

Development
Effectiveness
Brief

Solomon Islands ▶

Roads/Routes to Success



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Asian Development Bank
6 ADB avenue, Mandaluyong City
1550 Metro Manila, Philippines
Tel +63 2 632 4444
Fax +63 2 636 2444
www.adb.org

For orders, please contact:
Department of External Relations
Fax +63 2 636 2648
adbpub@adb.org



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Solomon Islands

Development Indicators

Non–Millennium Development Goals

Population in million (2010)	0.53
Annual population growth rate (%) (2008–2010)	2.3
Adult literacy rate (%) (1999)	76.6
Population in urban areas (%) (2009)	18.3

Millennium Development Goals

Population living on less than \$1.25 a day	...
Population living below the national poverty line (%) (2006)	22.7
Under-5 mortality rate per 1,000 live births (2009)	36.0
Population using an improved drinking water source (%) (2005)	70.0

... = data not available.

Source: ADB. 2011. *Asian Development Bank and Solomon Islands: Fact Sheet*. Manila.

Solomon Islands and ADB: Ensuring Basic Infrastructure

The archipelago that makes up the Solomon Islands offers many striking vistas—from majestic volcanoes and verdant forests down to peaceful beaches and vividly coloured coral atolls teeming with marine life. The six main islands are home to more than half a million people who enjoy a rich culture based on close kinship through “wantok” groups, speaking any one of dozens of languages. Most make their living from subsistence agriculture, growing crops such as coconut, yams, and bananas. Between the islands, people steer their distinctive canoes whether for fishing or for ferrying goods to market.

While the landscape is spectacular, it is also exposed to the primal forces of nature: in

2007, for example, the Western and Choiseul provinces were struck by a devastating tsunami and earthquake. And in the longer term, all the islands face the prospect of continuing climate change and rising sea levels. Social and cultural ties can also have their darker aspects: between 1999 and 2003, the country was riven by civil conflict over land and other resources—displacing thousands of people and causing extensive damage. Since 2003, the islands have been policed by the Regional Assistance Mission to Solomon Islands, which was deployed in April 2003 after the civil conflict of 1999–2003. The islands are now largely peaceful. Indeed Solomon Islands has risen from near-collapse in 2003 to record stronger economic growth, attract foreign investment,



Life in the Solomon Islands often centers around water, for fishing or daily transport

The main strategic goal of ADB's assistance to the Solomon Islands has been to encourage pro-poor growth and private sector-led economic development by improving the business environment and, in particular, strengthening transport services

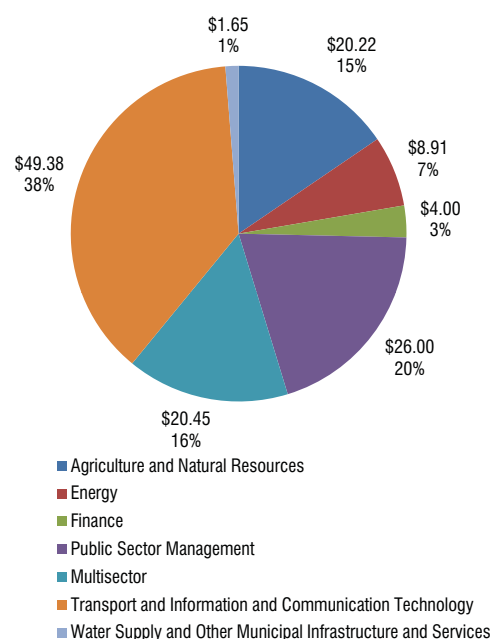
and respond swiftly to natural disasters and the global financial crisis.

But many of the underlying issues of uneven development and fragility persist. The country has to meet the basic needs of a quarter of its people who live below the poverty line—and find ways to create sufficient employment for a population growing at 2–3% per year. Jobs are limited: only about a quarter of the workforce is formally employed.

Solomon Islands joined the Asian Development Bank (ADB) in 1973 and since then, has had 16 loans from the Asian Development Fund (ADF) amounting to \$79 million, six ADF grants totalling \$51 million, and 65 technical assistance projects worth \$21 million. ADB's ongoing program, including cofinancing with development partners, such as Australia, the European Union (EU), and New Zealand, totals \$96 million.

ADB has assisted across a wide range of development activities. For the first 15 years, this focused on agriculture, fisheries, banking, roads and ports, and power and water supplies. Then, in the late 1990s, as economic conditions deteriorated, ADB concentrated more on economic issues and governance. In 2000, however, as government support for these

Sector Distribution of Loan and Grant Approvals
(\$ million, %, 31 December 2010)



Source: ADB.

reforms weakened and the Solomon Islands fell into arrears, a program loan was cancelled and all ongoing projects were suspended. In 2004, with aid from the Government of Australia, the arrears were paid, enabling ADB to resume support, though now through grants rather than loans.

