016–2035*. Honiara.

³ Government of Solomon Islands. 2016. *Solomon Islands National Transport Plan, 2017–2036*. Honiara.

6. In 2009, the Government of Solomon Islands established the National Transport Fund (NTF) under the MID to help finance the rehabilitation and maintenance of transport assets. The establishment of the NTF has led to increased government and development partner contributions to the transport sector. About 87% of its funds (SI\$313 million) during 2011–2016 were allocated to maintenance works. As a result, the length of all roads under regular maintenance increased from 20% in 2011 to 42% in 2016. The MID's capacity for planning and maintenance of transport infrastructure has also improved over the years with TA support from various development partners.

7. To help achieve NTP targets, the Asian Development Bank (ADB) approved the Sustainable Transport Infrastructure Improvement Program (STIIP) in 2016.⁴ It is a \$78 million program, jointly financed by ADB and the Governments of Australia and Solomon Islands to support the implementation of the road and maritime projects prioritized by the MTTAP and financed through the NTF. The country's procurement and public financial management systems were adopted for the program. About 46% (\$36 million) of the project's budget is allocated to investments to construct and rehabilitate assets, while the balance of 54% (\$42 million) is allocated to maintenance for 2017–2021.

8. Key lessons from completed and ongoing ADB-funded projects show that significant delays occur at the project start-up stage after ADB's loan or grant approval. This particularly applies to preparing detailed designs, updating and implementing social and environmental safeguards assessments prepared at feasibility stage, and procurement activities (preconstruction activities). Of all the ADB funded transport sector projects that financially closed in Solomon Islands during 2010–2013, an average of only 30% disbursement had been achieved after 65% of the project's elapsed time while transport sector projects that financially closed during 2013–2015 received an average time extension of 100%, equivalent to about 3 years.⁵ This is attributable to weak technical capacity to comply with ADB's safeguard and procurement requirements and insufficient funding within the transport agencies including the MID, the Ministry of Communication and Aviation (MCA), and the Solomon Islands Ports Authority (SIPA) to finance detailed designs and undertake these activities prior to loan or grant effectiveness.

9. Most of the projects faced issues in securing land after ADB Board approval because of inadequate time and resources allocated prior to project approval for community consultation and consent. This resulted in significant implementation delays because of land disputes. Completing detailed designs and preparing bidding documents takes more than 1 year after project approval, delaying mobilization of contractors at the site. Cost and time overruns were common as cost estimates at project approval were not based on detailed designs.

10. The lack of project readiness has resulted in underinvestment in the transport sector, which has led to the degradation of key assets. Out of Solomon Islands' total road network (1,545 kilometers [km]), only 67% (1,035 km) is in maintainable condition while the rest needs substantial rehabilitation to become maintainable.⁶ Similarly, out of the 91 domestic wharves, only 46 are in maintainable condition, and two international and associated domestic wharves require major rehabilitation. In the aviation segment, only six out of 22 airfields have regular flights, and the infrastructure of domestic airports is in poor condition. Projects under the MTTAP will improve the condition of assets across the transport sector; however, there is no single mechanism to examine

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

⁵ ADB. 2017. *Solomon Islands Country Portfolio Review Background Paper*. Manila.

⁶ Government of Solomon Islands, Ministry of Infrastructure Development. 2017. *Solomon Islands Transport Assets Management System*. Honiara.

the feasibility of subprojects and to undertake detailed designs. These activities are crucial to ensure proper investment planning, and to prepare the subprojects for financing.

11. The facility and ensuing projects will complement the STIIP. About 54% of the funds in the program are allocated through the NTF to maintain roads and wharves as the prime focus of the NTF. The rest of the funds are allocated to small-scale investments. Consistent with ADB's policy on results-based lending and the policies of the Government of Solomon Islands, the STIIP does not cover projects with large-value contracts and those with significant environmental and social impacts. In addition, the program does not cover the aviation segment or international wharves and associated domestic wharves under the SIPA. As a result, a significant portion of the projects slated for implementation under the MTTAP still requires complementary arrangements for design and implementation. The facility and associated projects will fill this gap.

