

The World Bank Group, Solomon Islands Portfolio Overview



The World Bank Group works to assist the Government and people of Solomon Islands by supporting projects aimed at improving prospects for economic growth and improving public administration. Following is a list of active projects and analytical work.

Tina River Hydro-Power Development Project (TRHDP)

The TRHDP is supporting the possible development of a hydro-power scheme on Guadalcanal. Hydro-power has the potential to reduce the price of electricity, and replace a large share of Solomon Islands' diesel fuel imports, currently used for nearly all the electricity generation. The project is led by an inter-ministerial Task Force chaired by the Ministry of Mines, Energy and Rural Electrification (MMERE). A project office under MMERE supports implementation, including ensuring adherence to World Bank environmental and social safeguards. The first phase of the feasibility study, which included an examination of possible dam sites, financial and economic analysis of different options, and technical and engineering analysis, has been completed. A second phase will undertake in-depth exploration of a preferred option. The World Bank is coordinating donor funding to the project, including from Australia (through the Pacific Region Infrastructure Facility) and the European Investment Bank. The International Finance Corporation (IFC) is providing transaction advisory services to identify and negotiate a contract with the Independent Power Producer who will build and run the scheme. The World Bank intends to offer a partial risk guarantee to encourage private sector interest in the project.

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Solomon Islands Sustainable Energy Project (SISEP)

With a World Bank grant of USD4 million for four years to 2013, SISEP aims to support and improve the efficiency and reliability of electricity supplied by the Solomon Islands Electricity Authority (SIEA). This is being done through the recruitment of management expertise, the improvement of SIEA's financial position, and the improvement of SIEA's technical operations. Efforts have led to improved collections, installation of more cash power meters, and significant reductions in outages.



The first 43 Rural Development Program sub-projects will directly benefit an estimated 50,000 villagers. There are 54 sub-projects currently in the preparation stage for Cycle 2.

Rural Development Program (RDP)

The RDP aims to raise the living standards of rural households. This is done through organizing and supporting rural communities to improve and rehabilitate village infrastructure; increasing the capacity of the Ministry of Agriculture and Livestock to better provide agriculture extension services; and by supporting rural business development. The program, which started in 2008, is being implemented by the Ministry of Development Planning and Aid Coordination, in collaboration with the Ministry of Agriculture and Livestock. RDP is currently active in the six provinces of Choiseul, Western, Malaita, Temotu, Isabel, and Makira, and will cover eight provinces by 2012. Forty three village infrastructure projects are either completed or nearing completion and will directly benefit an estimated 50,000 villagers. A further 54 small infrastructure projects are under implementation. The total program funding is approximately USD31.8 million, including World Bank IDA funding of USD6.2 million, a European Commission grant of USD 10.1 million, AusAID grant of USD6.6 million, a USD3 million grant from the Food Price Crisis Response (Multi-donor) Trust Fund, and USD4 million from the International Fund for Agriculture Development (IFAD).



The Rapid Employment Project will create 500,000+ labour days over its five year cycle.

Rapid Employment Project (REP)

The World Bank is supporting a USD7.2 million temporary employment program in Honiara that aims to address urban poverty and unemployment and support infrastructure works. The project, financed by the World Bank's IDA funds, the Bank's State and Peacebuilding Fund, and the Pacific Regional Infrastructure Facility, is being implemented by the Honiara City Council (HCC), and the Ministry of Infrastructure Development (MID). The REP will run for five years from 2010 to 2015. The project aims to increase incomes among the urban poor, particularly youth and women. It will create roughly 500,000 days of work on road



repair and maintenance, waste disposal, and city clean-up. It will also provide training for participants on job responsibilities, personal safety, basic money management, and health to improve social and work-place interactions. REP projects have recently begun and community groups are beginning to see direct benefits of their work in the form of wages paid and public infrastructure improvements.

Health Sector Support Program Technical Assistance (HSSP-TA) Project

Active since March 2008, the HSSP-TA complements the larger AusAID HSSP sector-wide approach (SWAp) with targeted technical assistance to the Ministry of Health and Medical Services. The technical assistance focuses on public expenditure management and planning for the medium-term and at the provincial level, sector performance monitoring and training, and capacity building.



Mining Sector Technical Assistance

The World Bank, through the State and Peacebuilding Fund, is providing technical assistance to the Solomon Islands Government to review policy, legislation and institutional arrangements relating to the mining industry. The project will also support the Government's stated goal of signing up to the Extractive Industries Transparency Initiative (EITI). The project also includes activities aimed at increasing women's voice on mining related issues.

Telecommunications Sector Reform and Development

The World Bank is supporting the Independent Telecommunications Commission, which was established by the Telecommunications Act of 2009. The project, which is also being financed by Australia through the Pacific Region Infrastructure Facility, will assist the Solomon Islands Government in designing a program to increase the spread of rural communications. The project's three goals are: to increase competition by opening up all segments of the telecommunications market starting with the mobile sector; strengthening regulatory capacity; and expanding rural access to communications services and internet applications.



Analytical Work

Sources of Growth

Completed in 2010, the Sources of Growth research was undertaken following a Government request to identify potential economic prospects for Solomon Islands. The report also provides the business community, donors, and civil society with a picture of economic prospects for Solomon Islands following the decline in logging revenues which started in 2009. The report identifies four key areas of growth including increased agricultural production, natural resource industries (notably mining and tourism), improved administration of aid, and increased labor mobility.

Public Expenditure Review

To implement recently announced Government priorities for improved public sector effectiveness and efficiency, the World Bank is assisting the Ministry of Finance and Treasury to review public expenditure and develop reforms of the central government budget and broader public finance.