In close alignment with the national priorities, ADB's assistance to Solomon Islands is now guided by a rolling 3-year operations business plan, including most recently the Medium-Term Development Strategy 2008–2010 and the Interim Country Program Strategy 2008–2010. The main strategic goal has been to encourage pro-poor growth and private sector-led economic development by improving the business environment, and in particular, strengthening transport services.

Table 1: ADF Loan and Grant Approvals (\$ million)

	1976–2000	2006	2007	2008	2009	2010	Total
Loans	79.3	0.0	0.0	0.0	0.0	0.0	79.3
Grants	0	0.4	5.0	14.0	15.0	17.0	51.4

ADF = Asian Development Fund.

Source: Asian Development Bank staff estimates.

ADB's Contribution to Development and Poverty Reduction

Since 2004, the Solomon Islands has been rebuilding its economy. This was initially driven by foreign aid and later by agriculture, particularly logging. But with the forests rapidly being depleted, the country is seeking new and more sustainable sources of exports, incomes, and revenues. For this purpose, the government has been engaged in a series of reforms and is aiming to make better use of external assistance.

"ADB has a big part in this and has been very active," says Shadrach Fanega, Permanent Secretary at the Ministry of Finance and Treasury. "Since 2008, there has been an ADB development coordination office here, which has given us much easier access. ADB has also been able to mobilize other development partners to come on board and provide co-financing. Now we are getting funds from ADF for infrastructure and also have access to Pacific regional infrastructure funds."

"Government finances have stabilized and debt is around a quarter of the gross domestic product. But we are still pretty fragile since we are getting most of our revenue from logging. So, with the help of budgetary support from ADB, we are aiming to increase revenue from other sources. For now, we will need to have grants. But in the future, ADB funds might be, say, 55% loan and 45% grant."

Efforts by ADB and AusAID to promote the private sector in Solomon Islands have improved the environment for doing business

Supporting Economic Reform and the Private Sector

During the 1980s and 1990s, the Solomon Islands saw a marked deterioration in economic and social infrastructure. ADB has therefore been helping the government implement economic reform and improve the environment for the private sector—complementing the support of other development partners.

In 2010 and 2011, following the global economic crisis, ADB provided grants of \$10 million for an Economic Recovery Support Program. These grants also facilitated additional resources from the Australian Agency for International Development (AusAID), the EU, the International Monetary Fund (IMF), and the New Zealand Ministry of Foreign Affairs and Trade. This program is expected to enhance competitiveness and make economic growth more sustainable. By providing budgetary support, it will help the government improve fiscal management and take structural measures to improve productivity, both in state-owned enterprises (SOEs) and the private sector, while protecting the vulnerable through more effective social safety nets.

Efforts by ADB and the AusAID to promote the private sector in Solomon Islands have improved the environment for doing business. Established in 2006, the private sector development initiative (PSDI) co-funded by ADB

and AusAID is supporting efforts by ADB Pacific developing member countries to encourage private sector led-sustainable economic growth. PSDI focuses on the key areas of business law reform, improved access to financial services, SOE reform, and public-private partnerships.

ADB is assisting Solomon Islands in the area of SOE reform under PSDI. Sasape Marina in Tulagi, Solomon Islands, is a good example of the benefits of SOE reform and privatization. In 2007, it was facing certain closure due to lack of investment and years of mismanagement. The government turned to the private sector for help and sold the marina. The new owners will invest an estimated SI\$10 million (about \$1.4 million) and employ up to 150 people to rehabilitate the site. With the proceeds of the sale, the government was able to finance severance payments for all staff and repay the marina's debts.

ADB has assisted the government with reforming important legislation related to the

economy. In 2008, ADB assisted with drafting the Secured Transactions Act which has simplified all aspects of lending and has made it easier for people to get business loans using movable assets, such as boats, cars, or farm equipment, as collateral.

ADB also assisted the government with the drafting of the new modernized Companies Act in 2010 which has reduced the time it takes to register a new business from several months to 1 day. Part of the reform of the Companies Act is the new electronic companies registry, Company Haus. ADB assisted with its implementation, enabling fast online registration of companies. In its first 2 months of operation, 45 new companies and 143 existing companies registered. An average of 3,200 searches are undertaken everyday on the registry.

Hudson Wakio, Managing Director of Advanced Technologies, which sells computers, printers, photocopiers, and office supplies, is a beneficiary of the reformed business laws in



Hudson Wakio, managing director of Advanced Technologies, working in his shop

Solomon Islands. He is expanding his business and recently applied for a loan for a delivery truck. To his surprise, approval took place much quicker than he imagined. "I thought loan approval would take months; instead it took 1 day. Within an hour the forms were processed, and by the end of the day I had the truck loan and the truck. I couldn't believe it," says Wakio.

