

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET

Solomon Islands: 2018 Committed Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
-	-	-	11.00	11.00

- = 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	7.50
Education	2	0.75	0.23
Energy	14	33.38	10.16
Finance	7	5.29	1.61
Health	2	0.55	0.17
Industry and Trade	2	0.12	0.04
Information and Communication Technology	2	18.19	5.54
Multisector	6	37.15	11.31
Public Sector Management	27	55.19	16.80
Transport	36	151.51	46.11
Water and Other Urban Infrastructure and Services	3	1.82	0.55
Total	121	328.60	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 works closely with the Government of Solomon Islands on development strategy, transport infrastructure, private sector development, promotion of renewable energy sources, and public finance management reforms and macroeconomics.

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 \$125.4 million in loans, \$171.7 million in grants, and \$31.5 million in technical assistance.

Cumulative loan and grant disbursements to Solomon Islands amount to \$162.6 million. These were financed by concessional ordinary capital resources,

the Asian Development Fund, and other special funds.

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 is helping deliver tangible results for Solomon Islands' transport systems.



In September 2018, ADB committed a \$6 million grant to finance the Transport Sector Project Development Facility. Financed from the Asian Development Fund, the facility aims to improve the design and implementation of priority road, maritime, and aviation projects for Solomon Islands. It will fund project feasibility studies and detailed designs, support procurement and social and environmental safeguards activities at the start of project implementation, and provide capacity building to implementing agencies.

Meanwhile, the Transport Sector Flood Recovery Project is helping to reconstruct bridges and road sections damaged after the 2014 floods in Guadalcanal and Honiara. In the medium and longer term, the Sustainable Transport Infrastructure Improvement Program is supporting the government's 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.

In December 2018, ADB approved project readiness financing to ensure a smooth transition from preparation to implementation of the proposed Urban Water Supply and Sanitation Sector Project—which aims to improve the efficiency, accessibility, and sustainability of safe water and sanitation for around 141,000 people living in urban and peri-urban areas, as well as investing in hygiene awareness and education. The project readiness financing will help minimize contracting delays and speed up the initial disbursements for the project.

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.

ADB's 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 November 2018, ADB committed a \$5 million policy-based grant to support government efforts to implement policy and institutional reforms that will progressively improve fiscal sustainability, public financial management, and service delivery, as well as enhancing the country's business environment.

NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides financial assistance to nonsovereign projects and financial intermediaries. Total commitments from ADB's own funds (in equity and direct loans) in 2018 amounted to \$3.14 billion for 32 transactions in economic and social infrastructure, the finance sector, and agribusiness. ADB also actively mobilizes cofinancing from commercial and concessional sources. In 2018, ADB mobilized \$3.17 billion of long-term cofinancing and \$3.99 billion of cofinancing in trade finance, microfinance, and supply chain finance programs. Total outstanding balances and commitments of nonsovereign transactions funded by ADB's own

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
2018	–	1
Total	75.0	4

Note: "Year" refers to the circulation year of the project completion report (PCR). The success rates reported are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample sizes, success rates do not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2018.

Solomon Islands: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2017–2018

No. of Ongoing Loans ^a (as of 31 Dec 2018)	2017 (\$ million)		2018 (\$ million)	
	2017 (\$ million)	2018 (\$ million)	2017 (\$ million)	2018 (\$ million)
Contract Awards ^{b,c}	5.06	2.85	0.16	1.42
Disbursements ^b	7.42	2.83	3.18	6.64
No. of Ongoing Grants ^a (as of 31 Dec 2018)	4			
Contract Awards ^{b,c}	0.16	1.42	–	–
Disbursements ^{b,d}	3.18	6.64	–	–
Actual Problem Projects (%) (as of 31 Dec 2018)	–			

– = 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 2014–31 December 2018

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	4	48.74
Grants	4	48.74
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	2017		2018		Cumulative (as of 31 Dec 2018)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	5.04	0.05	8.07	0.06	100.71	0.06
Consulting Services	1.68	0.23	0.70	0.10	7.52	0.06
Total Procurement	6.72	0.06	8.77	0.07	108.22	0.06

