SECTOR ASSESSMENT (SUMMARY): TRANSPORT \(^1\)

Sector Road Map

1. **Sector Performance, Problems, and Opportunities**

1. Solomon Islands is a geographically dispersed nation, with about 85% of its population living in rural and often remote villages. The population relies heavily on multimodal transport for access to essential goods, services, and livelihood opportunities, and the economy is dependent on interisland transfers to support domestic trade and commodity exports. New economic drivers are urgently needed to replace logging and external assistance, both of which are expected to decline over the medium term. Solomon Islands’ best prospects for growth lie in improving flows of people and resources to support sectors where the country has distinct advantages, including agriculture, fisheries, and tourism.

2. Given its dispersed geography, the development and management of a reliable, safe, sustainable, affordable, and climate-resilient transport system are critical to sustain economic growth and to provide access to resources and opportunities. Solomon Islands is ranked sixth in the world for being at risk from disasters caused by natural hazards.\(^2\) Transport infrastructure is particularly vulnerable to these hazards, and improving such infrastructure is essential to help Solomon Islands realize its economic and human potential.

3. **Road subsector.** The road network comprises about 1,523 kilometers (km) of roads, of which 184 km (12%) are sealed. The network also includes 441 bridges and 2,016 culverts. Guadalcanal and Malaita provinces account for 65% of the total network, and only 20% of the country’s rural population is estimated to have access to roads. There are about 18,000 vehicles in Solomon Islands, of which 90% are in Guadalcanal Province. Assets have deteriorated because of lack of maintenance and destruction during ethnic tensions and natural disasters. In 2018, only 67% of the road network was in maintainable condition. Road safety is also a serious concern. Formal safety audits are not conducted, and accident data are not routinely collected. Honiara, which contains the highest concentration of vehicles, lacks well-designed pedestrian walkways, road crossings, and roundabouts.

4. The Ministry of Infrastructure Development (MID) is responsible for all construction, rehabilitation, and maintenance of the road network. The domestic road construction industry has developed in response to better planning and communication of public demand. However, many local contractors lack financial capacity, and a shortage of technical skills is an ongoing barrier for contractors.

5. **Opportunities in the road subsector.** Review of legislation and regulation can significantly improve road safety conditions and management. Institutional reforms and capacity building can help the MID and domestic contractors become more sustainable and implement civil works more effectively and efficiently. The project will provide support to improve transport infrastructure maintenance practices by (i) reviewing the MID’s structure and providing advisory services to strengthen institutional arrangements for maintenance; and (ii) further strengthening

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the MID’s capacity in terms of planning, project preparation and works supervision, and further developing its asset management system.

6. **Maritime subsector.** Maritime infrastructure in Solomon Islands consists of two international ports—Honiara and Noro—and 91 community jetties and boat ramps. Annual container cargo handling volume at Honiara International Port is about 31,000 twenty-foot equivalent units. Most maritime assets are poorly maintained and have deteriorated. Both international ports and about 45 domestic wharves require upgrades or rehabilitation to increase their capacity, safety, and efficiency. Rehabilitation is costly, and the international ports do not generate enough revenue to cover the costs associated with their rehabilitation.

7. The MID is responsible for constructing, rehabilitating, and maintaining publicly-owned assets. The Solomon Islands Ports Authority, a state-owned enterprise (SOE), is responsible for the operation of the ports in Honiara and Noro. The Solomon Islands Maritime Authority (SIMA) oversees safety regulation. The national parliament enacted SIMA Act in 2018, with the aim of making SIMA a self-funded organization to provide better service to the shipping industry and fulfill mandatory obligations under the international maritime conventions. The Government of Australia continues to provide assistance through physical and nonphysical investments in the maritime sector, including ongoing support to operationalize the SIMA Act, and pursues reforms for regulations and compliance to meet International Maritime Organization standards to improve the business enabling environment.

8. **Opportunities in the maritime subsector.** The government intends to rehabilitate and replace anchorage for 16 wharves, repair 9 wharves, and improve port infrastructure by 2021. The economic stimulus package launched by the government in May 2020 included the construction of a wharf in Kirakira, which is financed by the project. Further opportunities include (i) assessment and reform of the franchise shipping scheme to increase transport services to remote communities and support their financial sustainability, (ii) improvements to Honiara and Noro port facilities, and (iii) rehabilitation or construction of domestic wharves.

2. **Government’s Sector Strategy**

9. **Planning and financing the transport sector.** The National Development Strategy (NDS) outlines Solomon Islands’ socioeconomic development framework. It emphasizes the need to expand and maintain weather-resilient transport infrastructure for all Solomon Islanders to provide safe and affordable access to essential goods, services, and opportunities. The NDS targets that by 2035, at least 40% of rural population should have access to essential services as a direct result of infrastructure investment. The National Transport Plan (NTP) identifies priority works to help achieve the NDS goal, and the National Transport Fund (NTF) provides a platform for financing them.