Cocoa export and trading company Solomon Komoditi (Solkom) is a newly incorporated business. It is unique in that it represents several thousand cocoa producers in several provinces through principal buyers who each own a stake in it.

Andrew Sale, a marketing and supply-chain adviser with the AusAID-funded Cocoa Livelihoods Improvement Project, works with

the company and used Company Haus Registry to register Solkom.

"I submitted the application online, and went out for lunch," says Sale. "By the time I came back, I had an email confirming our registration was successful. It was that quick."

Solomon Sedo of Pitukoli Village is one of the directors and shareholders of Solkom and is a principal buyer in Guadalcanal. He works with several hundred cocoa farmers who exported a record 50 tons of cocoa to Malaysia in October 2011.

"It is here, in the rural areas, that we can really see the impact of the company law reforms," says Sedo. "Solkom has negotiated a better price for farmers, and demand for cocoa is increasing. The farmers are busier and earning more income."



Solomon Sedo, director and shareholder of Solkom, with his cocoa crop

Table 2: Selected Outputs of ADB Assistance

Post-conflict rehabilitation	An estimated 186,000 people, or 36% of the national population, have benefited from the project
Post-tsunami reconstruction	This repaired around 28 kilometers of roads, four wharves, two footbridges and a jetty in Western and Choiseul provinces
Road improvement	Under Solomon Islands Road Improvement Program and Solomon Islands Road Improvement Program 2, 72.5 kilometers of gravel roads and 25 bridges in Makira province were rehabilitated

Source: ADB.

ADB assisted with drafting the Secured Transactions Act which has simplified all aspects of lending and has made it easier for people to get business loans using movable assets, such as boats, cars, or farm equipment, as collateral

Strengthening the Transport System

The road network in Solomon Islands is sparse, reaching only about 20% of the population. Around 60% of the roads are on two islands, Guadalcanal and Malaita. Of the national roads, around 8% are paved, 61% are gravel surfaced, and the rest earthen. They cross 185 watercourses, most using log bridges supplemented with a few steel or reinforced concrete structures. But across the islands, many years of neglect and deferred maintenance have caused much of the transport infrastructure to deteriorate.

The poor condition of roads slows the movement of people and goods, and reduces productivity. Yet, until relatively recently, the road network has not been a priority either for the government or development

partners. To remedy this, ADB has supported the preparation of a National Transport Plan which has pointed to the need to maintain the existing transport infrastructure and develop the road network outside Guadalcanal while also improving the reliability and safety of inter-island shipping services.

ADB's priority support to roads and other infrastructure has been reflected in a series of projects.

1. *Solomon Islands Post-Conflict Emergency Rehabilitation Project (PCERP)*. This was financed with an ADB loan of \$10.0 million, with cofinancing by an AusAID grant of \$2.0 million and a New Zealand Aid Programme under the Ministry of Foreign Affairs grant of \$6.5 million. It was completed in 2008.

2. *Solomon Islands Emergency Assistance Project (SIEAP)*. This was in response to the 2007 earthquake and tsunami. This was financed with



With the roads reconnected, Rhoda Loloe can sell spring onions at the Honiara market

an ADF grant of \$4.95 million, and cofinancing from the European Commission (EC) with grants of \$4.00 million and \$4.04 million. It was completed in 2011.

3. *Solomon Islands Road Improvement Project (SIRIP)*. This ongoing project is financed with an ADF grant of \$0.35 million with cofinancing of \$6.10 million from AusAID and \$9.75 from New Zealand Aid Programme. An additional \$2.55 million from AusAID was approved during the project's implementation.

4. *Solomon Islands Domestic Maritime Support Project (DMSP)*. This ongoing project is financed with an ADF grant of \$14.00 million, and cofinancing of \$5.25 million from the EU.

5. *Solomon Islands Second Road Improvement Project (SIRIP 2)*. This project is financed with an ADF grant of \$15.00 million, with cofinancing of \$9.02 million from AusAID and \$0.35 million from New Zealand Aid Programme.

6. *The Transport Sector Development Project (TSDP)*. The project is financed with an ADF grant of \$12 million. AusAID and New Zealand Aid Programme provided \$30 million each in cofinancing.

be suspended in 2002, but was reactivated in 2004, and in 2006 was expanded using a further \$2.0 million from AusAID and \$6.5 million from New Zealand Aid Programme.

"This was a milestone project and one of the best after the conflict," says Moses Virivolomo, Permanent Secretary at the Ministry of Infrastructure Development (MID). "The work was really well received. It was targeting people who had been affected by the tensions and had no markets. Also it helped to integrate communities since people hadn't been able to move around. ADB started the project and other development partners saw that it was good and came to work together. This has also helped push transport up the agenda."

