

A photograph of four children running away from the camera on a wooden pier that extends into the ocean. The child in the foreground has their arms raised in a 'V' shape. The sky is a mix of soft pinks, oranges, and blues, indicating sunset or sunrise. The water is calm with some small waves.

SOLOMON ISLANDS country partnership framework FY18 - 23

I Stakeholder Consultations

Outline

- Overview of World Bank country program
- Overview of IFC country program
- How did we create the CPF?
- Targeting our focus
- How did we narrow our focus areas?
- CPF Focus Areas
- How projects link to focus areas
- Financing envelope (IDA18)
- Key Risks
- Discussion

Our Program

- 10 active IDA projects across: energy, rural development, urban employment and infrastructure, fisheries management, climate change resilient community infrastructure, and community governance
- Total net commitment of US\$97.2m – mix of IDA, GEF & TF financing. IDA: US\$ 76.0m; GE: US\$ 9.1m; TF: US\$ 12.1m
- 54% of active portfolio is in energy sector

Our Projects

- **SI Sustainable Energy Project:** To improve the operational efficiency, system reliability, and financial sustainability of SIEA/SP through improved financial and operational management, reduction of losses, and increased revenue collection.
- **SI Electricity Access Expansion Project:** To increase access to electricity services in low-income areas of Solomon Islands.
- **Tina River Hydro Development Project:** To increase the share of renewable energy through hydropower in SI.
- **Increasing Resilience to CC/NH:** To (i) integrate climate change adaptation and disaster risk reduction across the Recipient's sectors; (ii) improve climate change adaptation and disaster risk reduction information and communication; and (iii) increase the resilience of rural communities to climate change and natural hazards.
- **SI Pacific Regional Ocean-scape Program:** To strengthen the shared management of selected Pacific Island oceanic and coastal fisheries, and the critical habitats upon which they depend.

Our Projects (Cont)

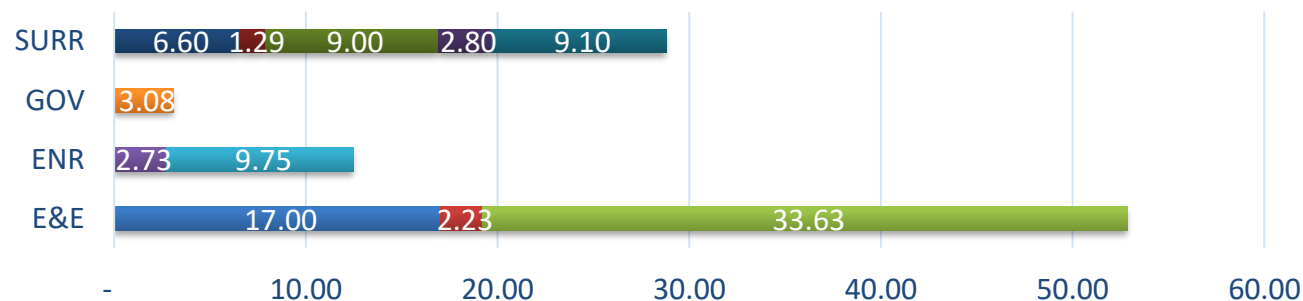
- SI Community Governance Project: To strengthen community grievance management capabilities and enhance the effectiveness of linkages with government in targeted communities.
- SI Community Benefit Sharing Pilot Project: To establish the institutional arrangements and capacity for Benefit Sharing Communities to manage a share of the revenues from the operation of a large-scale infrastructure investment project and to improve their basic services and skills for income generation during the construction period.
- SI Rapid Employment Project: 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.