10. The NTP establishes a sector-wide approach for implementing priority works in line with the goals of the NDS. It covers 2017–2036 and outlines 260 priority projects comprising rehabilitation, construction, and maintenance of 38 airports, 123 roads, and 99 wharves. The Medium-Term Transport Action Plan prioritizes and will guide implementation of NTP projects during 2017–2021. The estimated financing needs for construction and rehabilitation projects under the 2017–2021 action plan are $280 million, and maintenance works are estimated to cost

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$90 million. The government established the NTF in 2009 under the MID to help meet the financing needs of priority projects and to improve the coordination of investments. During 2016–2017, the NTF had difficulty fully implementing its work programs. Given this challenge, the World Bank’s ongoing Roads and Aviation Project is providing technical assistance to the NTF to build its capacity, particularly for long-term planning and asset management.

11. **Challenges and opportunities.** The key barriers to the successful implementation of transport projects include lack of project readiness and technical capacity. Solomon Islands lacks qualified engineers and technical officers in public and private sector institutions. This is a result of domestic skill shortages and failure to appoint appropriate personnel in key roles. The MID’s Central Project Implementation Unit is the key implementing arm for infrastructure projects and needs continued support. Limited resource allocations to key transport agencies, including the MID and Solomon Islands Ports Authority, delays preconstruction activities and limits the quality of public spending.

12. Undertaking preconstruction activities after project approval reduces project efficiency because (i) discontinuity in community consultation can lead to land disputes, which delay implementation; (ii) preparing detailed designs after project approval delays mobilization of contractors, which further slows implementation; and (iii) cost estimates at project approval are not based on detailed engineering designs, which leads to cost overruns. Lack of project readiness results in underinvestment, which exacerbates the degradation of assets and leads to missed opportunities to use the investments more effectively. Building technical and institutional capacity and supporting preconstruction activities can therefore increase the efficiency, effectiveness, and sustainability of projects. The proposed project will have high project readiness. The feasibility study, detailed design, and tender documents are under preparation by a consulting firm financed under the ongoing Transport Sector Project Development Facility.  

3. **ADB Sector Experience and Assistance Program**

13. The Asian Development Bank (ADB) has provided extensive support to Solomon Islands’ transport sector. In 1977, ADB approved a $2.03 million loan to extend the existing wharf in Honiara. Physical works were completed in 1982 and the second phase funded by ADB to rehabilitate the original section of the wharf was completed in 1990. Both projects were executed by Solomon Islands Ports Authority. In 1984, ADB approved $1.81 million loan to improve and upgrade the road network in Guadalcanal. Following a period of civil tensions, ADB resumed support to the transport sector in 2006. ADB has supported seven transport projects since then, including the ongoing Sustainable Transport Infrastructure Improvement Program approved in 2016.  

14. The government’s initiative to address transport connectivity is in line with ADB’s Strategy 2030 operational priorities. Investments in building a climate and disaster resilient transport network will contribute to addressing remaining poverty and reducing inequalities, accelerating progress in gender equality, making cities more livable, and fostering regional cooperation and

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7 ADB. 2016. *Report and Recommendation of the President to the Board of Directors: Proposed Results-Based Loan and Administration of Technical Assistance Grant to Solomon Islands for the Sustainable Transport Infrastructure Improvement Program.* Manila.

integration. ADB support for the government’s initiative will contribute to achieving the objectives of ADB’s country operations business plan for 11 small Pacific island countries, 2021–2023 by enhancing transport connectivity and efficiency and improving climate and disaster resilience.\(^9\) The project supports the implementation of climate and disaster resilient infrastructure with designs that address earthquake risks and flooding risks during strong rainfall events. Moreover, ADB’s Pacific Approach, 2016–2020 addresses these challenges through its emphasis on building a long-term partnership with the government and improving domestic and regional connectivity through transport infrastructure investment.\(^10\)

15. The 2020 Annual Evaluation Review emphasizes the need to ensure that project outcomes are sustainable.\(^11\) In the transport context, the critical need is to support the operation and maintenance of infrastructure assets. The project will address sustainability through physical and nonphysical investments. The project incorporates a new contracting initiative, postconstruction performance-based maintenance. The project will review the MID’s asset management system and recommend further enhancement to ensure sustainability during and after the project.

16. The project will be financed by a multitranche financing facility (MFF) with three tranches adopting the time-slicing approach for large-scale, stand-alone projects that have substantial and related individual components with a long-term implementation period. When the MFF is processed, the design, procurement, and safeguards due diligence will be appraised for the entire MFF. Each tranche will finance slices of a group of contracts according to the indicative tranche schedule, and the amount for each tranche will be requested according to the disbursement progress and projection. The large-scale, stand-alone projects approach is necessary to provide opportunities for international and national contractors through the open competitive bidding process. The MFF modality enables ADB to support implementation of the road map under the policy framework through a long-term partnership with the government and contribute to improving transport infrastructure maintenance practices.

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Problem Tree for Transport Sector

Constrained national socioeconomic development and integration into international economy

Direct effect

- Inefficient domestic and international transport connectivity
- Limited access to markets and basic services, especially in rural areas
- Unsafe and unsustainable transport infrastructure

Core problem

Road and maritime transport infrastructure are unsafe and unable to accommodate increasing volume of users

Direct cause

- Delayed maintenance and development of transport infrastructure
- Limited road and maritime transport capacity
- Lack of sustainability in environment, social, and gender aspects

Root cause

- Constrained funding resources for infrastructure maintenance and development
- Rapid increase in traffic demand
- Weak capacity for sector and project management