One beneficiary of the repair of the east Guadalcanal road was Rhoda Loloe who, for the past 20 years, has traveled the 46 kilometers from her village of Komakama to the market at Honiara. "I come once a week with a group of other women. Normally I sell onions. During the tensions, for 4 years, we had to survive only

Reconnecting Communities

At the peak of the 1999–2003 in 1999–2000, civil unrest in the Solomon Islands caused extensive economic and social damage, particularly on Guadalcanal and Malaita. More than 27,000 Malaitans were evicted from Guadalcanal and many Guadalcanal residents were relocated from the coast to inland areas. Many roads were closed, government services suspended, and export industries were brought to a halt. Roads and other infrastructure, already in a poor state, were rendered impassable. When the conflict ended, ADB responded in 2001 with a Post-Conflict Emergency Rehabilitation Project. This had to



Nurse Philip Kona stitches Natasha Seni



Geli Rehmah Maeilalo uses SIWA tap water for washing but rainwater, from the tank behind, for drinking

on what we could grow. So, with no income, that meant no kerosene, for example, and no sugar. We were pleased when the road was reconnected. Now I can come to the market, and can earn SI\$80 to SI\$140 per day. There are still some problems with the feeder road down to the main road, so we have been asking our Members of Parliament about that.”

Reconnection of the East Guadalcanal road link to Honiara also allowed production to resume at the nation’s major palm oil plantation, providing employment to nearly 3,000 persons.

Reliable roads also help people make use of services, especially schools and hospitals. Joy Seni lives with her husband and six children in the village of Pitukolia. She rushed to the NGO-run Good Samaritan Hospital at Tetere which is around 50 kilometers east of Honiara because six-year old Natasha sustained a deep cut on her hand when trimming a coconut. “Now we can get here within an hour or so on the truck. When the road was cut, it took hours to get here using the back way, using the ‘bush truck’ [walking]. Now, we can come most of the way on the main road....”

During the conflict, when Malaitans returned home to their island’s main town, Auki, they placed extra demands on the water supply. The ADB project also provided technical assistance to enable the Solomon Islands Water Authority (SIWA) to augment the supply—using specialized geotechnical testing equipment to determine where the water sources, tanks, and piping needed repair.

Geli Rehmah Maeilalo is a teacher at Auki Community High. She has just moved to a house that had an “informal” connection to the water supply and has been to the SIWA office to regularize her supply. “We are glad that we have regular water for washing and cooking. It costs \$13 per month, though for drinking we use rainwater.”

Reliable roads also help people make use of services, especially schools and hospitals

The Post-Conflict Emergency Rehabilitation Project was the only loan operation during the past 6 years. It closed in 2008—5 years later than planned—due to the suspension and to the additional works, but is widely regarded as a success. As Virivolomo says: “Not only did this help to restore economic and social services, it also demonstrated to a socially-torn and skeptical population that the government could deliver concrete on-the-ground results.”

The ADB project also provided technical assistance to enable the Solomon Islands Water Authority to augment the supply—using specialized geotechnical testing equipment to determine where the water sources, tanks, and piping needed repair