12. In summary, low project readiness has caused long delays in project implementation, cost and time overruns, and suboptimal quality of project designs which fall short of achieving development outcomes. Continuing to follow the same approach could prevent successful implementation of the MTTAP as there are very few projects developed for project funding. There is a risk of not achieving the sustainable and inclusive growth targets of the NTP and NDS.

13. **Value added by ADB assistance.** Given the government's sector-wide approach established through the NTP, transport sector institutions need to be equipped with the capacity to carry out preconstruction activities efficiently. Successful project implementation requires timely, high-quality preparation works to comply with the development partners' requirements for project processing and to avoid any delays. A readily accessible project development facility will allow easy access by transport sector institutions including the MID, SIPA, and MCA to conduct preconstruction activities efficiently and on time.

14. The facility aims to ensure (i) design readiness by supporting the government in preparing feasibility studies (including environmental and social assessments, resettlement plans, and economic analysis) and detailed designs; and (ii) project implementation readiness by supporting project start-up during the inception stage with selection of supervision consultants; compliance with social and environmental safeguards requirements; and procurement activities including bid preparation, evaluation, and contract negotiations. The facility will also support the technical capacity building for the key implementing agency: the MID and its central project implementation unit (CPIU).

15. The proposed facility will help prepare a high-priority project pipeline not covered under the STIIP and will thereby complement that program. The NTF can also fund projects developed under the facility depending on the social and environmental impacts, size, and nature of the procurement. Improving project start-up is important for complying with the requirements of development partners (to avoid delays in project financing) and ensuring continued efficiency over the project's life cycle. Furthermore, demonstrating implementation effectiveness is essential for building the confidence of development partners and increasing investments in the transport sector. A summary of transport sector assessment and development coordination in the sector is in the linked documents.⁷

⁷ Sector Assessment (Summary): Transport and Development Coordination are accessible from the list of linked documents in Appendix 2.

16. The facility is aligned with the government's NTP and NDS. It is also consistent with the current ADB country partnership strategy.⁸

B. Impact and Outcome

17. The facility is aligned with the following impact: All Solomon Islanders have access to essential services and productive resources and markets. It will have the following outcome: The readiness of the priority transport projects in the MTTAP for funding is improved.⁹

C. Outputs

18. **Output 1: Feasibility studies and detailed designs completed for selected priority projects.** The facility will support the preparation of roads, selected domestic wharves, and international ports projects. Feasibility studies are already ongoing under ADB's regional TA programs for Guadalcanal roads and ports.¹⁰ These will be prioritized as the first batch of projects for developing detailed designs and preparing safeguards and procurement documents.

19. **Output 2: Initial implementation for new transport projects is supported.** The facility will provide implementation support at the project start-up stage for (i) safeguard compliance activities including signing of memoranda of understanding with landowners, land acquisitions, or resettlement activities if required; and (ii) procurement activities, including preparation of bid documents, bid evaluation, and contract negotiations.

20. **Output 3. Ministry of Infrastructure Development's capacity in design review, contract supervision, and quality assurance strengthened.** The facility will support the MID to strengthen its technical design unit within the CPIU. In addition, MID's technical skills in road construction supervision and quality assurance and control will be increased.

D. Summary Cost Estimates and Financing Plan

21. The estimated project cost is \$6.96 million. The facility will finance consulting services for project preparatory activities and capacity development, taxes and duties, contingencies, and project management costs (Table 1). Detailed cost estimates by expenditure category and by financier are included in the project administration manual (PAM).¹¹

⁸ ADB. 2016. *The Pacific Approach, 2016–2020*. Manila. The Pacific Approach serves as the operational framework of ADB for the Pacific region and the overall country partnership for 11 smaller Pacific island countries including Solomon Islands.

⁹ The design and monitoring framework is in Appendix 1.

¹⁰ Feasibility studies are conducted under RETA 9331: Strengthening Domestic Transport Connectivity in the Pacific for the roads sub-sector and RETA 8674: Trade and Transport Facilitation in the Pacific for the maritime sub-sector.