Our Projects (Cont)

- Community Resilience to Climate and Disaster Risk in Solomon Islands Project: To improve basic infrastructure and services in rural areas and to strengthen the linkages between smallholder farming households and markets
- SI Rural Development Program II: To improve basic infrastructure and services in rural areas and to strengthen the linkages between smallholder farming households and markets



Active Portfolio in Solomon Islands



	E&E	ENR	GOV	SURR
■ SI Sustainable Energy Project	17.00			
■ SI Electricity Access Expansion Project	2.23			
■ SI Tina River Hydro Development Project	33.63			
■ SI Increasing Resilience to CC/NH		2.73		
■ SI Pacific Regional Oceanscape Program		9.75		
■ SI Community Governance Project			3.08	
■ SI Rapid Employment Project				6.60
■ SI Rapid Employment Project AF				1.29
■ SI Rural Development Program II				9.00
■ SI Community Benefit Sharing Pilot Project				2.80
■ SI CRISP				9.10

IFC Country Program (Investment)

- 2 active investments projects with the leading private sector companies in the fisheries sector: SolTuna and NFD.
- Current portfolio in loans: US\$ 18M
- Additional US\$ 10 committed over FY18-19

- In 2013, IFC provided a \$10 million loan to SolTuna, a Solomon Islands-based tuna processing facility owned by Tri Marine, a leading global tuna supplier. IFC's loan was part of the company's \$27 million upgrade and expansion project to increase the company's processing capacity.

- In 2017, IFC approved a US\$20 million loan to the Tri Marine-owned NFD to support buying of two fishing vessels, with catches from the vessels increasing the amount of tuna to be processed by SolTuna.

IFC Country Program (Advisory)

4 active advisory service projects in PPP, Tourism, Gender and MAS

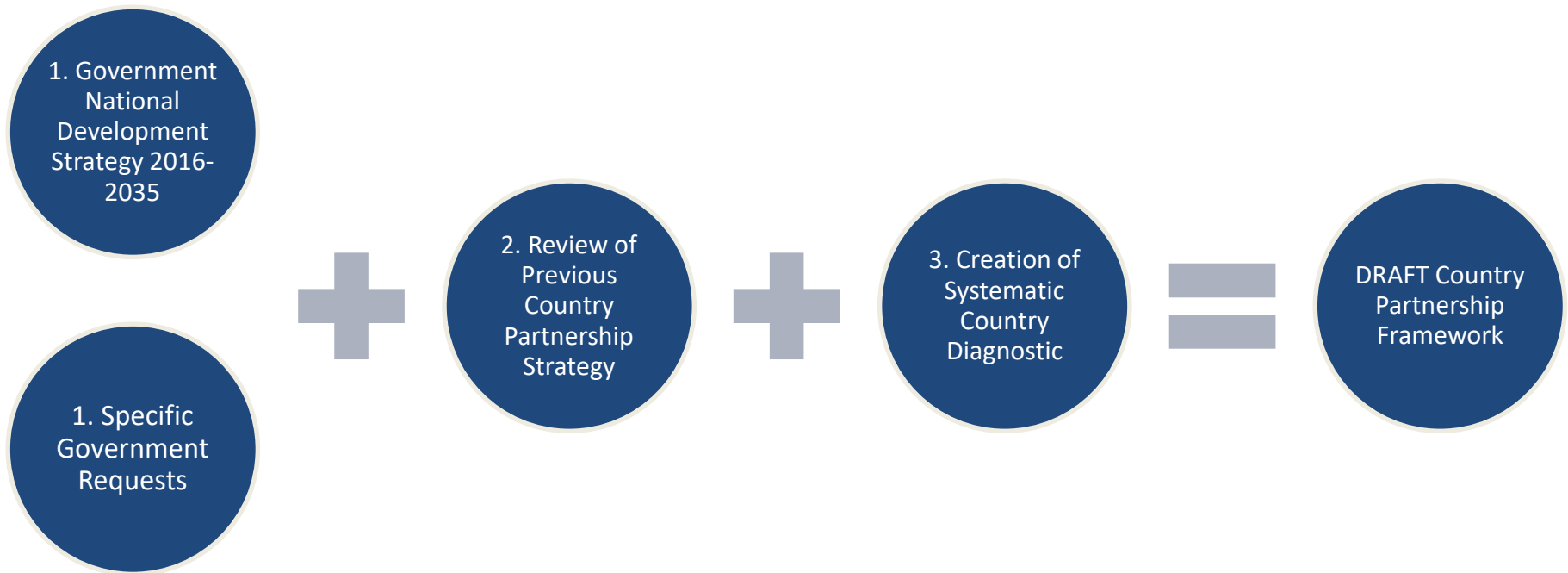
IFC Solomon Islands Tourism Program: identify investment opportunities in the Solomon Islands' Western Province to help the government, donor community, and private sector develop the region as a tourism destination

