

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET

Solomon Islands: 2017 Committed Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
-	-	0.35	8.44	8.79

-- = nil.

Notes:
Commitment is the financing approved by the ADB Board of Directors or Management for which the investment agreement has been signed by the borrower, recipient, or the investee company and ADB.

Grants and technical assistance include ADB-administered cofinancing.

Solomon Islands: Cumulative Lending, Grant, and Technical Assistance Commitments^{a, b, c}

Sector	No.	Total Amount (\$ million) ^d	% ^d
Agriculture, Natural Resources, and Rural Development	20	24.65	7.76
Education	2	0.75	0.24
Energy	14	33.38	10.51
Finance	7	5.29	1.67
Health	2	0.55	0.17
Industry and Trade	2	0.12	0.04
Information and Communication Technology	2	18.19	5.73
Multisector	6	37.15	11.70
Public Sector Management	26	50.19	15.80
Transport	35	145.51	45.82
Water and Other Urban Infrastructure and Services	3	1.82	0.57
Total	119	317.60	100.00

^a Grants and technical assistance include ADB-administered cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Using primary sector in reporting of commitments.

^d Numbers may not sum precisely because of rounding.

ADB supports Solomon Islands' National Transport Plan, a key development priority, which calls for integrated planning, environmental and social sustainability, and an infrastructure base that is resilient to natural disasters and climate change.

SOLOMON ISLANDS

Solomon Islands covers about 28,000 square kilometers of Melanesia in the South Pacific, with around 85% of the country's population living in villages of just a few hundred people each.

While economic growth in Solomon Islands remains broadly steady, it is reliant on temporary and unsustainable drivers, including expansionary fiscal policy and unsustainable logging. With alternative opportunities to generate income being scarce, economic growth prospects rest on the private sector and developments in mining, agriculture, and fishing. The Government of Solomon Islands is also implementing a well-targeted national tourism development strategy.

The Asian Development Bank (ADB) has been supporting Solomon Islands since 1973 and has committed loans, grants and technical assistance totaling \$317.60 million.

Cumulative disbursements to Solomon Islands for lending and grants financed by the Asian Development Fund and other special funds amount to \$153.1 million.

ADB-SUPPORTED PROJECTS AND PROGRAMS

With its population dispersed over more than 900 small islands, transport is a key development priority for Solomon Islands. ADB supports the government's National Transport Plan, which calls for integrated planning, environmental and social sustainability, and infrastructure resilient to natural disasters and climate change.

ADB assistance has helped deliver tangible results for Solomon Islands'



transport systems. The Transport Sector Development Project built the capacity for transport infrastructure projects to be more efficiently implemented, and for the infrastructure to be maintained and rehabilitated by government workers, national consultants and contractors, and community groups. Importantly for an island nation, the Domestic Maritime Support (Sector) Project built wharves and established shipping services that aim to improve market access and expand rural production.

Ongoing transport projects are extending these benefits. The Transport Sector Flood Recovery Project is helping to reconstruct bridges and road sections damaged after the 2014 floods in Guadalcanal and Honiara. The Sustainable Transport Infrastructure Improvement Program is supporting the government's medium- and long-term transport objectives, strengthening country systems to deliver the National Transport Plan, and aligning government funding with development partner assistance through the National Transport Fund.

For energy security, the Provincial Renewable Energy Project will reduce power costs by replacing diesel fuel with hydropower. Access to power will also

be broadened through the expansion of the country's distribution grids. The Solar Power Development Project is supporting a grid-connected solar power plant put into operation by the Solomon Islands Electricity Authority.

ADB is also providing assistance to strengthen financial inclusion in Solomon Islands, particularly the availability of financing for selected smallholder farmers and small rural businesses. The technical assistance is promoting financial literacy and capacity, and helping to safeguard consumer interests in branchless banking.

The ADB-funded Pacific Private Sector Development Initiative has been active in Solomon Islands since 2008. This regional technical assistance covers financing growth, the economic empowerment of women, state-owned enterprise reform, business law reform, and development of competition policy and competition law.

In August 2017, ADB participated in a ground-breaking ceremony to mark commencement of work to upgrade the University of the South Pacific campus in Honiara. The project is backed by a concessional loan of \$15.4 million from ADB and a grant of \$1.5 million from the Clean Energy Fund.