¹¹ Project Administration Manual (accessible from the list of linked documents in Appendix 2).

Table 1: Summary Cost Estimates
(\$ million)

Item	Amount ^a
A. Base Cost^b	
1. Project preparatory activities	4.40
2. Project management	0.92
3. Capacity development	0.67
Subtotal (A)	5.99
B. Contingencies^c	0.97
Total (A+B)	6.96

^a Includes taxes and duties of \$0.75 million, which the government will finance through exemptions.

^b In March 2018 prices.

^c Physical contingencies computed at 10% for consulting costs. Price contingencies computed at average of 1.5% on foreign exchange costs, and 1.6% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Source: Asian Development Bank.

22. The government has requested a grant not exceeding \$6,000,000 from ADB's Special Funds resources (Asian Development Fund) to help finance the facility.

23. The summary financing plan is in Table 2. ADB will finance the expenditures in relation to the consulting services of the firm and individual consultants. The government will finance taxes and duties, part of contingencies, and part of project management costs.

Table 2: Summary Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank	6.00	86.20
Government of Solomon Islands	0.96	13.80
Total	6.96	100.00

Source: Asian Development Bank.

E. Implementation Arrangements

24. The implementation arrangements are summarized in Table 3 and described in detail in the PAM (footnote 8).

Table 3: Implementation Arrangements

Aspects	Arrangements
Implementation period	October 2018–December 2021
Estimated completion date	December 2021
Estimated grant closing date	30 June 2022
Management	
(i) Oversight body	Facility Steering Committee Chaired by the permanent secretary, MOFT Members: permanent secretaries or representatives from MID, MCA, MDPAC, and MPGIS Facility Coordinating Committee Chaired by the permanent secretaries of MID and MCA Other members will include representatives from MID, MCA, MDPAC, MLHS, MECCDMM, MPS, MPGIS, and SIPA
(ii) Executing agency	MOFT
(iii) Key implementing agencies	MID through CPIU and SIPA MCA through MID's CPIU

Aspects	Arrangements		
(iv) Implementation unit	CPIU, with 36 staff, will implement the roads and aviation component. MID will engage a facility coordinator and international design review consultants to support the CPIU to implement the facility. SIPA will establish a project management unit in SIPA with six staff for managing port studies and designs.		
Consulting services	Firms Feasibility study and detailed engineering consultants (QCBS, 90:10)	Key Experts International: Lump Sum contract	\$4.0 million
	Individual consultants (or a firm) for design review, facility implementation support, and capacity development	30 person-months	\$1.5 million
Advance contracting	Advance contracting will be followed for the recruitment of the consulting firm. The government has been advised that approval of advance contracting does not commit ADB in any way to finance the ensuing contracts.		
Disbursement	The grant proceeds will be disbursed following ADB's <i>Loan Disbursement Handbook</i> (2017, as amended from time to time) and detailed arrangements agreed between the government and ADB.		

ADB = Asian Development Bank; CPIU = central project implementation unit; MCA= Ministry of Communication and Aviation; MDPAC = Ministry of Development Planning and Aid Coordination; MECCDMM = Ministry of Environment, Climate Change and Disaster Management and Meteorology; MID = Ministry of Infrastructure Development; MLHS = Ministry of Lands, Housing and Survey; MOFT = Ministry of Finance and Treasury; MPGIS = Ministry of Provincial Government and Institutional Strengthening; MPS = Ministry of Public Services; QCBS = quality- and cost-based selection; SIPA = Solomon Islands Ports Authority.
Sources: ADB, CPIU, and SIPA.

25. The facility will support the government to engage an experienced facility coordinator to support technical and overall coordination. MOFT established a steering committee chaired by the permanent secretary of the Ministry of Finance and Treasury to discuss, review, and approve the subprojects based on the selection criteria as described in attachment 1 of the PAM. The other members will be permanent secretaries or representatives of the Ministry of Development Planning and Aid Coordination, MID, MCA, and Ministry of Provincial Government and Institutional Strengthening. The facility coordinator will support the government in convening and holding the steering committee meetings. The government agreed to and endorsed the initial projects to be supported under the facility.