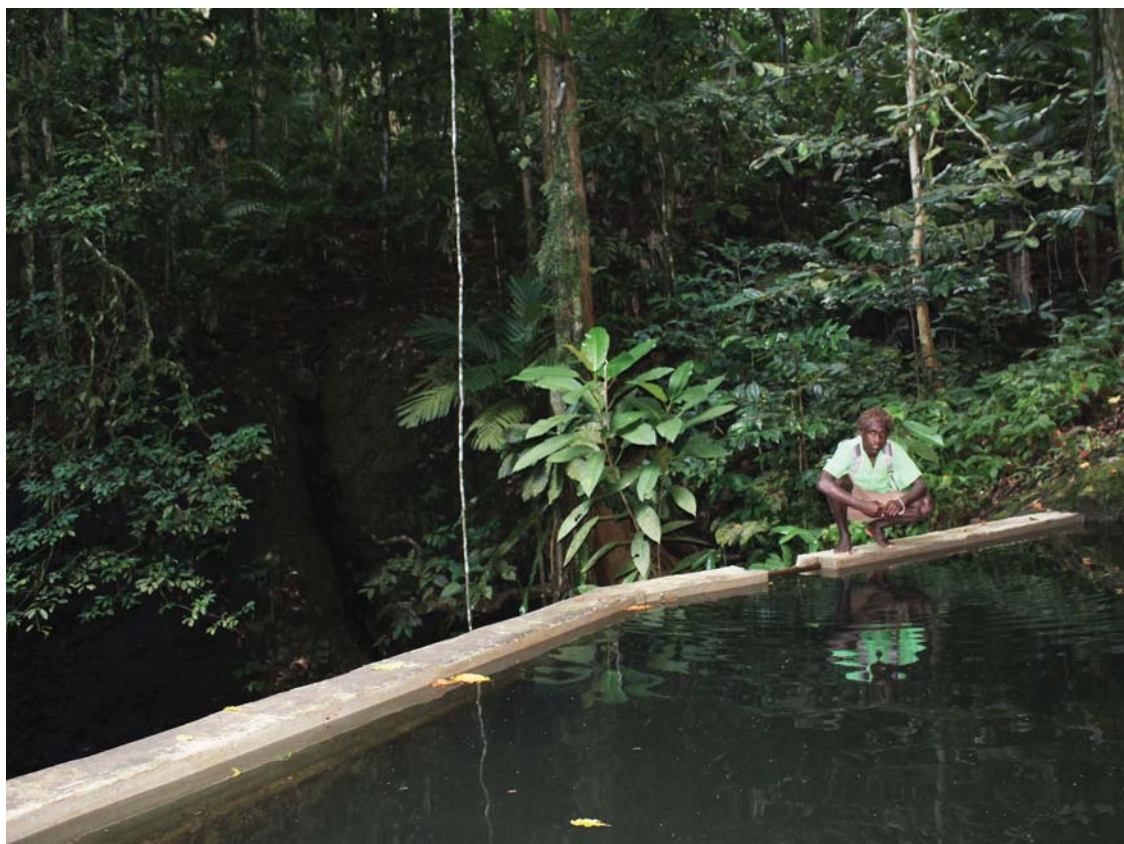
Recovering from the Tsunami

While the previous project was still running, the Solomon Islands faced another emergency; this time a natural disaster. On 2 April 2007, a massive undersea earthquake triggered a tsunami that struck Western and Choiseul provinces—killing 52 people; displacing 5,000 others; and destroying housing, infrastructure, schools, and medical facilities. Around 20,000 people were affected.

Damage to transport infrastructure, water supply, and sanitation was estimated at around \$40 million. A total of 19 wharves, 14 jetties, 52 causeways, two ramps, and 716 meters of seawalls were damaged or destroyed. Although mostly confined to these two provinces, there were also national implications since these provinces generate a significant share of



Captain Ali Moatakapu at the wharf at Gizo



The mountain reservoir for the Gizo water supply

national output through forestry, fisheries, and agriculture, and attract most of the tourism.

With the assistance of development partners, the government responded with emergency relief and started to rebuild schools, hospitals, and other facilities. ADB immediately provided a disaster recovery adviser to assist with initial coordination. The government also requested ADB assistance for the longer-term recovery plan, particularly infrastructure. Together they designed the Solomon Islands Emergency Assistance Project (SIEAP).

SIEAP would rehabilitate roads, wharves, and jetties, as well as the water supply in Gizo, capital of the Western province and with a population of 3,000 people. The initial cost was estimated at \$10.00 million, though, with the incorporation of funding from the EC, the total rose to \$13.80 million by 2009. Of this, \$4.50 million came from ADB, \$8.04 million

from the EC, and \$0.80 million from the government.

Ali Moatakapu is captain of the *L.C. Swift*, which plies a regular route between Western province and Guadalcanal. He ships timbers from the wharves at Gizo and Munda, and returns to Honiara with general cargo such as sugar and rice. "We were here at Gizo when I suddenly saw the water start to recede. You could even see the reef. I knew this must be a tsunami, so we quickly moved the ship out to sea. During the next hour, the water came in and out four times. It damaged the wharf here

With the assistance of development partners, the government responded with emergency relief and started to rebuild schools, hospitals, and other facilities

and completely destroyed the one at Munda. Until the wharves were restored, only the smaller boats could be loaded and unloaded. Instead of using Munda, for example, we had to go to Lambete, so everyone was happy when the wharves were working fully again.”

The earthquake that caused the tsunami also caused damage inland, especially to the water supplies. The shifting ground broke water pipes, and destabilized foundations and the walls of reservoirs and storage tanks. The resulting landslides also blocked water sources.

Even prior to the earthquake, the Gizo water supply had been experiencing significant supply losses due to the leakages in the damaged pipes, joints, and storage tanks. The rehabilitation of the water system was designed to take account of future needs—not just repairing pipes, but also building a more modern system. In the hill forest above Gizo, a brimming reservoir supplies water to a purification plant. Supervisor Robert Alo, who lives alongside the plant, explains how

the process works “The first set of tanks are for filtration, the second set are for chlorine injection.”

The plant started running in 2010, delivering drinking water to businesses. At present, not many houses are connected. Local businessman George Taylor was on the committee that helped decide how to use the water. “Much of the water is going to the hospital. Now it should all be going to the people.” A further concern is that those who are connected—even the hospital—do not drink the water but continue to use rainwater.

