

**PROJECT INFORMATION DOCUMENT (PID)  
ADDITIONAL FINANCING**

Report No.: PIDA17139

<b>Project Name</b>	Solomon Islands Rapid Employment Project Additional Financing (P152709)
<b>Parent Project Name</b>	Rapid Employment Project (P114987)
<b>Region</b>	EAST ASIA AND PACIFIC
<b>Country</b>	Solomon Islands
<b>Sector(s)</b>	Other social services (90%), Public administration- Other social services (10%)
<b>Theme(s)</b>	Social Safety Nets/Social Assistance & Social Care Services (50%), Conflict prevention and post-conflict reconstruction (20%), Other social protection and risk management (20%), City-wide Infrastructure and Service Delivery (10%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P152709
<b>Parent Project ID</b>	P114987
<b>Borrower(s)</b>	Ministry of Finance and Treasury
<b>Implementing Agency</b>	Ministry of Infrastructure Development, HONIARA CITY COUNCIL
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/Updated</b>	20-May-2015
<b>Date PID Approved/Disclosed</b>	20-May-2015
<b>Estimated Date of Appraisal Completion</b>	22-May-2015
<b>Estimated Date of Board Approval</b>	31-Jul-2015
<b>Appraisal Review Decision (from Decision Note)</b>	
<b>Other Decision</b>	The PID is being revised to reflect the reduced amount for the additional financing given the decision of the Government of Solomon Islands to opt out of the US\$2.5 million IDA Credit from the Crisis Response Window. As a result of this decision, the AF amount is reduced to US\$1.5 million to be financed with a grant from IDA CRW and was re-appraised and will be renegotiated.

**I. Project Context**

**Country Context**

The Solomon Islands is a fragile state and is vulnerable to natural disasters. It is prone to earthquakes and tropical cyclones with damaging winds, rains and storm surge. In April 2014, the

Solomon Islands experienced severe flooding caused by an unprecedented tropical depression induced heavy rains. The rainfall which battered the country from April 1-5 is considered rarer than a one in 100 year event. Honiara and Guadalcanal Province were severely impacted by the storm which caused the loss of lives, homes and businesses.

At the request of the Government of Solomon Islands (SIG), the World Bank led a Damage and Loss Assessment (DaLA) in coordination with the Asian Development Bank (ADB), European Union (EU) and UN partners. The assessment estimates that total damage and loss was equivalent to US\$107.8 million, which is about 9.2% of the country's Gross Domestic Product (GDP) while priority recovery and reconstruction needs were estimated at US\$56 million. The needed reconstruction exceeds the capacity of the SIG and would place a significant strain on the country's economy. Donors have come forward and pledged US\$26.2 million towards recovery efforts, but this still leaves a gap of US\$29.8 million needed for priority rehabilitation and recovery activities.

3. To cover the funding shortfall in meeting the identified priority recovery and rehabilitation needs, on July (date), 2014 the Board approved US\$10 million from the Crisis Response Window (CRW) for the Solomon Islands, with the following allocations:

- US\$2.0 million towards a Development Policy Operation 2 (US\$4-6 million in total) to help the government cover the costs incurred in responding to the flooding;
- US\$4.0 million towards the Rural Development Program 2 (US\$9 million total budget), which would allow the operation to respond to the increased needs in the flood-hit rural areas; and
- US\$4.0 million towards the Rapid Employment Project Additional Financing (entirely financed from CRW) to rehabilitate tertiary roads in flood hit areas in and around Honiara.

The Solomon Islands Government opted not to borrow for road rehabilitation activities but decided that the grant component would provide much needed additional resources to help with flood recovery activities. The REP AF grant from the IDA CRW in the amount of US\$1.5 million will enable existing components of the project to continue for an additional 18 months and support communities affected by the floods. Under the MID sub-component, the AF will pilot a new subcomponent – Part 1A(iii) – for the improvement and maintenance of urban and per-urban roads in and around Honiara, to reinstate critical access for small urban communities to the main roads and to basic socio-economic services. Improvement of these roads is essential in enabling the city of Honiara, especially the most vulnerable communities, to maintain access to basic social services and markets beyond their own neighborhoods, and will contribute to the overall recovery and development efforts in the country.