26. The government will establish a coordinating committee, cochaired by the permanent secretaries of the MID and MCA, to review the progress of the facility implementation; strengthen interagency coordination; guide the addressing of crosscutting issues in social, resettlement, environmental and other relevant areas; and encourage ownership at both the central and provincial levels.

27. MID will recruit a consulting firm to undertake feasibility studies, detailed designs, and procurement activities including preparation of bid documents for subprojects. MID will also recruit individual consultants or a consulting firm to support the government to review the feasibility studies and detailed designs prepared by the firm, and to supplement the contract management

and quality assurance and control. The government has requested ADB to carry out consultant selection on its behalf to avoid start-up delays. ADB has agreed to jointly select consultants based on an agreed responsibility matrix. The government will retain its responsibility for contract negotiation and contract signing through the MID (footnote 11).

III. DUE DILIGENCE

A. Technical

28. All transport sector investments to be prepared under the facility should be in line with (i) the government's NDS, NTP, or any subsector master plan; and (ii) ADB's country operations business plan.¹² Investment projects in the preliminary list are the government's priority projects in the road and maritime subsectors. The terms of reference for consulting firms that will be engaged under the facility will cover technical aspects such as engineering design, safety, climate change mitigation and adaptation, and gender-responsive design features. In addition to standard technical solutions, the consultants will provide innovative approaches in infrastructure design and specifications that will consider the availability of local knowledge and materials and adapt the tested expertise to local conditions for better climate resilience and sustainability.¹³

B. Economic and Financial

29. Through the facility, the project facility will support the government in preparing feasibility studies and detailed designs and will assist the implementing agencies in procurement and safeguard implementation. The facility will enhance the project readiness of pipeline projects, and in turn will minimize existing delays between preconstruction activities and civil works. Increased project readiness will reduce the opportunity cost of funds that may otherwise remain unutilized after project approval, by allowing them to be used for other investment projects. The terms of reference for consulting services include carrying out economic and financial assessments in accordance with the related policies and guidelines of the government and ADB's 2017 Guidelines on the Economic Analysis of Projects, and ADB's Guidelines on Financial Management and Analysis of Projects (2005).¹⁴ These assessments will help the government formulate economically and financially viable investment projects.

30. The investment projects prepared under the facility will support the overall economic growth of Solomon Islands by (i) reducing the transport costs to regional and domestic markets, (ii) connecting communities with broad economic and social activities, and (iii) promoting tourism. The selected projects ranked highly on the NTP, which follows the scoring criteria used for the 2013 National Infrastructure Investment Plan.¹⁵ These scoring criteria include sustainable and inclusive economic growth and poverty alleviation indicators. In addition, the facility will support Honiara and Noro ports if the economic and financial viability is established from the feasibility studies undertaken by the ongoing ADB regional TA.¹⁶

¹² ADB. 2017. *11 Small Pacific Island Countries, 2018–2020*. Manila.

¹³ Pacific Region Infrastructure Facility. 2016. *Road Pavement Design for the Pacific Region*; and Pacific Region Infrastructure Facility. 2017. *Affordable Coastal Protection in the Pacific Islands*. Sydney.

¹⁴ ADB. 2017. *Guidelines on the Economic Analysis of Projects*. Manila. <https://www.adb.org/documents/guidelines-economic-analysis-projects>; and ADB. 2005. *Financial Management and Analysis of Projects*. Manila. <https://www.adb.org/documents/financial-management-and-analysis-projects>.

¹⁵ Government of Solomon Islands. 2013. *National Infrastructure Investment Plan*. Honiara.

¹⁶ ADB. 2013. *Technical Assistance for Trade and Transport Facilitation in the Pacific for the Maritime Subsector*. Manila.

C. Governance

31. **Financial management.** The financial management risk is rated *moderate* as the MID has experience implementing projects funded by ADB and has satisfactory capacity in project financial accounting and ADB disbursement procedures. One accountant will be included in the CPIU for the proposed facility. The CPIU will establish and maintain separate records and accounts to track the financing resources received, and expenditures made, for the facility. These records will ensure an adequate audit trail. The government will engage a qualified external auditor to conduct annual audits of facility accounts and related financial statements, following international auditing standards.

32. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government and the MID. The specific policy requirements and supplementary measures are described in the PAM (footnote 11).

33. **Procurement and anticorruption measures.** Only consulting services (firm or firms, and individual consultants) will be recruited under the facility. All consultants will be recruited in accordance with ADB's Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time). ADB will select the consultants, and the implementing agency will negotiate with and contract the selected consultants (para. 27). Consultants will submit reports to the implementing agency and ADB, in line with the agreed submission milestones during implementation, to ensure the quality and timeliness of the consultants' work.

D. Poverty, Social, and Gender

34. The facility is not expected to have any adverse social impacts and will prepare follow-on projects in compliance with ADB's *Handbook for Incorporation of Social Dimensions in Projects* and *Handbook on Social Analysis: A Working Document*.¹⁷ The facility will assess gender, labor, HIV/AIDS, and other social risks related to follow-on projects, and prepare a mitigation plan under the facility to address these risks.

35. The project is proposed as having *some gender elements*. The facility will ensure that there will be at least 40% women and vulnerable groups participating in consultations and meetings during due diligence.¹⁸ The facility will ensure that (i) separate meetings will be held with women to ensure their open and meaningful participation, particularly in assessing their different demands and need for transport (ii) poverty, social, and gender assessments will be undertaken in each of the projects to identify (a) the constraints and challenges facing women in accessing transportation and the economic and social impacts; and (b) gender differences in travel, transport mode, poverty, mobility and safety, among others. The government will incorporate the outcomes of the poverty, social, and gender assessments in the design of all ensuing investments. The facility will prepare the Gender Action Plan for at least two of these projects.

¹⁷ ADB. 1994. *Handbook for Incorporation of Social Dimensions in Projects*. Manila; ADB. 2012. *Handbook on Poverty and Social Analysis: A Working Document*. Manila.

¹⁸ Disaggregated data collected for all community consultations in the Transport Sector Development Project in Solomon Islands completed in 2017 showed that attendance by women ranged from 36% to 45% for individual community consultation sessions.

E. Safeguards

36. In compliance with ADB's Safeguard Policy Statement (2009), the facility is categorized C for environment, involuntary resettlement, and indigenous people's safeguards.¹⁹ The proposed facility will support the development of environmentally and socially viable investment projects. The facility is not expected to have any adverse involuntary resettlement or environmental impacts because it is focused on preparing investment projects and will not involve construction work. Projects under the facility will each be assessed for safeguards in accordance with ADB's Safeguard Policy Statement (2009) and government guidelines, regulations, and policies including the MID's Safeguards Procedures Manual. During the feasibility studies, the consultants will prepare environmental impact assessments or initial environmental examinations as applicable, including environmental management plans and climate risk and vulnerability assessments for the selected transport projects. At this stage, consultants will develop the resettlement framework, indigenous peoples plan framework and/or resettlement plans, and indigenous people's plans. Safeguards preparatory activities will also include consultations and signing of memoranda of understanding with the landowners that will confirm their support for the project and willingness to comply with ADB safeguards and pertinent government policies. The facility will also support IAs' to build safeguards capacity.

F. Summary of Risk Assessment and Risk Management Plan

37. Significant risks and mitigating measures are summarized in Table 4 and described in detail in the risk assessment and management plan.²⁰

Table 4: Summary of Risks and Mitigating Measures

Risks	Mitigation Measures
1. Delays in approving feasibility study reports and detailed engineering designs (DEDs) because of lack of technical experts in reviewing the feasibility studies and DED and poor coordination among government agencies	Through the facility, the project team will recruit individual consultants (or a firm) who will provide support to the central project implementation unit to review feasibility studies and design documents and coordinate with other government agencies involved in the approval process.
2. Lack of commitment from the government to implement the projects prepared under the facility	A facility steering committee was established at the Ministry of Finance and Treasury to approve the subprojects to be supported under the facility.
3. Delays in government approval for the subprojects to be included under the facility	The government has selected and approved the subprojects under the facility for initial support. The government has also developed a subproject selection criteria for the subsequent subprojects.

