



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 25-Aug-2021 | Report No: PIDC29585

**BASIC INFORMATION****A. Basic Project Data**

| | | | |
|--|---|--|--|
| Country Solomon Islands | Project ID P173688 | Parent Project ID (if any) | Project Name Integrated Economic Development and Community Resilience Project (P173688) |
| Region EAST ASIA AND PACIFIC | Estimated Appraisal Date Feb 07, 2022 | Estimated Board Date May 31, 2022 | Practice Area (Lead) Social Sustainability and Inclusion |
| Financing Instrument Investment Project Financing | Borrower(s) Solomon Islands Government | Implementing Agency Ministry of Provincial Government and Institutional Strengthening, Ministry of Environment, Climate Change, Disaster Management and Metereology | |

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Proposed Development Objective(s)

The project development objectives are to: (i) improve infrastructure, services, economic activity and resilience to climate and disaster risks in rural communities; and (ii) to strengthen the provincial governments' responsiveness to citizens.

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

| | |
|---------------------------|-------|
| Total Project Cost | 19.50 |
| Total Financing | 19.50 |
| of which IBRD/IDA | 15.00 |
| Financing Gap | 0.00 |

DETAILS**World Bank Group Financing**

| | |
|---|-------|
| International Development Association (IDA) | 15.00 |
|---|-------|



| | |
|------------|------|
| IDA Credit | 6.00 |
| IDA Grant | 9.00 |

Non-World Bank Group Financing

| | |
|-----------------------------------|------|
| Trust Funds | 4.50 |
| Global Environment Facility (GEF) | 4.50 |

Environmental and Social Risk Classification

Moderate

Concept Review Decision

Track I-The review did authorize the preparation to continue

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Other Decision (as needed)

N/A

B. Introduction and Context

Country Context

1. **Solomon Islands is a small, remote archipelago in the South Pacific with a dispersed population of less than one million.** Following civil conflict, which ended in 2003 after a regional intervention, real Gross Domestic Product (GDP) growth averaged 7.3 percent between 2003 and 2009. Following a modest contraction during the Global Financial Crisis (GFC), GDP grew on average by 5 percent between 2010 and 2016. Since 2003, measures of health and education have improved. Poverty rates have declined by about eight percentage points between 2005/06 and 2012/13. However, this growth performance masks some key problems. *First*, the population has continued to expand relatively rapidly (at 2.5 percent each year) and per capita real GDP remains below its pre-conflict peak. *Second*, logging, which has been the main driver of growth, continues to decline overtime. *Third*, approximately 13 percent of the population live below the national basic needs poverty line, with the incidence of poverty higher in rural areas where more than 75 percent of the population resides.¹ There are also many more households and individuals who have expenditure only just above the basic needs poverty line and are vulnerable to rising prices and/or declining incomes/expenditure. With a per capita gross national income (GNI) of roughly US\$2,020 per annum,² Solomon Islands is classified by the United Nations as a ‘least developed country’ (LDC). Its ranking is 153 out of 189 countries based on the 2019 United Nations Human Development Index, placing it in the ‘low human development’ category. This is similar to Papua New Guinea (PNG) but below the other Melanesian countries (Vanuatu, 141 and Fiji, 98). *Fourth*, providing access to basic services is extraordinarily challenging given the small, dispersed nature of the population. *Fifth*, there are major sources of fragility arising from the limited reach and effectiveness of the state, uneven development across locations, gender inequalities, and effects of weather and climate change. Solomon Islands is also one of the most exposed and vulnerable countries affected by natural hazards,

¹ UN-CDP (2018). Vulnerability Profile of Solomon Islands.

² World Bank national accounts data, and OECD National Accounts data files, 2018.



ranked sixth out of 171 countries based on the World Risk Index. Its capacity to cope and adapt to natural disasters such as earthquakes, floods, cyclones, droughts, and sea level rise, is weak.

2. **The island geography and ‘tyranny of distance’ presents formidable and immutable challenges to service delivery, infrastructure and economic integration.** This is a critical issue especially in rural areas. Solomon Islands is an archipelago of 997 islands spread over 1.34 million square kilometers (sq. km) that lie east of PNG and north of Vanuatu. There are nine provinces spread across six major mountainous islands. The total land area is approximately 29,900 sq. km and distances between islands are significant. For example, the northwestern Choiseul group of islands is approximately 1,500 km from the south-eastern Santa Cruz Islands—a distance equivalent to that between London and Rome. The difference in access to services between urban and rural areas is particularly stark. There are only five kilometers of roads per 100 sq. km, the lowest ratio in the Pacific, and travel in most rural areas is only by motorboat. Nationally, less than 20 percent of the population has access to electricity. However, in Honiara, this figure is over 63 percent.