Top 5 Contractors/Suppliers from Solomon Islands Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2014–31 December 2018

Contractor/Supplier	Sector	Contract Amount (\$ million)
IDC Shipping Co. Ltd.	TRA	0.67
Marau Shipping Services Ltd.	TRA	0.38
Franjti Shipping Co. Ltd.	TRA	0.25
Anolpha Enterprises Ltd.	TRA	0.22
Azimuth Surveys	ENE	0.17
Others		22.08
Total		23.77

ENE = energy, TRA = transport.

Top 5 Consultants from Solomon Islands Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2014–31 December 2018

Consultant	Sector	Contract Amount (\$ million)
Kramer Ausenco (Solomon Is.) Ltd.	EDU	1.66
Individual Consultants		1.08
Total		2.74

EDU = education.

resources stood at \$12.7 billion as of 31 December 2018.

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](#).

ADB began cofinancing operations in Solomon Islands in 1984. Since then, cumulative direct value-added official cofinancing commitments for Solomon Islands have amounted to \$174.42 million for 11 investment projects and \$9.2 million for 13 technical assistance projects.

In 2018, Solomon Islands received \$16.4 million in grant cofinancing from the World Bank, the European Union, and the governments of Australia and New Zealand for the [Improved Fiscal Sustainability Reform Program](#).

A summary of projects with cofinancing from 1 January 2014 to 31 December 2018 is available at www.adb.org/countries/solomon-islands/cofinancing.

PARTNERSHIPS

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 Australia, New Zealand, the European Union, and the World Bank. For project financing, ADB generally partners with Australia, the European Union, and New Zealand.

The bank also 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 \$10.2 billion in 2017 and \$12.55 billion in 2018. Cumulative procurement since 1966 has been \$180.86 billion covering 215,461 contracts.

In Solomon Islands, 664 contracts worth \$100.71 million have been 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 \$746.79 million in 2017 and \$696.18 million in 2018. Cumulative procurement since 1966 has been \$12.7 billion covering 59,248 contracts.

In Solomon Islands, 120 contracts worth \$7.52 million have been 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 remote from major markets and 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 working with development partners 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. The bank will also continue to support transport infrastructure investments in line with the Solomon Islands' National Transport Plan.



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Useful ADB websites

Asian Development Bank
www.adb.org

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

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

ADB Data Library
data.adb.org

ABOUT SOLOMON ISLANDS AND ADB

ADB Membership

Joined 1973

Shareholding and Voting Power

Number of shares held:	708 (0.007% of total shares)
Votes:	40,405 (0.304% of total membership, 0.467% of total regional membership)
Overall capital subscription:	\$9.85 million
Paid-in capital subscription:	\$0.49 million

Tony McDonald is the Director and **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 (PLCO). PLCO 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. PLCO 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.

In 2018, ADB approved the establishment of a country office in Solomon Islands. The office strengthens the bank's presence in the country, working to enhance the relationship between ADB and the government, improve development partner coordination, and help build local capacity in the design and implementation of ADB-supported projects.

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 68 members, 49 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 2018, lending volume was \$19.88 billion (126 projects), with technical assistance at \$241.20 million (280 projects) and grant-financed projects at \$1.42 billion (44 projects). In addition, \$14 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 2014 to 31 December 2018, ADB's annual lending volume averaged \$15.99 billion. In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged \$583.95 million and \$184 million over the same period. As of 31 December 2018, the cumulative totals excluding cofinancing were \$275.82 billion in loans for 3,090 projects in 44 countries, \$9.38 billion in 374 grants, and \$4.52 billion in technical assistance grants, including regional technical assistance grants.

Notes:

ADB welcomed Niue as its 68th member in March 2019.

Figures are estimated by ADB unless otherwise stated. "\$" refers to United States dollars.

Data are updated as of 31 December 2018 unless otherwise indicated. Fact sheets are published annually in April.