IFC Solomon Islands Gender Program: empowering women is a smart business. IFC in partnership with SICCI are working to deliver a programme aimed at assisting businesses to make the most of their female talents as a smart business strategy.

IFC Tina River Hydro Transaction Advisory Project: Assisting the Solomon Islands Government to attract an experienced international hydropower developer to construct and operate the hydropower facility, and to enhance the quality and viability of the Project

IFC Pacific Tuna Project: Improving occupational health and safety standards at SolTuna and NFD

How we created the CPF



National Development Strategy Objectives

NDS Objectives

1: Sustained and Inclusive Economic Growth

2: Poverty alleviated across Solomon Islands (basic needs, food security improved; equitable distribution.

3: All Solomon Islanders have access to quality health and education

4: Resilient and environmentally sustainable development with effective disaster risk management, response and recovery

5: Unified nation with stable and effective governance and public order

Government
National
Development
Strategy
2016-2035

Review of Previous Country Partnership Strategy (FY13-17)

Lessons from review

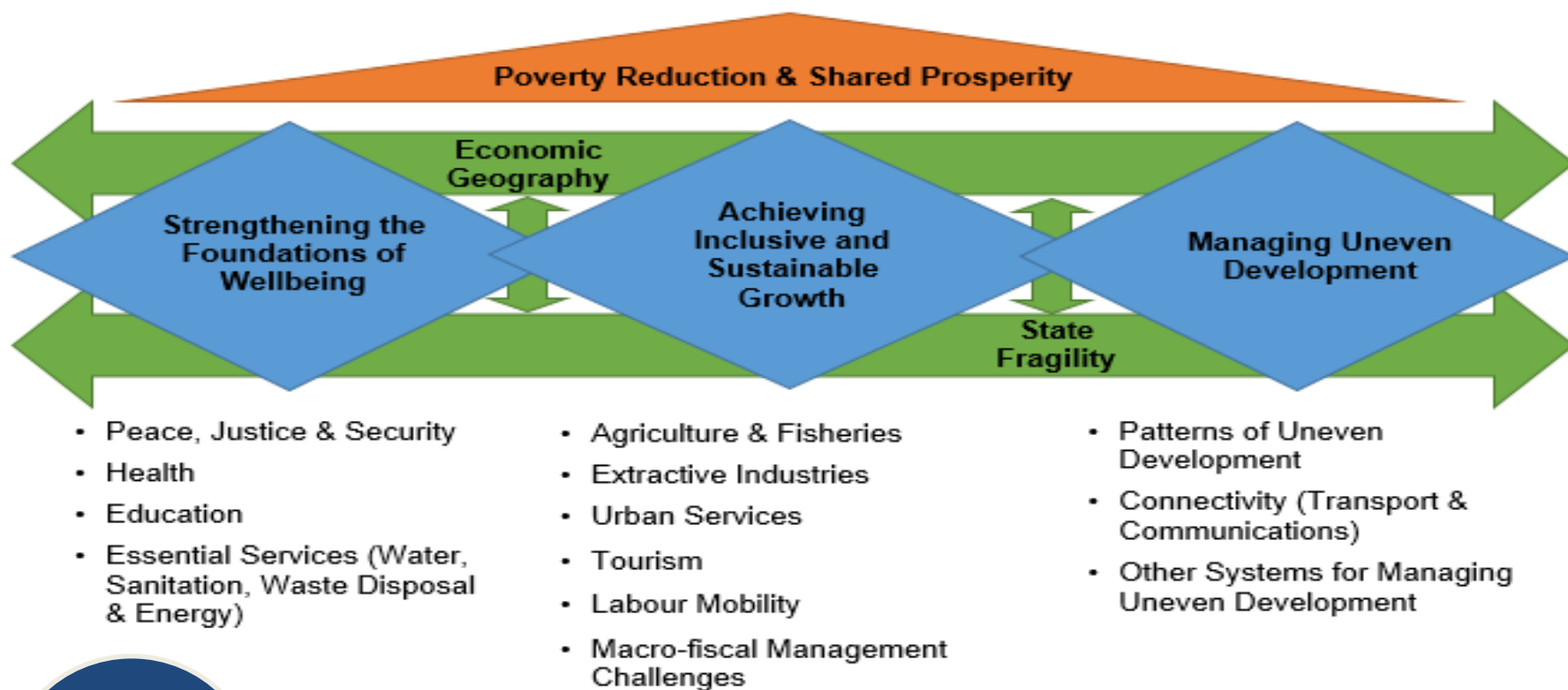
Overall performance: Satisfactory

Good progress toward expected outcomes (13 of 18 outcomes 'Achieved' or 'Mostly Achieved')

Some challenges implementing some objectives (related to strengthening mining sector regulatory framework, agriculture commercialization and sustainable management of offshore fisheries)