Activities to be financed by the AF will shift the focus and purpose of activities under MID Subcomponent 1A slightly from short-term employment generation to improving the quality of secondary and tertiary roads to make them more resilient against future severe weather events. The AF will supplement remaining funds under the project (\$700,000) to allow MID to undertake new activities as described above and cover HCC TA and operating costs to allow it to complete delayed activities. With all the funding that will be available to REP for the remaining 18 months (July 2015 – December 2016), the project will generate 100,000 labor days during this time and provide short-term employment for an additional 1,000 people. By the end of the project, it is expected that 25,000 people, or just over a third of the Honiara population (estimated at 70,000 - 75,000), will

have benefited from the community infrastructure and road repairs carried out by REP over the 6 and half years of project implementation.

Application of Para. 12 of OP10.0. The AF was processed applying para. 12 of OP10.0 which allows for condensed processing procedures. The AF meets the eligibility criteria for applying condensed procedures: (i) Solomon Islands is a fragile state and (ii) is in urgent need of assistance due to a natural disaster (flooding in April 2014). This approach was endorsed by the Country Director.

### **Sectoral and institutional Context**

The Rapid Employment Project (REP) was processed as an emergency project to provide short term employment and pre-employment training to vulnerable groups at a time of ethnic conflicts brought on by the global financial crisis. It is financed by an IDA Grant (H575-SB) in the amount of US \$3.2 million approved on May 18, 2010; a State and Peace-Building fund (SPF) Grant (TF095966) of US\$1.82 million approved on March 24, 2010; and a grant from Pacific Region Infrastructure Development Fund (PRIF) in the amount of US\$2 million approved on April 20, 2010. Additional financing of US\$1.29 million from the PRIF was approved in November 2013 and \$1.55 million (of which \$150k is executed by the Bank) from the SPF was approved in April 2014. Total financing for the project is \$9.86 million. Since 2010, the emergency nature of the project has changed, but the need for employment and a short-term safety net remains critical.

## **II. Proposed Development Objectives**

### **A. Current Project Development Objectives – Parent**

To assist targeted vulnerable urban populations to: (i) increase their incomes through the provision of short-term employment; and (ii) improve their knowledge, experience and basic employment skills that are valued in the workplace and society.

### **B. Proposed Project Development Objectives – Additional Financing (AF)**

The proposed new PDO is: to assist targeted vulnerable urban populations in the Recipient's territory to (i) increase their incomes through the provision of short term employment; (ii) improve their knowledge, experience and basic employment skills that are valued in the workplace and society; and (iii) improve their access to services and markets through repaired, more climate resilient roads and access infrastructure.

## **III. Project Description**

### **Component Name**

11. Sub Component 1A – Road Repair and Maintenance Scheme .

### **Comments (optional)**

The AF will support the continuation of existing components of the project. A new subcomponent 1A (iii), namely improvement and maintenance of urban and per-urban roads in and around Honiara, will be added and will focus on developing more climate resilient roads that will be accessible to vulnerable communities in all weather conditions. AF activities will entail a mix of labor-based and machine-based operations. The envisaged length of climate resilient road improvements is approximately 2 kilometers with a further 4 kilometers of maintenance and spot improvements

### **Component Name**

12. Sub Component 1B – Urban Works and Services Scheme

### **Comments (optional)**

The proposed AF will supplement the remaining funds HCC has for this component from a previous SPF grant (US\$ 700,000). It will allow the continuation street cleaning activities, the construction of 5 concrete pedestrian access paths and the repair of 2 public schools. The SPF funds will cover wages to community members, while the IDA AF allocations will cover the goods, TA and project operating costs. The activities under this sub-component are expected to generate 85,000 labor days, and the community infrastructure will benefit an additional 3,500 people.