The force of the earthquake reshaped the physical environment of the islands and reefs, causing some parts to rise or sink by several meters. On Gizo, the roads and bridges were

The rehabilitation of the water system was designed to take account of future needs, thus building a more modern system



Supervisor Robert Alo at the Gizo water purification plant



Driver Hezron Pati operates the Podekia ('Endeavour') truck

not designed with earthquakes in mind. Around 17 kilometers of road were damaged, along with 11 bridges and 24 culverts. Under SIEAP, the roads have been built to international standards for resilience to future disasters.

Zela Isipau lives in Hakarua village along the coast to the west of Gizo and now travels by the regular Podekia truck service to the town to sell coconuts in the market. "I come 2 or 3 days a week. Before, when the road was damaged, we had to paddle here by canoe. That meant starting at 4:30 am or 5:00 am to get there by 7:00 am. Now, thanks to the road, the truck gets us here in half an hour. My husband is a carpenter at the hospital and he also uses it to get to work. I sell 40 to 60 coconuts a day at 15¢ to 50¢ each depending on the market." Just over a quarter of the transport

Before, when the road was damaged, we had to paddle here by canoe. That meant starting at 4:30 am or 5:00 am to get there by 7:00 am. Now, thanks to the road, the truck gets us here in half an hour



Passenger Zela Isipau seen in the market

and emergency reconstruction projects had components aimed at fostering gender equity, such as facilitating marketing, most of which is carried out by women.

Building a New Road Network

When the tsunami struck, ADB had already embarked on another major infrastructure activity—SIRIP. This was to be a major building block of the government's National Transport Plan drawn up in 2006 to maintain physical infrastructure, develop transport services, improve the capacity of government agencies, and enhance the options for the private sector.

The first phase of the project ran from 2007 to 2011, covering around 100 kilometers of roads (of which 15% are sealed and the rest graveled) and about 40 bridges and culverts. Administered by ADB, it was cofinanced by the Governments of Australia, New Zealand, Solomon Islands, and ADB.

The second phase, SIRIP 2, was proposed partly in response to damage caused by floods in West Guadalcanal in 2009, but would also upgrade the Kirakira–Wainuri road in Makira province. It was designed to run for 18 months from 2011–2012. In addition to a grant from ADB, this phase also has cofinancing for the works in both Guadalcanal and Malaita from the EC. The works in Guadalcanal have cofinancing from Australia through the Pacific Region Infrastructure Facility—a multi-partner infrastructure coordination and financing mechanism.

ADB's Contribution to
Development and
Poverty Reduction



Larger works use heavy machinery for preparing gravel

Table 3: Financing of Solomon Islands Road Improvement Projects (\$ million)

	SIRIP 2007–2011	SIRIP 2 2011–2012
Government of Solomon Islands	0.65	1.16
Asian Development Fund	0.35	15.00
Government of Australia	6.10	8.75
Government of New Zealand	9.75	0.35
European Commission		3.34
Total	16.85	28.60

Source: ADB.



Clerk of works for SIRIP, Frank Torilofa, inspects completed gabions in Malaita

While earlier projects relied primarily on foreign contractors, SIRIP has been designed to create more local jobs and work for local contractors and communities who can carry out maintenance

While earlier projects relied primarily on foreign contractors, SIRIP has been designed to create more local jobs and work for local contractors and communities who can carry out maintenance. There are three tiers: The top tier, for larger engineering works, still uses heavy machinery and foreign contractors. The second tier, involving smaller-scale construction, uses labor-based, equipment-supported techniques. In this case, LBS Engineers, a local contractor, uses some machinery, such as road graders, but also employ significant numbers of local workers. At the lowest tier, smaller local contractors engage communities and other groups to carry out basic maintenance.

The road south from Auki in Malaita, like all coastal roads in the Solomon Islands, crosses multiple bridges and culverts. After heavy rains and king tides (especially high tides), these are buffeted by sudden rushes of water and, with the prospect of climate change, such extreme weather events are likely to become more frequent. In SIRIP 2, therefore, the bridges are being reinforced with extra gabions (wire cages filled with rocks) to prevent erosion of the supports and foundations. Bridges are also anchored on piled foundations, thus providing resilience to natural disasters and future climate change events. At Familifi in Malaita, for example, a group of workers, led by Kosma Wali, are extending the gabions. “We work for around SI\$50 each for two weeks’ work.” In addition, roads around the coasts are being raised to cope with sea-level rise. Bridges are also being raised for higher frequency flood events that are expected due to climate change effects.

The two phases of SIRIP have also emphasized the need for regular maintenance. This includes regrading the gravel roads every few years.