Review of
Previous
Country
Partnership
Strategy

Systematic Country Diagnostic – Analytical Framework

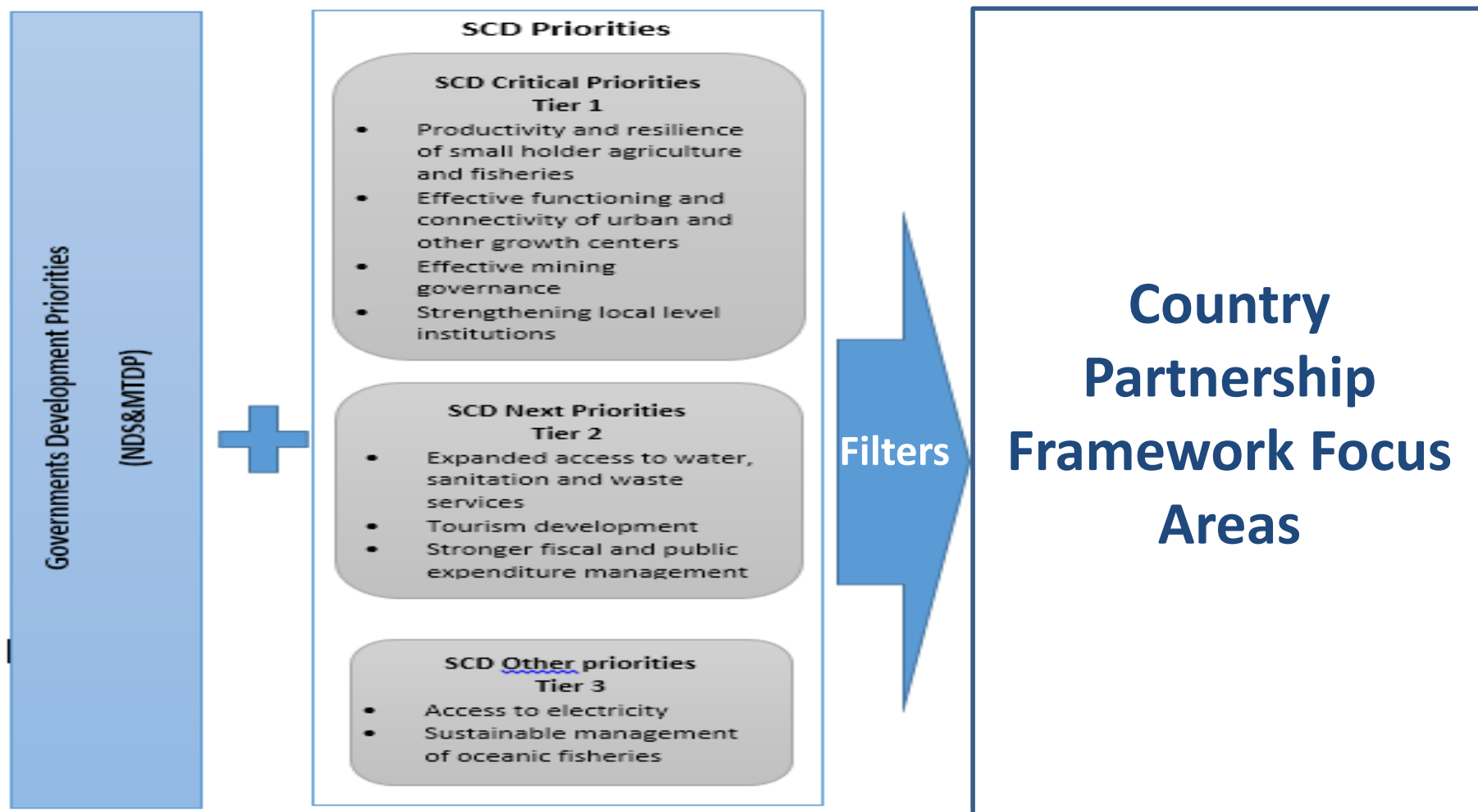


3. Creation of
Systematic
Country
Diagnostic

Priorities Identified from the SCD

Tiers	Priorities
<p>SCD Tier 1 Priorities:</p> <p>Priorities that are highly relevant to growth, equity and security with some possibility of achieving an alignment with the incentives of political elites.</p> <p>The four critical areas identified are:</p>	<ul style="list-style-type: none">• productivity and resilience of smallholder agriculture and fisheries;• effective functioning and connectivity of urban and other growth centers;• effective mining governance; and• strengthened local level institutions
<p>SCD Tier 2 Priorities:</p> <p>Priorities that are highly relevant to growth, equity and security but where alignment is unlikely to be achievable in the near term. These areas are:</p>	<ul style="list-style-type: none">• provision of quality, basic education for all• expanded access to water, sanitation and waste services;• better quality health services;• tourism development;• stronger fiscal and public expenditure management; and• formal social protection system
<p>SCD Tier 3 Priorities:</p> <p>Priorities includes those where there is not much relevance to security, growth and equity where constraints are already being addressed reasonably successfully or where the extent of their misalignment with elite incentives effectively makes them non-starters. These are:</p>	<ul style="list-style-type: none">• access to electricity;• sustainable management of fisheries;• opportunities for international labor mobility;• land governance and land administration;• governance of CDFs; and• strengthening forestry governance

Targeting our Focus



How did we filter these priorities?

1. Government strategy and demand (focusing on areas that have strong country ownership and have potential high impact);
2. Alignment with SCD priorities;
3. WBG's comparative advantage based on its past record of engagement and lessons learned, global knowledge and experience, and the role of other development partners;
4. Other - Solomon Islands' small state context and associated capacity challenges which warrant a more focused and consolidated approach, avoiding spread-out interventions.

Country Partnership Framework Priorities

Focus Area 1 Strengthening the Foundations of Well-being	Focus Area 2 Achieving Inclusive and Sustainable Growth	Focus Area 3 Managing Uneven Development
<ul style="list-style-type: none">○ Improve reliability and access to electricity	<ul style="list-style-type: none">○ Strengthen public expenditure and fiscal management	<ul style="list-style-type: none">○ Improve connectivity
	<ul style="list-style-type: none">○ Enhance sustainable and inclusive growth in selected sectors	
Improve access to water and sanitation services	<ul style="list-style-type: none">○ Strengthen regulatory framework in the mining sector	<ul style="list-style-type: none">○ Improve service delivery to under-served communities

Question:

Are these objectives adequate?

