

Asian Development Bank & Solomon Islands

FACT SHEET

Table 1. Solomon Islands: 2012 Loan, Technical Assistance, and Grant Approvals (\$ million)^a

Loans				
Sovereign	Nonsovereign	Technical Assistance	Grants	Total
10.50	–	0.75	7.50	18.75

– = nil.

^a Excludes cofinancing.

Table 2. Solomon Islands: Cumulative ADB Lending by Sector as of 31 December 2012^a

Sector	Loans (no.)	Amount (\$ million)	% ^b
Agriculture and Natural Resources	4	20.22	22.51
Energy	2	8.91	9.92
Finance	2	4.00	4.45
Public Sector Management	2	26.00	28.95
Transport and ICT	4	18.53	20.63
Water Supply and Other Municipal Infrastructure and Services	1	1.65	1.84
Multisector	2	10.50	11.69
Total	17	89.81	100.00

Total Disbursements \$65.8 million

ICT = information and communication technology.

^a Includes sovereign and nonsovereign loans.

^b Total may not add up because of rounding.

Partnerships

The Asian Development Bank (ADB) has partnered with the Government of Solomon Islands since 1973. ADB and the World Bank jointly established a Development Coordination Office in Honiara in 2008 to strengthen their partnerships with the government and facilitate coordination with other stakeholders. ADB works closely with the Ministry of Infrastructure Development for transport infrastructure; the Ministry of Commerce, Industry, and Employment for private sector development; the Ministry of National Development Planning and Aid Coordination on development strategy; and the Ministry of Mines, Energy, and Rural Electrification on a proposed outer islands renewable energy project.

Private sector consultations are conducted regularly, and relationships with civil society groups are being developed. ADB's country program is closely coordinated with other development partners, including Australia, the European Union, New Zealand, and the Regional Assistance Mission to Solomon Islands. ADB participates in the Core Economic Working Group process, in which the government and development partners engage in dialogue and confirm support for a comprehensive and medium-term public sector management and economic reform program.

Partnerships with other funding agencies, especially the Australian Agency for International Development, the European Union, and the New Zealand Aid Programme, have been crucial, particularly in transport infrastructure and services. ADB also cooperates with nongovernment and private sector organizations to strengthen the effectiveness, quality, and sustainability of its services.

Operational Challenges

The Regional Assistance Mission to Solomon Islands, which was created in 2003 in response to the Government of Solomon Islands' request for international aid, has continued to be instrumental in restoring law and order, and reestablishing an environment conducive to development. However, political instability continues to pose challenges, and ADB and other development partners face operational challenges expected in a post-conflict environment. ADB's country operations are constrained by low levels of human resource capacity, a small domestic market, a narrow economic base, and limited institutional capacity.

Future Directions

ADB's strategic focus on transport infrastructure and improving the business environment remains relevant in the context of development challenges, government priorities, and the division of labor among development partners.

Creating an enabling environment for sustainable economic growth remains a challenge for Solomon Islands. ADB's transport infrastructure assistance and related capacity building are widely acknowledged as vital for rehabilitating the economy and providing access to basic services. Future projects and technical assistance will continue to support the Ministry of Infrastructure Development's transition to an asset management and contracting organization. ADB's Broadband for Development project will help improve internet connectivity. ADB's intervention in the Outer Islands Renewable Energy project will also boost the country's renewable energy potential by providing power to provincial centers.

In March 2012, ADB endorsed a new country partnership strategy (CPS) for 2012–2016. The CPS is aligned with the government's development priorities as set out in the National Development Strategy (NDS), 2011–2020. Building on technical assistance supporting NDS formulation, ADB will continue to assist key central ministries in implementing the NDS.

Context

Since joining ADB in 1973, Solomon Islands has received 17 loans amounting to \$89.81 million, 8 Asian Development Fund (ADF) grants totaling \$63.80 million, and 66 technical assistance projects worth \$22.77 million.

Solomon Islands is a sprawling island country that includes six large islands, dozens of smaller islands, and hundreds of islets and atolls. More than 80% of the population of 553,000 is rural, living in widely dispersed villages of a few hundred persons. Recently, ADB approved an ADF grant-loan mix for the Broadband for Development Project (2012), as well as grants targeting economic recovery support (2010 and 2011), transport sector development (2010), the second phase of a rural roads improvement project (2009), and improvement of maritime transport infrastructure (2008).

ADB-Supported Projects and Programs

ADB's strategic direction in Solomon Islands concentrates on (i) infrastructure development, including transport and information and communication technology; (ii) public sector management; and (iii) renewable energy.

In September 2012, ADB approved the sovereign component of a \$60 million project, which will finance the construction of a submarine cable system that will deliver affordably-priced, high-speed internet services to the people of Solomon Islands. The commercial component of the project's financing plan is slated for approval in 2013.