Increasing the Participation of Women Entrepreneurs in the Solomon Islands Aid Economy

This analytical work identifies factors currently constraining the participation of women entrepreneurs in local businesses that provide goods and services to donor agencies and expatriates. The study also presents recommendations for ensuring that a larger proportion of aid expenditure is captured locally by women-owned businesses in future. In implementing recommendations arising from the analytical work, the World Bank is promoting improved information sharing between donor agencies and potential local suppliers.

The Sources of Growth report finds that economic growth is likely to be concentrated in areas of population concentration, high agricultural production, and natural resource potential. However benefits can be shared throughout the country if efforts are made to connect rural populations to urban markets, and carefully target investment in services and infrastructure where economic activity and population are concentrated.

The World Bank's study on women entrepreneurs aims to outline how women entrepreneurs can more effectively engage with donor agencies in Solomon Islands.



Justice for the Poor (J4P)

J4P is addressing some of the practical challenges of justice sector reform throughout a number of countries. J4P commenced active operations in Solomon Islands in August 2009 as part of a regional AusAID funded program. Research in Solomon Islands focuses on justice delivered locally, administration of public land, and doing business in the context of customary land tenure.

International Finance Corporation (IFC)

Tourism Scoping and Advice

Tourism Diagnostic Tool

Tourism Sector Diagnostics (TSDs) identified impediments to the growth and development of Solomon Islands tourism sector. The results have informed IFC's new medium-term Pacific Tourism Strategy. The IFC has begun working with client governments to focus on generating investments in tourism within Solomon Islands.



Tourism Taskforce

In May 2010 the Ministers for Tourism and Commerce launched the IFC-funded Tourism Sector Diagnostic's 'State of Play Assessment', and implemented its first recommendation – the formation of a Tourism Task Force (TTF). Established as a forum for inter-departmental and public private coordination to overcome tourism sector impediments, the TTF has met every two months since its formation. One working group responsible for tourism priorities is a tourism investment generation group jointly led by the Department of Tourism (DoT) & Foreign Investment Division (FID), and support by IFC.

Pacific Microfinance Initiative

In collaboration with AusAID, IFC is looking to expand its microfinance and financial services footprint in the Pacific, including Solomon Islands. As a first step, a financial market assessment has been conducted. The initiative aims to improve access to basic financial services, particularly for women, rural households, and enterprises in Papua New Guinea, Timor-Leste, and the Pacific Islands by providing grants and business advice to bank and nonbank financial institutions, to strengthen their capacity to undertake sustainable lending and tailor their products to better service hard to reach communities that lack access to credit, savings, and other retail and banking services.

Financial Infrastructure

Weak or lack of financial infrastructure has been identified as a key constraint inhibiting access to finance in the Pacific region. IFC is in the process of developing regional infrastructure and expertise to establish credit information bureaus in the Pacific countries which do not have access to this facility. Solomon Islands is among the initial countries identified for implementation of the credit bureau program in the region.



Payments Remittances and Securities Settlement Systems Study

The Payment Systems Development Group, a joint World Bank/IFC, initiative has undertaken a Payments Remittances and Securities Settlement Systems study in Solomon Islands and discussions have been initiated to work towards undertaking a payments systems reform program in the country as part of the regional Pacific Payments and Remittances Initiative.

Solomon Islands Regulatory Simplification and Investment Policy and Promotion Project (RSIPP)

This initiative works through public-private dialogue to bring about simplifications in business processes, thereby promoting private sector growth and job creation. Efforts include: streamlining business start up and licensing; reducing time and cost of contract enforcement by establishing alternative dispute resolution, including the establishment of court-referred mediation and the training of mediators; and improving investment policy and promotion, particularly in the area of tourism. A gender component seeks to assess and reduce gender based barriers to private sector participation.

Pacific Telecommunications Study



In recent years, the Pacific region has undergone a wave of telecommunication reforms and seen a major shift towards deregulation of mobile telecommunication and the arrival of new entrants. While stories are surfacing on the wider developmental impacts of increased mobile telecommunication and internet services in the Pacific Island countries, little, if any quantitative data has been recorded. Likewise, little is known about the impact of telecommunication reform in the region and the factors that have contributed or detracted from it. The overarching goal of this project is to carry out a study in Papua New Guinea, Solomon Islands and Fiji in order to assess the wider

developmental impacts of mobile telecommunication and internet services in the selected Pacific Island countries and their transformative effects, as well as the impact of telecommunication reforms in the selected Pacific Island countries and how different factors contribute or detract from this. In addition, the project aims to support Micro to Small and Medium Enterprise (MSMEs) reach and Base of the Pyramid (BOP) initiatives by measuring ICT sectoral impact on MSMEs and BOP.

Gold Ridge Investment

IFC has provided Gold Ridge Mining Limited a loan of USD35 million to help restart a mine that will provide jobs, government revenues and local community development in the Solomon Islands. IFC's loan, together with equity funding from project partner Allied Gold, will be used to rebuild and refurbish plant and mining equipment at the Gold Ridge Mine on the island of Guadalcanal. The mine, which has been closed since 2000, is scheduled to reopen in March 2011 and will become a major contributor to Solomon Islands economy. IFC will work with the company to ensure that mine development and operations are carried out in an environmentally and socially sustainable manner.



Our History in Solomon Islands

Solomon Islands has been a member of the World Bank Group since independence in 1978. Solomon Islands has received a number of loans and grants from the World Bank, totaling USD63.4 million.

These projects have assisted governments with work in numerous fields including education, rural development, health, and energy.

In November 2008, the World Bank Group established a permanent office in Honiara together with the Asian Development Bank.