Relevant Projects, ASA and Potential Projects for Each Focus Area

Focus Area 1 Strengthening the Foundations of Well-being	Relevant Projects, ASA and Potential Projects
<ul style="list-style-type: none"> ○ Improve reliability and access to electricity 	<ul style="list-style-type: none"> ○ Sustainable Energy Project (SISEP, ongoing) ○ Energy Access (GPOBA, ongoing) ○ Tina River Hydropower Development Project (approved) ○ Community Benefit Sharing Mechanism Project (approved) ○ Electricity Access and Renewable Energy Expansion Project (2018) ○ Possible Electricity Transmission Line (2021)
<ul style="list-style-type: none"> ○ Improve access to water and sanitation services 	<ul style="list-style-type: none"> ○ Rapid Employment Project (ongoing) ○ Rural Development Program II (ongoing) ○ CRISP (ongoing) ○ CAUSE (2018) ○ Water and Sanitation Project (2019)

Relevant Projects, ASA and Potential Projects for Each Focus Area

Focus Area 2 Achieving Inclusive and Sustainable Growth	Relevant Projects, ASA and Potential Projects
<ul style="list-style-type: none"> ○ Strengthen public expenditure and fiscal management 	<ul style="list-style-type: none"> ○ Development Policy Operations (Sep. 2018 and 2020) ○ Participation in CEWG (ongoing) ○ Health PFM (ongoing) ○ Public Sector Remuneration Study (2018) ○ PER (2019) ○ Country Economic Update (annual)
<ul style="list-style-type: none"> ○ Enhance sustainable and inclusive growth in selected sectors 	<ul style="list-style-type: none"> ○ PROP (coastal fisheries component, ongoing) ○ RDP II (ongoing) ○ Potential Agriculture Project (2020-2021) ○ Possible advisory service for Bina Harbour (IFC), Western Province Tourism prefeasibility Study (IFC)
<ul style="list-style-type: none"> ○ Strengthen regulatory framework in the mining sector 	<ul style="list-style-type: none"> ○ Development Policy Operation (2018) ○ Mining Legal Review and Advisory Service (2018-2019)

Relevant Projects, ASA and Potential Projects for Each Focus Area

Focus Area 3 Managing Uneven Development	Relevant Projects, ASA and Potential Projects
○ Improve connectivity	○ Roads and Aviation Project –SIRAP (2019) ○ Possible AF to SIRAP (2022)
○ Improve service delivery to under-served communities	○ Community governance and grievance management (ongoing) ○ Rural Development Program II (ongoing) ○ Rapid Employment Project (ongoing) ○ CRISP (ongoing) ○ CAUSE ○ Possible CGGM II

Question:

Are these proposed
areas of engagement
adequate?

IDA 18 Scale Up

(01 July 2017 to 30 June 2020)

Globally

IDA17
US\$ 52B

IDA18
US\$ 75B

Solomon Islands

National: US\$46.3m
(US\$26.3m+US\$20m)
Regional + CRW: US\$12.7m

National: US\$77.6m
Regional: US\$ 24m

Indicative Pipeline	National (US\$ m)	Reallocation from cancel. (US\$ m)	Regional (US\$ m)	FY
Solomon Islands Electricity Access and Renewable Energy Expansion II	7.00	3.30		FY18
Solomon Islands Community Access and Urban Services Enhancement (CAUSE)	15.00			FY18
Solomon Islands Roads and Aviation Project (SIRAP)	27.00		24.00	FY19
Solomon Islands Water Supply and Sanitation Project	15.00			FY19
Solomon Islands Development Policy Operation/Budget Support	10.00			FY19
Total	74.00	3.30	24.00	

Key Risks for CPF Implementation

1. Fluidity of the political situation/political instability
2. Fiscal volatility/macroeconomic instability
3. Weak implementation capacity
4. Environmental and social risks
5. Limited size and scalability of the private sector
6. Lack of credible sponsors

Key Questions For Discussion

- What role should the World Bank Group play in supporting Solomon Islands' development?
 - Are the CPF objectives adequate?
- Are the CPF proposed areas of engagement appropriate?
 - Are the identified risks to the CPF implementation adequate?
- What should the WBG do differently?



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