**Component Name**

Pre-Employment Training

**Comments (optional)**

The proposed AF will continue pre-employment training till December 2015 and job and social service referral services for the extended term of REP.

**Component Name**

Incremental Project Management

**Comments (optional)**

The proposed AF will cover incremental project management costs for the additional 18 months. This would include the costs of rental and utilities, operating costs, staff, monitoring and evaluation, especially associated with project closure.

**IV. Financing (in USD Million)**

Total Project Cost:	1.50	Total Bank Financing:	1.50
Financing Gap:	0.00		
<b>For Loans/Credits/Others</b>			<b>Amount</b>
Borrower			0.00
IDA Grant from CRW			1.50
Total			1.50

**V. Implementation**

The project has been successfully generating short-term employment opportunities, providing training, and basic services to vulnerable urban communities in Honiara. Just under 11,500 beneficiaries have been reached through REP so far. Both the progress towards the achievement of its development objectives and implementation progress are rated as satisfactory, and the project has surpassed many of its original targets. Under Component 1 (Rapid Employment Scheme) the project has generated 600,000 labor days vs an original target of 500,000; and under Component 2 (Pre-Employment Training) it has trained 10,140 participants vs an original target of 7,500. These targets have been scaled up with Additional Financing from PRIF and SPF to 710,000 and 11,000 respectively and these should be met by the closing date of the project. It is effectively targeting women (58%) and youth (52%), and is in compliance with all legal covenants and fiduciary and safeguard policies.

**A. Institutional and Implementation Arrangements**

Implementation arrangements for the AF will build on existing processes and structures, which have been refined over the past four years. The project’s implementation arrangements have been designed to maximize ownership of the project’s activities by the implementing agencies, build

internal institutional and technical capacity as well as to ensure the sustainability of activities within their respective institutional priorities and mandates.

Financial management arrangements currently in place for REP are functioning satisfactorily and will be used for the AF.

Procurement arrangements under REP will be used for procurement under the proposed AF. Procurement of contracts to be financed from the proposed AF will be covered under the World Bank’s “Guidelines: Procurement under IBRD Loans and IDA Credits,” dated January 2011 and revised July 2014 (Procurement Guidelines); and “Guidelines: Selection and Employment of Consultants by World Bank Borrowers,” dated January 2011 and revised July 2014 (Consultant Guidelines).

PMU has prepared a procurement plan for the Additional Financing, including procurement thresholds and prior review methods agreed, which is available in the project and Bank web-sites. The Procurement Plan will be updated in agreement with the Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

**B. Results Monitoring and Evaluation**

Project monitoring and evaluation (M&E) will be based on two separate but interrelated systems that are currently in operation. Project progress is monitored primarily through the use of intermediate outcome and output indicators (such as labor-days generated, kilometers of roads improved, sub-projects certified, numbers of trainees successfully completing the PET, etc.) captured from administrative data that is tracked in the project's management information systems (MIS) for both HCC and MID. A combination of contract data, regular reports from supervisors, and from the trainers, will provide information that will be integrated and presented in quarterly progress reports.

Evaluation of the Project is based on a semi-annual survey to track self-reported changes brought about by the project interventions, in terms of changes in income, skills acquired, and use of services provided. This is carried out by an independent organization hired under the Project. The lack of a baseline means that impacts of the projects cannot be fully measured; however it provides a good source of information and feedback that can be used by government and the Bank to make timely adjustments to Project implementation.

**C. Sustainability**

The Government is committed to ensuring greater sustainability of REP interventions and its impacts and is discussing with the Bank the potential design of a second phase of this project, which would start in late 2016. The current project provides sustainable benefits for project participants by increasing their employability through valued pre-employment training and referral to social service, employment and training opportunities. Going forward, REP implementing agencies will shift the focus to effective, urban service delivery targeted to the poorest communities.

**VI. Safeguard Policies (including public consultation)**

Safeguard Policies Triggered by the Project	Yes	No
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Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

**Comments (optional)**

**VII. Contact point**

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