3. **Solomon Islands is in the ‘Pacific Ring of Fire’³ and within the cyclone belt, making it highly prone to natural hazards.** It is amongst the 20 countries with the highest economic risk exposure to two or more geological, hydrological and climatic hazards that include tropical cyclones, volcanic eruptions, earthquakes, tsunamis, landslides, floods and droughts. Over the past 30 years there have been seven major disasters triggered by natural hazards, resulting in loss of life and severe adverse economic impacts.⁴ Volcanic eruptions have caused the largest number of deaths because of associated pyroclastic flows that travel at high speed and cover a wide area. Modelling suggests that due to natural hazards and climate change, in the next 50 years Solomon Islands is likely to incur an average direct loss of US\$20.5 million per year (three percent of GDP), and has a 50 percent chance of experiencing an event causing a loss exceeding US\$240 million and casualties larger than 1,650 people, and a 10 percent chance of incurring a catastrophic event causing a loss exceeding US\$527 million and casualties larger than 4,600 people.⁵

4. **In Solomon Islands, most people engage in subsistence farming or informal sector economic activities, such as small-scale farming, market gardening, fishing, handicrafts, and petty trading. A relatively small share of the population work in the formal sector as wage employees or employers.** More recently, Solomon Islands is experiencing an unprecedented level of economic disruption due to restrictions on the movement of people, goods, and services put in place by the Solomon Islands Government (SIG) to prevent the spread of the Novel Coronavirus 2019 (COVID-19). While the health risks have been reasonably well contained, with quarantine facilities in place, the level of economic damage due to COVID-19 is difficult to estimate at present. However, the economic impact is expected to be significant. SIG is forecasting a -4.9% GDP figure for 2020 (SIG 2020) with the economy moving into a recession. The initial economic stimulus package amounted to SBD 309 million (USD 36.6 million) featuring primary production sectors (agriculture and fisheries). This included a SBD 5 million (USD 600,000) injection into SolTuna to continue production and sustain employees.⁶ However, the economic slowdown is expected to lead to further increases in unemployment as businesses of all sizes lose the capacity to produce and transport goods and provide services to consumers who see their purchasing power decline. The contraction also reflects a decline in log and fish output, delays in large infrastructure projects, and impacts related to the ongoing travel ban and physical distancing measures affecting the services sectors.

³ The Pacific Ring of fire is a region of high volcanic and seismic activity that surrounds most of the Pacific Ocean Basin. It stretches over 40,000 km and includes volcanoes, earthquake prone areas, deep sea trenches, and major fault zones.

⁴ The 1986 tropical cyclone Namu claimed more than 130 lives, with landslides and flooding causing damages of between US\$30-60 million. The 2007 earthquake that struck Western and Choiseul provinces generated a tsunami that killed 52 people and caused damage of about US\$100 million.

⁵ Probabilistic risk analysis based on simulated potential losses to buildings, infrastructure and crops from earthquakes, tsunami and tropical cyclones, carried out as part of the Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI), September 2011, <http://pacrisk.sopac.org>.

⁶ Solomon Islands Government, May 8, 2020. Solomon Islands Government Economic Stimulus package to address the impacts of the COVID-19 pandemic. Honiara: Solomon Islands Government.



5. **Women and girls in Solomon Islands face multiple gender-based constraints to their wellbeing as well as access and participation in all aspects of civic, political and economic life.** Yet in terms of health, Solomon Islands has one of highest fertility rates, youngest populations and highest rates of maternal mortality in the region, with women having limited access to equipment and medicines for safe deliveries, especially in rural areas.⁷ The 2015 Solomon Islands DHS reveals that 93 percent of women in rural areas (compared to 79 percent in urban areas) report problems with accessing health services, with lack of medications, providers and access to transport cited as the most common constraints. Educational attainment of the adult population (aged 15 and above) is relatively low, with only 20 percent of women and 29 percent of men having at least some secondary schooling.⁸ Women are nearly twice as likely as men to have no schooling at all (21 percent vs. 12 percent), and in rural areas only 14 percent of women have functional literacy, compared with 21 percent of men.⁹ Furthermore, violence against women and girls is normalized and widespread.¹⁰ The patriarchal nature of Solomon Islands society and gender norms further constrain women’s abilities to participate in social, political and economic life. Current social norms and customary values establish a hierarchy in which women often play a subservient role and where men often make decision on behalf of women.¹¹ A World Bank study in Solomon Islands identified that gendered differences in the following four key areas limited women’s meaningful participation in rural development: (i) access to resources (especially land and credit); (ii) production decisions (lacking decision-making power or appropriate skills to inform production); access to and control over income and expenditures; (iii) group participation and leadership (limited participation in economic and social groups); and (iv) time allocation (limited due to heavy workloads, unpaid care work and health issues).¹² This has resulted in women’s low political representation on a national and subnational level, with only 8 percent of Members of Parliament being women and only five out of 39 Provincial Assembly members are women (12.8 percent of seats) across all nine provinces.¹³ Women are also constrained by domestic responsibilities, poor numeracy and literacy skills, and lack of access to information and financial services.¹⁴ Furthermore, rural women are only half as likely as rural men to engage in paid work (only 19 percent of rural women compared to 41 percent of men).¹⁵ A main source of income for rural women is the sale of lower value crops such as peanuts and vegetables at roadside stalls or markets. However, their access to markets is often constrained by time, safety and mobility barriers.¹⁶