COFINANCING

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

From 1984 to the end of 2017, cumulative direct value-added official cofinancing commitments for Solomon Islands amounted to \$158.02 million for 10 investment projects and \$9.20 million for 13 technical assistance projects.

In 2017, Solomon Islands received \$6.2 million grant cofinancing from the Strategic Climate Fund for the Solar Power Development Project, and \$23.35 million grant cofinancing from the Government of Australia for the Sustainable Transport Infrastructure Improvement Program.

A summary of projects with cofinancing from 1 January 2013 to 31 December

Solomon Islands: Project Success Rates

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2010	100.0	1
2015	100.0	1
2016	100.0	1
Total	100.0	3

Note: "Year" refers to the circulation year of the project completion report (PCR). Compared with the numbers in previous years' *Fact Sheet*, the success rate reported here are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and does not include self-evaluations. With small sample size, the success rate does not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2017.

Solomon Islands: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2016–2017

	No. of Ongoing Loans ^a (as of 31 Dec 2017)	
	2016 (\$ million)	2017 (\$ million)
Contract Awards ^{b,c}	9.06	5.06
Disbursements ^b	8.20	7.42
No. of Ongoing Grants ^a (as of 31 Dec 2017)		
	2016 (\$ million)	2017 (\$ million)
Contract Awards ^{b,c}	5.38	0.16
Disbursements ^{b,d}	8.18	3.18
Actual Problem Projects (%) (as of 31 Dec 2017)	-	

- = nil.

^a Based on commitments.

^b Includes closed loans/grants that had contract awards or disbursements during the year.

^c Excludes policy-based lending/grants.

^d Includes only Asian Development Fund and other ADB special funds.

Solomon Islands: Projects Cofinanced, 1 January 2013–31 December 2017

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	3	32.34
Grants	3	32.34
Technical Assistance Grants	3	5.50

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

Solomon Islands: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2016		2017		Cumulative (as of 31 Dec 2017)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	9.42	0.08	5.04	0.05	92.51	0.05
Consulting Services	-	-	1.68	0.23	7.34	0.06
Total Procurement	9.42	0.08	6.72	0.06	99.85	0.06

- = nil.

Top 5 Contractors/Suppliers from Solomon Islands Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2013–31 December 2017

Contractor/Supplier	Sector	Contract Amount (\$ million)
Dalgro (SI) Ltd.	TRA	8.30
Marau Shipping Services Ltd.	TRA	0.58
IDC Shipping Co. Ltd.	TRA	0.34
Isabel Development Co. Ltd.	TRA	0.32
Franjiti Shipping Co. Ltd.	TRA	0.25
Others		19.39
Total		29.18

TRA = transport.

Top 5 Consultants from Solomon Islands Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2013–31 December 2017

Consultant	Sector	Contract Amount (\$ million)
Kramer Ausenco (Solomon Is.) Ltd.	EDU, TRA	2.00
Survey and Spatial Solution	TRA	0.32
Dregar Consulting Group	TRA	0.31
Morris and Sojnocki, Chartered Accountants	TRA	0.01
Individual Consultants		1.39
Total		4.04

EDU = education, TRA = transport.

2017 is available at www.adb.org/countries/solomon-islands/cofinancing.

PARTNERSHIPS

In 2008, ADB and the World Bank established a development coordination office in Honiara, to strengthen partnerships with the government and liaison with other stakeholders. In 2016, the office was upgraded to an extended mission, further strengthening ADB's presence in Solomon Islands.

ADB works closely with various government departments on development strategy, transport infrastructure, private sector development, promotion of renewable energy sources, and public finance management reforms and macroeconomics.

The ADB country program in Solomon Islands is closely coordinated with other development partners, including the governments of Australia and New Zealand, the European Union, and the World Bank. ADB partners with the Government of Australia, the European Union, and New Zealand on project financing.

ADB participates in Solomon Islands' Core Economic Working Group. This group encourages the government and its development partners to engage in dialogue and to confirm support for medium-term public sector management and economic reforms.