Source: Asian Development Bank.

¹⁹ ADB. Safeguard Categories. <https://www.adb.org/site/safeguards/safeguard-categories>.

²⁰ Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).

IV. ASSURANCES

38. The government has assured ADB that implementation of the facility shall conform to all applicable ADB policies, including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, and disbursement as described in detail in the PAM and grant documents.

39. The government has agreed with ADB on certain covenants for the project which are set forth in the draft grant agreements.

V. RECOMMENDATION

40. I am satisfied that the proposed technical assistance (TA) grant would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the TA grant not exceeding \$6,000,000 to Solomon Islands from ADB's Special Funds resources (Asian Development Fund), for the Transport Sector Project Development Facility, on terms and conditions that are substantially in accordance with those set forth in the draft grant agreement presented to the Board.

Takehiko Nakao
President

13 August 2018

DESIGN AND MONITORING FRAMEWORK

Impact the Project is Aligned with^a All Solomon Islanders have access to essential services and productive resources and markets (National Development Strategy, 2016–2035). ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Readiness of priority transport projects in MTTAP for funding improved	By 2022: a. At least 50% of the contracts are awarded within 1 year of loan and/or grant approval of the projects. 2018 Baseline: NA	a. Country portfolio review mission: background paper in 2021	Delayed financing for follow-on projects
Outputs 1. Feasibility studies and detailed designs completed for selected priority projects	By 2021: 1a. Detailed designs completed for at least two projects and feasibility studies for three projects with at least 40% women's participation during consultations. 1b. Gender assessment completed as part of all feasibility studies and at least two gender action plans prepared. 2018 Baseline: NA	1a. Quarterly consultant's reports 1b. Quarterly consultant's reports	Changes in government priorities because of change in leadership
2. Initial implementation for new transport projects is supported	By 2021: 2a. Bidding documents for at least two projects are ready before project approval. 2018 Baseline: NA 2b. All safeguards documents are completed before project fact finding with at least 40% women's participation during consultations. 2018 Baseline: NA	2a. Quarterly consultant's reports 2b. Quarterly consultant's reports	
3. MID's capacity in design review, contract supervision, and quality assurance strengthened	By 2019: 3a. The design review unit in the CPIU is operational. 2018 Baseline: 0 3b. 10 staff reporting increased knowledge on designs review and quality assurance 2018 Baseline: 0	3a. Quarterly consultant's reports 3b. Quarterly consultant's reports	

Key Activities with Milestones**1. Feasibility studies and detailed designs completed for selected priority projects**

- 1.1 Select consultants by November 2018.
- 1.2 Undertake feasibility studies for one project by July 2019.
- 1.3 Prepare the detailed designs for two projects (Guadalcanal Roads and Noro Port projects) by September 2019.

2. Implementation support for the new transport projects is supported

- 2.1 Prepare bidding documents for two projects by August 2019.
- 2.2 Provide safeguards and procurement advice to the implementing agencies until December 2021.
- 2.3 Mobilize resources for community consultation and engagement until December 2021.

3. Ministry of Infrastructure Development's capacity in design review, contract supervision, and quality assurance strengthened

- 3.1 Strengthen the design review unit and documentation flow within the CPIU by June 2019.
- 3.2 Provide feasibility and design review support to the implementing agencies until December 2021.
- 3.3 Provide contract supervision and quality assurance support until December 2021.

Inputs

ADB: \$6.0 million (Asian Development Fund grant)

Government: \$0.96 million

ADB = Asian Development Bank, MID = Ministry of Infrastructure Development, MTTAP = Medium-Term Transport Action Plan, NA = not applicable.

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

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=51214-001-2>

1. Grant Agreement
2. Sector Assessment (Summary): Transport
3. Project Administration Manual
4. Contribution to the ADB Results Framework
5. Development Coordination
6. Country Economic Indicators
7. Summary Poverty Reduction and Social Strategy
8. Risk Assessment and Risk Management Plan

Supplementary Document

9. Financial Management Assessment