6. **Demand for services and food security in rural areas has increased due to COVID-19.** For rural areas, two of the biggest changes to date have been increased circulation of people—those who moved out of Honiara and back to the provinces, putting pressure on service delivery in rural communities—and reduced cash flow impacting food trade.¹⁷ Apart from cash crop harvesting, agriculture activities have been temporarily suspended or delayed, with food security issues increasing due to supply chains being disrupted.¹⁸ Poor communities and households will therefore bear a major share of the economic costs as incomes dry up, and access to healthcare, childcare, and services declines from an already low level.

⁷ Ministry of Health and Medical Services (2020). *Descriptive Health Core Indicator Report Solomon Islands 2019 (16 July 2020)*.

⁸ Asian Development Bank (2015). *Solomon Islands Country Gender Assessment*.

⁹ As above.

¹⁰ Secretariat of the Pacific Community (2009). *Solomon Islands Family Health and Safety Study*. Approximately two-thirds of women (between the ages of 15-49) reported having experienced physical or sexual abuse by an intimate partner, and more than one third of women (37 percent) report being sexually abused before the age of 15, often by a male acquaintance.

¹¹ Australian Government Department of Foreign Affairs (2020). *Gender Equality Plan for Solomon Islands (2020-2022)*.

¹² World Bank (2018). *Gender Inclusive Value Chains: Improving Women’s Participation in Solomon Islands*.

¹³ Pacific Women in Politics (2021).

¹⁴ Asian Development Bank (2015). *Solomon Islands Country Gender Assessment*.

¹⁵ <https://www.adb.org/sites/default/files/institutional-document/176812/sol-country-gender-assessment.pdf>

¹⁶ <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/353911538724168885/gender-inclusive-value-chains-improving-women-s-participation-in-solomon-islands>

¹⁷ Eriksson H, Ride A, Boso D, Sukulu M, Batalofo M, Siota F and Gomese C. 2020. *Changes and adaptations in village food systems in Solomon Islands: A rapid appraisal during the early stages of the COVID-19 pandemic*. Penang, Malaysia: WorldFish. Program Report: 2020-22.

¹⁸ World Bank (2020), *Solomon Islands High Frequency Phone Survey on COVID-19 : Results from Round 1*.



Pre-existing structural inequalities will impede the capacity of certain vulnerable groups (unemployed youth, women, elderly, indigenous peoples, disabled and residents of urban settlements) to cope with the COVID-19 pandemic or adapt to resilience measures, which means that they will bear a greater brunt of its adverse social and economic impacts, including economic recession, loss of jobs and livelihoods, food shortages, social unrest, etc.

Sectoral and Institutional Context

7. **Solomon Islands faces major gaps in infrastructure and services across the country, especially at provincial and community levels in the rural areas.** Rates of access to clean water, roads, and basic education and health services remain low, even in areas close to Honiara, but especially in rural areas and more remote islands. In many of the outer islands, less than five percent have access to electricity. Access to improved water sources is unequally distributed throughout the country, with over 78 percent of Honiara households having access to water piped either into the home or the neighborhood, compared to 33 percent nationally. Approximately 62 percent of Honiara households have access to flush toilets, compared to 15 percent nationally.¹⁹ The availability of services exist to varying degrees and at varying levels of quality. The key sources of funding for capital investments and services involve a range of devolved and deconcentrated government arrangements or through partnerships with non-state authorities. Some functions are devolved to Provincial Governments under the Provincial Government Act of 1981 and 1997; others – in particular sectors – can be transferred to particular Provincial Governments through agreements with relevant line ministries. In many sectors, national line ministries retain responsibility for the services but their deconcentrated staff work under sectoral directors supervised by the heads of provincial administrations, who are in turn answerable to Provincial Assemblies. The resultant fairly complicated patchwork of responsibilities and resource allocations makes accountability for service delivery difficult to achieve, in turn, reducing the potential effectiveness of representative structures at both provincial and national level. At national level, this is largely due to political economy dynamics that do not provide elected representatives with the incentive to invest in service delivery through the public administration, but instead to channel public resources directly to their support bases through a parallel system of Rural Constituency Development Funds (RCDFs). Over time, the resources being channeled through RCDFs has grown as a share of the budget, to now be the second highest in the world behind PNG. At the same time, some donor and Non-Governmental Organization (NGO) projects have also created arrangements to direct and spend funds in parallel to government programs, further exacerbating the fragmentation of service delivery and further undermining prospects for accountability. In many ways, national and provincial politicians are engaged in a contest over responsibilities, resources and the ability to best access communities. The abolition in 1998 of what was then the third tier of government (Area Councils) left a significant vacuum in social order regulation, some aspects of economic regulation (particularly logging), and the broader connection between communities and the state. The consequences of this vacuum were evident in the subsequent ethnic tensions (which the abolition of Area Councils was one contributing factor to), and the subsequent unconstrained rise of logging with all its deleterious implications for social cohesion, gender relations, the environment, and political integrity.