PROCUREMENT

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries; and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts are awarded on the basis of international competition, which is open to firms and

individuals from any ADB member, regional or nonregional.

Share of ADB's Procurement Contracts

Goods, Works, and Related Services

ADB's procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations totaled \$11.28 billion in 2016 and \$10.43 billion in 2017. Cumulative procurement since 1966 was \$169.12 billion covering 211,316 contracts.

In Solomon Islands, 658 contracts worth \$92.51 million were awarded to contractors and suppliers since 1973.

Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled \$627.79 million in 2016 and \$741.84 million in 2017. Cumulative procurement since 1966 was \$12.02 billion covering 55,420 contracts.

In Solomon Islands, 118 contracts worth \$7.34 million were awarded to consultants since 1973.

OPERATIONAL CHALLENGES

Solomon Islands continues to exhibit characteristics of a fragile state, and its structures lack the capacity to provide many of the basic drivers to reduce poverty. The country is far from major markets, has low levels of human development, a small domestic market, and a narrow economic base. It has also been afflicted by major natural disasters. Key development challenges for the government are to generate sustainable economic growth and control recurrent expenditure amid modest growth in revenues. Despite the progress made under the Regional

Assistance Mission to Solomon Islands, ADB and other development partners continue to face the challenges of working in a post-conflict environment while trying to implement projects.

FUTURE DIRECTIONS

ADB is planning to support the Tina River Hydro Development Project, which will generate electricity from renewable sources and provide more affordable and reliable energy options to Honiara. ADB will also continue to support transport infrastructure investments in line with the National Transport Plan.

ADB will support government-led public sector management reforms with policy-based programs to manage financial and economic risks in Solomon Islands. A policy-based program is included in the 2018 program. Technical assistance is proposed to provide the basis for an urban economic development project in 2018.

ADB is planning to support the Tina River Hydro Development Project, which will generate electricity from renewable sources and provide more affordable and reliable energy options to Honiara. ADB will also continue to support transport infrastructure investments in line with the National Transport Plan, including providing a project development facility in 2018.

ADB will support government-led public sector management reforms with policy-based programs to manage financial and economic risks in Solomon Islands. A policy-based program is included in the 2018 program. A project design advance is proposed to provide the basis for an urban economic development project in 2018.

Solomon Islands will also be included in a subregional health project in 2018.



ABOUT SOLOMON ISLANDS AND ADB

ADB Membership

Joined 1973

Shareholding and Voting Power

Number of shares held: 708 (0.007% of total shares)
Votes: 40,315 (0.304% of total membership,
0.466% of total regional membership)

Overall capital subscription: \$10.08 million

Paid-in capital subscription: \$0.50 million

Scott Dawson is the Alternate Director representing Solomon Islands on the ADB Board of Directors.

Xiaoqin Fan is the ADB Regional Director of the Pacific Liaison and Coordination Office. It was opened in 2005 and is ADB's representative office in Sydney, Australia. It acts as the focal point for liaison with the Government of Australia and the Government of New Zealand; as well as with Australia- and New Zealand-based development organizations and nongovernment organizations. Pacific Liaison and Coordination Office is involved in programming, processing, and administration of assistance in Nauru, Solomon Islands, and Vanuatu. It is also the ADB Pacific Department's division responsible for finance sector development and private sector development across all 14 of ADB's Pacific developing member countries.

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. In 2017, lending volume was \$18.72 billion (111 projects), with technical assistance at \$200.53 million (246 projects) and grant-financed projects at \$597.49 million (24 projects). In addition, \$11.92 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional cofinancing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2013 to 31 December 2017, ADB's annual lending volume averaged \$14.55 billion. In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged \$617.74 million and \$166.28 million over the same period. As of 31 December 2017, the cumulative totals excluding cofinancing were \$255.14 billion in loans for 2,955 projects in 44 countries, \$8.36 billion in 328 grants, and \$4.27 billion in technical assistance grants, including regional technical assistance grants.

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Useful ADB websites

Asian Development Bank
www.adb.org

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

Annual Report
www.adb.org/documents/series/adb-annual-reports

Depository Libraries
www.adb.org/publications/depositories

To access a complete list of development and economic indicators, visit:

Statistics and Databases
www.adb.org/data/statistics