ADB operations in the transport sector are guided by the National Transport Plan, which was developed with ADB assistance. Key elements of the plan are integrated planning, environmental and social sustainability, and an infrastructure

Table 3. Solomon Islands: Development Indicators

Non-MDG	
Population in millions	0.55 [2012]
Annual population growth rate (%)	2.3 [2010–2012]
Adult literacy rate (%)	76.6 [1999]
Population in urban areas (%)	20.5 [2011]
MDG	
Population living on less than \$1.25 (PPP) a day (%)	...
Population living below the national poverty line (%)	22.7 [2006]
Under-5 mortality rate per 1,000 live births	22 [2011]
Population using an improved drinking water source (%)	70 [2005]

... = data not available, MDG = Millennium Development Goal, PPP = purchasing power parity.

Sources: ADB. 2013. *Basic Statistics 2013*. Manila; United Nations Educational, Scientific and Cultural Organization (UNESCO). 2013. Institute for Statistics Data Centre; World Bank. 2013. World Development Indicators Online.

Table 4. Solomon Islands: Economic Indicators, 2008–2012

Economic Indicator	2008	2009	2010	2011	2012
Per capita GNI, Atlas method (\$)	1,050	960	1,030	1,110	...
GDP growth (% change per year)	7.2	(1.0)	6.9	10.6	5.9
CPI (% change per year)	17.4	7.1	1.0	7.4	5.5
Unemployment rate (%)
Fiscal balance (% of GDP)	(6.1)	(16.1)	1.4	5.1	(1.9)
Export growth (% change per year)	27.6	(21.4)	35.6	84.6	...
Import growth (% change per year)	6.5	(14.1)	50.8	15.4	...
Current account balance (% of GDP)	(17.8)	(20.9)	(28.3)	(7.8)	(5.8)
External debt (% of GNI)	26.2	26.7	22.7	18.4	...

() = negative, ... = data not available, CPI = consumer price index, GDP = gross domestic product, GNI = gross national income.

Sources: ADB. 2013. *Asian Development Outlook 2013*. Manila; ADB staff estimates; World Bank. 2013. World Development Indicators Online.

Table 5. Solomon Islands: Project Success Rates

Sector	% ^a	No. of Rated Projects/Programs
Agriculture and Natural Resources	–	2
Energy	50.0	2
Finance	–	2
Multisector	100.0	4
Public Sector Management	–	1
Transport and ICT	100.0	1
Water Supply and Other Municipal Infrastructure and Services	–	1
Total	46.2	13
Year of Approval		
1970s	25.0	4
1980s	–	3
1990s	66.7	3
2000s	100.0	2
2010s	100.0	1

– = nil, ICT = information and communication technology.

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

Sources: PCRs, PVRs, and PPERs containing a rating circulated as of 31 December 2012.

Table 6. Solomon Islands: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2011–2012

Number of Ongoing Loans (as of 31 Dec 2012)	1	
	2011 (\$ million)	2012 (\$ million)
Contract Awards/Commitments ^{a,b}	–	–
Disbursements ^a	–	–
Number of Ongoing Grants (as of 31 Dec 2012) ^c	5	
	2011 (\$ million)	2012 (\$ million)
Contract Awards/Commitments ^{a,b}	18.0	2.7
Disbursements ^a	14.5	10.2
Projects at Risk (%)	–	

– = nil.

Note: Totals may not add up because of rounding.

^a Includes closed loans that had contract awards or disbursements during the year.

^b Excludes policy-based lending/grants.

^c Includes only ADF and other ADB Special Funds.

resilient to natural disasters and climate change. A National Transport Fund, also established with ADB's assistance, was created to support sustainability of infrastructure assets.

The Domestic Maritime Support Sector Project aims to create more frequent and reliable shipping services in Solomon Islands, and will reduce barriers to market access and promote the growth of rural production. The main beneficiaries are people in the most remote, poorest areas of the country.

The Solomon Islands Road Improvement Project, Phases 1 and 2, rehabilitated (i) 72.50 kilometers (km) of gravel roads and 25 wet crossings in Makira province, and (ii) 17 km of roads and 19 km of wet crossings in Guadalcanal province. A further 14 km of road rehabilitation, with climate change adaptation features in Malaita province is under way.

In 2012, ADB initiated preparatory work for an Outer Island Renewable Energy Project to support development of renewable energy in the Solomon Islands. The proposed intervention should decrease the cost of power by replacing diesel power with hydropower, and increase access to power through expansion of existing distribution grids.

ADB continues to support customs and excise tax reform, state-owned enterprise reforms, and business law reform, aiming to improve the business environment. With ADB's assistance, the company registry has been in operation for 2 years, and has seen significant increase in company incorporations, including several innovative community companies that ensure profits stay within community groups. ADB provided technical support in drafting a new customs and excise bill, which was completed in July 2012. This will be reviewed, and is scheduled for Parliament consideration in 2013.

Cofinancing

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in the financing of ADB projects. The additional funds are provided in the form of official loans and grants, and commercial financing, such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program.