Nelson Tarai, left, and members of the Paelogi Sports Club



Women make up about half of community road workers

But given the speed of vegetation growth, it is also important to keep the grass verges clear, a job that needs doing around four times a year. This is work that can be subcontracted to community groups, who take responsibility for their own stretches of road while also earning some extra income. Along the coast road in Gizo, for example, a dozen members of the Paelogi Sports Club from Karaiki village are clearing the roadside vegetation with machetes. Team leader Nelson Tarai says: "We get around SI\$200 for clearing two kilometers which will take us 3 days. We are mostly farmers and fisherfolk, but we enjoy doing this as we can raise funds to buy clothing and athletic shoes for the group."

A more reliable road network not only gives farmers better access to market, but also enables children to attend school more regularly. Up a steep track from the Gizo coastal road is the Ngeri Community High School.

A more reliable road network not only gives farmers better access to market, but also enables children to attend school more regularly



Passenger transport is often limited to more profitable routes between larger islands

Seventeen year-old Francis Liovalea says: "I usually have to start out at 6:30 am and walk 1.5 hours to school. Now I can also get here much more quickly in a truck." Principal Ralph Kilnimae also points out that the better roads are not just good for the students but also enable people to get to hospital more quickly.

In 2008, ADB approved the Domestic Maritime Support (Sector) Project (Grant no. 127-SOL) to improve the infrastructure by building more wharves and establishing a franchise shipping scheme with initial subsidies for services to more remote areas

Linking the Islands

With its population scattered across a dozen islands, the country also depends critically on inter-island transport. Many islands do not, however, have adequate wharves or regular shipping services. In 2008, ADB approved the Domestic Maritime Support (Sector) Project (Grant no. 127-SOL) to improve the infrastructure by building more wharves and

establishing a franchise shipping scheme with initial subsidies for services to more remote areas. However, the seven envisaged franchising shipping schemes have yet to attract interest from private shipping bidders. Advisory technical assistance have also assisted the government with the 2009 Maritime Safety Administration Act and with the establishment of a new Maritime Safety Administration.

A Sector-Wide Approach to Transport

ADB is currently supporting a broader sectoral approach through the Transport Sector Development Project (TSDP). In 2006, ADB helped design the National Transport Plan and, in 2009, provided technical assistance for the establishment of a National Transport Fund to maintain all rehabilitated transport infrastructure. The fund is initially capitalized by contributions from the governments of Australia and Solomon Islands. The fund will be replenished with annual contributions from the government, as well as revenue from road user charges.

In 2010, ADB started the TSDP, which will give further support for rehabilitating and maintaining the transport infrastructure prioritized under the National Transport Plan. Within MID, this will include support for a central project implementation unit supplemented by consultants. This is expected to add some 11 staff to the MID and another 40 staff on contract to supervise road maintenance and other transport projects. Subject to staffing in MID, ultimately, this project could develop into a sector-wide approach for infrastructure—a single, accountable, government-managed mechanism to hold and disburse pooled development partner funds for infrastructure.



Students at Alligegeo Secondary School in Malaita taking to the road on a geography field trip

In 2010, ADB started the Transport Sector Development Project, which will give further support for rehabilitating and maintaining the transport infrastructure prioritized under the National Transport Plan

ADB's Contribution to
Development and
Poverty Reduction

Operational Effectiveness: Improving Efficiency and Performance

Approved grant assistance between 2006 and 2010 totalled \$51 million. This was \$11 million more than anticipated, indicating that country programming had been realistic. Advisory technical assistance during the same period reached \$5.6 million, close to what had been anticipated. ADB has also been able to leverage its own resources by bringing in other partners, notably Australia, New Zealand, and the EC.

Overall, the strategic positioning of ADB's Country Partnership Strategy with the Solomon Islands has been rated as "highly satisfactory." ADB assistance has, on the whole, resulted in closely supervised, high-quality work. Grant projects have been supervised two or more times a year, and technical assistance projects for an average of 1 week per year. Project supervision has generally been timely and been able to identify problems and deal with these. This has contributed to an increase in project success rates.

Through these activities, ADB has been able to offer consistent support to national priorities while responding flexibly to changing political and environmental conditions. It has, for example, designed post-disaster reconstruction with an eye to long-term development. ADB also responded rapidly to the global financial crisis in 2009 with much-needed support to the budget through the Economic Recovery

ADB has been able to offer consistent support to national priorities while responding flexibly to changing political and environmental conditions

Support Program, which also facilitated additional resources from AusAID, EU, IMF, and New Zealand Aid Programme.

One of the strengths of the program is that rather than trying to address the whole range of development issues, it has had a fairly narrow purpose. While there has been significant attention to business law and regulatory reform, much of the focus has been on infrastructure. This has resulted in a series of transport projects that have boosted rural connectivity while building MID's capacity.

