

 Early Warning System

ADB-51271-004

Urban Water Supply and Sanitation Sector Project - Second Additional  
Financing



### Quick Facts

Countries	Solomon Islands
Specific Location	Auki, GHA, Gizo, Munda, Noro, and Tulagi
Financial Institutions	Asian Development Bank (ADB)
Status	Proposed
Bank Risk Rating	C
Borrower	Government of Solomon Islands - Ministry of Finance and Treasury
Sectors	Water and Sanitation
Investment Type(s)	Grant
Investment Amount (USD)	\$ 25.00 million



### Project Description

According to the Bank's website, in September 2019, the Asian Development Bank (ADB) approved the Urban Water Supply and Sanitation Sector Project (the ongoing project), which adopts a sector approach for developing sustainable, inclusive, and climate resilient water supply and improved sanitation in the greater Honiara area (GHA) and in five other towns of Auki, Gizo, Munda, Noro, and Tulagi in Solomon Islands. The ADB financing comprises a (i) concessional loan of \$28.00 million from ADB's ordinary capital resources, and (ii) a grant not exceeding \$9.00 million from ADB's Special Fund resources (Asian Development Fund). The ongoing project is cofinanced through a European Union (EU) grant of 18.00 million (\$20.35 million equivalent), administered by ADB; a World Bank concessional loan of \$15.00 million.

The ADB and World Bank financing were declared effective in April 2020. In September 2021, ADB approved an additional financing grant of \$4.59 million, sourced from Global Environment Facility (GEF) and administered by ADB. In December 2023, a second additional financing of \$15.00 million from World Bank was approved. The ongoing project closing date is 31 December 2028. The executing agency is the Ministry of Finance and Treasury and the implementing agency is the Solomon Islands Water Authority (SIWA). The ongoing project outputs include: (i) continuous, safe, and climate resilient urban water supply ensured; (ii) urban sanitation services are effective, efficient, and safe in GHA; (iii) enhanced and sustained awareness and behaviors of hygiene and water conservation in GHA and five towns; (iv) SIWA is financially and technically sustainable; and (v) management of Honiara's drinking water source area strengthened to build resilience to climate change.

Performance of the Ongoing Project. Progress towards achieving the ongoing project outcome, following the outcome level indicators, is summarized below:

**Water supply coverage:** Strong progress has been made towards achieving the water supply coverage target of 16,500 households, with 16,186 households connected at the end of August 2023.

**Nonrevenue water (NRW) reduction:** Progress towards reducing NRW in Honiara to 30% by 2027 is off track. Average monthly NRW has marginally decreased from the 2019 baseline value of 62% to 61% in August 2023.

**Sewerage coverage:** Increasing SIWA's sewerage coverage to 4,000 households is off track as the project's Honiara sewer expansion subproject has yet to go to market for bidding. As of August 2023, only 661 households were connected to SIWA's sewerage networks.

**On-site sanitation management:** Progress towards achieving the target of 14,000 households in greater Honiara benefiting from improved onsite sanitation policies is on track following preparation of the draft GHA Comprehensive Sanitation Plan 2022-2026.

**Water quality in Honiara:** The water quality compliance target for sewage discharged from the Honiara sewer systems is likely to be partially achieved if works to reconfigure the sewer system proceed under the additional financing.

**SIWA financial sustainability:** Full recovery of annual operation and maintenance costs, asset depreciation costs, debt servicing costs from user charges and government community service obligation payments is essential for SIWA's financial sustainability. SIWA achieved full cost recovery in 2020 and fell short of the target (by less than 3%) in 2021 and 2022.

**Additional Financing Rationale:** The project is facing major cost overruns because the price of goods and civil works have increased substantially since its approval in 2019. This escalation has been seen in most of ADB's Pacific developing member countries; recent bids for civil works in Solomon Islands indicate that construction costs have increased by up to 70% since March 2020. Status on each performance indicator is outlined below.

(i) The project is delivering expected outputs despite implementation delays caused by the coronavirus disease pandemic, which slowed design work, impacted market availability of goods and services, increased market prices, and limited ability of



## Early Warning System Project Analysis

Environment: C

Involuntary Resettlement: C

Indigenous Peoples: C



### Investment Description

- Asian Development Bank (ADB)

Asian Development Fund: US\$ 25.00 million



### Contact Information

*No contacts available at the time of disclosure.*

### ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.adb.org/forms/request-information-form>

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: <https://www.adb.org/site/disclosure/appeals>

### ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: <http://www.adb.org/site/accountability-mechanism/main>.



### Bank Documents

- [Project Disclosure PDF](#)



### Other Related Projects

- ADB-51271-001 Urban Water Supply and Sanitation Sector Project
- ADB-51271-002 Urban Water Supply and Sanitation Sector Project - Project Readiness Financing