By the end of 2012, cumulative direct value-added official cofinancing for Solomon Islands amounted to \$125.7 million for 9 investment projects and \$3.7 million for 10 technical assistance projects.

In 2012, the Solomon Islands received \$8.4 million grant cofinancing from the Governments of Australia and New Zealand for the Road Improvement (Sector) and Domestic Maritime Support (Sector), and \$2.1 million from the Government of Australia for the Second Road Improvement (Sector).

A summary of projects with cofinancing from 1 January 2008 to 31 December 2012 is available at www.adb.org/countries/solomon-islands/cofinancing

Procurement

From 1 January 1966 to 31 December 2012, contractors and suppliers were involved in 185,090 contracts for ADB loan projects worth \$116.58 billion. During the same period,

Table 7. Solomon Islands: Projects Cofinanced, 1 January 2008–31 December 2012

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	6	94.33
Grants	6	94.33
Technical Assistance Grants	6	2.70

^a A project with more than one source of cofinancing is counted once.

Table 8. Solomon Islands: Share of Procurement Contracts

Item	2011		2012		Cumulative (as of 31 Dec 2012)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	–	0.00	–	0.00	14.90	0.01
Consulting Services	0.12	0.03	0.25	0.05	2.16	0.03

– = nil, 0.00 = less than 0.01%.

Table 9. Solomon Islands: Contractors/Suppliers Involved in ADB Loan Projects, 1 January 2008–31 December 2012

Contractor/Supplier	Sector	Contract Amount (\$ million)
Ulaful Construction	Multisector	0.02

Table 10. Solomon Islands: Top Individual Consultants Involved in ADB Technical Assistance Projects, 1 January 2008–31 December 2012

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Individual consultants	16	0.57

Table 11. ADB Assistance to Developing Member Countries, 2011–2012^a

	2011 (\$ million)	2012 (\$ million)	Change (%)
Lending	12,605.46	11,717.58	(7.04)
ADF, Sovereign	1,954.85	2,315.85	18.47
OCR, Sovereign	9,050.61	8,294.89	(8.35)
OCR, Nonsovereign	1,600.00	1,106.84	(30.82)
Public Sector ^b	600.00	44.00	(92.67)
Private Sector ^c	1,000.00	1,062.84	6.28
Equity Investments	239.00	131.00	(45.19)
Guarantees	416.61	403.00	(3.27)
Grants ^d	844.14	969.77	14.88
Technical Assistance Grants	357.39	297.78	(16.68)

() = negative, ADF = Asian Development Fund, OCR = ordinary capital resources.

^a Excludes terminated loans, grants, equity investments, and technical assistance grants.

^b Includes nonsovereign public sector loan processed by regional departments and ADB's Private Sector Operations Department.

^c Includes \$35 million investment in debt securities.

^d Excludes grant cofinancing not administered by ADB.

contractors and suppliers from Solomon Islands were involved in 518 contracts for ADB loan projects worth \$14.90 million.

From 1 January 1966 to 31 December 2012, consultants were involved in 11,990 contracts for ADB loan projects worth \$5.11 billion. During the same period, consultants from Solomon Islands were involved in 29 contracts for ADB loan projects worth \$0.71 million.

From 1 January 1966 to 31 December 2012, consultants were involved in 26,546 contracts for ADB technical assistance projects worth \$3.1 billion. During the same period, consultants from Solomon Islands were involved in 39 contracts for ADB technical assistance projects worth \$1.45 million.

About Solomon Islands and ADB

ADB Membership

Joined 1973

Shareholding and Voting Power

Number of shares held:	708 (0.01% of total shares)
Votes:	40,312 (0.30% of total membership, 0.47% of total regional membership)
Overall capital subscription:	\$10.88 million
Paid-in capital subscription:	\$0.54 million

Anthony Baker is the Director and **Richard Sisson** is the Alternate Director representing Solomon Islands on the ADB Board of Directors.

The Pacific Liaison and Coordination Office (PLCO) was opened in 2005 and provides the primary operational link between ADB and the government, private sector, and civil society stakeholders in its activities. PLCO engages in policy dialogue and acts as a knowledge base on development issues in Nauru, Solomon Islands, Vanuatu, and on private sector development region-wide.

Andrea Iffland is the Regional Director of PLCO.

The Solomon Islands government agency handling ADB affairs is the Ministry of Finance and Treasury.

About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2012, lending volume was \$11.72 billion (110 projects), with TA at \$150.96 million (237 projects) and grant-financed projects at \$696.94 million (27 projects). In addition, \$8.3 billion was generated in direct value-added cofinancing in the form of official loans and grants and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2008 to 31 December 2012, ADB's annual lending volume averaged \$11.78 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged \$778.77 million and \$172.56 million in TA over the same period. As of 31 December 2012, the cumulative totals excluding cofinancing were \$191.47 billion in loans for 2,531 projects in 44 countries, \$5.67 billion in 287 grants, and \$3.44 billion in TA grants, including regional TA grants.

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