The Post-Conflict Emergency Rehabilitation Project, for example, helped reconnect divided communities and markets. It also directed attention to the need for longer-term investment in infrastructure since none of the other development partners were involved in the road sector. The Emergency Assistance Project also met important needs, though it was implemented much more slowly than intended due to problems in remoteness of project sites and coordinating with participating agencies—and was then extended for another year to accommodate the design and contracting required by additional financing from the EC. As it turned out, this proved to be a long-term investment in infrastructure as well as an emergency response.

This focus on infrastructure has also enabled ADB and the government to accumulate a valuable body of experience. While transport projects have been generally well designed, lessons have included the need for preparatory technical assistance projects and pilot testing. In some cases, poor data on unit rates of civil works has resulted in underestimating costs

at the project design stage that led to delays and cost overruns. The projects have also demonstrated the importance of consulting closely with stakeholders who are likely to be affected.

Just as important as the physical construction, ADB has been working to build national capacity. SIRIP and SIRIP 2 have also been helping local contractors gain experience, while offering greater opportunities for community participation. At the same time, ADB involvement has helped strengthen the government's capacity for transport development, particularly by offering technical and engineering perspectives. This is inevitably a gradual process. The staff at the MID are likely to be overstretched for some years to come but this could be overcome should MID pursue and complete the institutional strengthening and capacity development outlined under TSDP. They could focus its energies more on policy and planning while contracting out more of the physical construction to the private sector.

Until 2011, ADB funds had all been grants. Now the Solomon Islands is also eligible for loans, increasing the volume of available funds. However, the government has indicated that it will use loans mainly for projects with high financial and economic returns, including public-private partnerships and for projects in the productive sectors.

Table 4: Solomon Islands Project Success Rates, 1973–2010

Sector	% ^a	No. of Rated Projects/Programs
Agriculture and Natural Resources	–	2
Energy	50.00	2
Finance	–	2
Public Sector Management	–	1
Transport and ICT	100.00	1
Water Supply and Other Municipal Infrastructure and Services	–	1
Multisector	100.00	2
Total	36.36	11
Year of Approval		
1970s	25.00	4
1980s	–	3
1990s	66.67	3
2000s	100.00	2

– = nil, ICT = information and communication technology.

a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PCRVRs), and project/program evaluation reports (PPERs) using PCRVR or PPER ratings in all cases where PCR and PCRVR/PPER ratings are available.

Source: ADB. 2011. *Asian Development Bank and Solomon Islands: Fact Sheet*. Manila.

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Future Challenges

Solomon Islands is now politically more stable but the years ahead could be difficult. With a decline in the logging industry, economic growth is likely to be slow and outpaced by population growth, making it hard to create sufficient employment. Public administration, too, is under some strain, hampered by low revenue and insufficient skilled people for delivering high-quality services or managing additional public investment. Inevitably, the islands will remain exposed to the risk of natural disasters.

Nevertheless, the government has resolved to make best use of its limited resources to establish the basis for future growth. The Economic Recovery Support Program should help the government achieve macroeconomic and fiscal reforms and support private sector development.



With better roads, Francis Liovalea gets to the Ngeri Community High School more quickly than before

Solomon Islands is also likely to be restricted by the lack of skilled people. In transport projects, for example, local engineering staff, already overstretched on their own work, did not gain sufficient experience in various program management units. "Starting with TSDP," says the MID's Virivolomo, "we will have a central project implementation unit where the design engineer will work with counterpart staff every day. We want capacity building to be done by people sitting next to each other." In 2008, ADB established a technical assistance project for the MID, including long-term support to the Transport Policy and Planning Unit.

ADB will be increasing operations in the transport sector to move to more harmonized national systems. The government will take a lead in implementing the National Transport Plan, which is funded by contributions to the National Transport Fund from cofinancing development partners.

This will require strong coordination among the government and cofinancing development partners.

Photography by Peter Stalker.

The cover shows the students at Alligegeo Secondary School in Malaita taking to the road on a geography field trip.

For more information, please visit beta.adb.org/countries/solomon-islands or contact Kanokpan Lao-Araya, Senior Private Sector Development Specialist, Pacific Department (klaoaraya@adb.org).

Development Effectiveness Brief

Solomon Islands

The government and the people of Solomon Islands have been working with the Asian Development Bank (ADB) since 1973. The relationship has included 16 loans, six Asian Development Fund grants, 65 technical assistance projects, ongoing policy dialogue, and the development of specific knowledge products. Solomon Islands have achieved important development gains through ADB's support. In transport, they have focused on restoring infrastructure; improving maintenance; increasing safety, quality, and reliability; and promoting private sector participation. ADB's private sector reform activities have helped implement state-owned enterprise reforms and improve the environment for doing business.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two-thirds of the world's poor: 1.8 billion people who live on less than \$2 a day, with 903 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
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