8. **In line with Solomon Islands Government (SIG)'s National Development Strategy (NDS) 2016–2035, achieving sustained and inclusive economic growth and development, poverty alleviation, climate and disaster resilience, stable good governance, gender equality and improved access to service delivery are key priorities for the country.** Accordingly, SIG is prioritizing investments in large scale economic infrastructure, including transport, energy, telecommunications, agriculture and utilities, aimed at promoting economic development, increased productivity and employment. While these investments are expected to yield a positive economic dividend for the economy, they have been delayed due to COVID-19, among other issues, and will only bear fruit if community level obstacles to access these services are also addressed (i.e., the “last mile”). However, household incomes are insufficient to finance construction of

¹⁹ Rural Development Program II Project Appraisal Document, October 22, 2014.



small-scale community infrastructure and their protection against climate change and disasters due to the lack of economies of scale and the high cost of operating in highly dispersed island communities. Except for locations that show tourism potential, there is no private sector interest in providing such services. Therefore, communities need the public sector to provide or supplement financing and build capacity to construct, operate, and maintain these investments. In the meantime, rates of access to clean water, roads, and basic education and health services remain low, even in areas close to Honiara, but especially in rural areas and more remote islands. The NDS aims to see poverty alleviated across the whole of Solomon Islands, basic needs addressed, food security improved, and the benefits of development more equitably distributed.

9. **Climate change is already impacting climatological and hydro-meteorological trends and compounding the negative effects of climate and geo-hazards on communities.** The Solomon Islands Climate Change Policy 2012-2017 (2012) identifies the following trends in climate conditions by 2055: (i) daily temperatures will increase from by 0.7-1.5 degrees Celsius; (ii) sea level will rise by 10-26 centimeters; (iii) extreme weather events, including cyclones²⁰ and storms, will increase in intensity; (iv) dry periods will last longer; (v) extreme rainfall will be more frequent and intense; and (vii) ocean acidification will continue to increase and affect the health of reefs.²¹ The World Bank Climate and Risk Screening Report (2021) for the Project shows the following similar trends for the year 2059.²² The region has also recently experienced El-Nino and La-Nina events which exacerbate future risks.²³ The effects of these projections is profound given the country's high exposure and vulnerability due to its location in the 'Pacific Ring of Fire,' the low elevation of its islands, and its climate sensitive ecosystems and natural resources.²⁴ The compounding effects on natural disasters could include economic loss, loss of lives, coastal inundation, damage to economic and social infrastructure, low crop yields and loss of coastal land, among others. More detail information on the forecasted trend and impacts will be presented in the Project Appraisal Document.

10. **SIG is committed to acting on climate change and natural disasters.** Solomon Islands ratified the United Nations Framework Convention on Climate Change (UNFCCC) in 1994 and is a signatory to the Kyoto Protocol (1998) and the Paris Agreement (2016). SIG's national strategy and policy framework to address climate change and natural disasters is outlined in its Climate Change Policy 2012-2017 (2012), together with the National Determined Contribution (NDC 2021), National Disaster Risk Management Plan (2018), the National Adaptation Plan of Action (2008) and the National Energy Policy 2014. These policies are reflected in the National Development Strategy 2016-2035 and are aligned with the regional Framework for Resilient Development in the Pacific 2017—2030 (FRDP),²⁵ which SIG has adopted. The national framework sets a net zero carbon emission target by 2050 through uptake of renewal energy sources and emphasizes climate change adaptation (CCA) and disaster risk management (DRM) as critical strategy to the development aspiration of Solomon Islands. It promotes mainstreaming and integration of CCA and DRM across sectoral programs, strengthening CCA and DRM capacities and enhancing the resilience of key sectors including human settlements and infrastructure development. SIG development expenditure shows significant commitment of SIG towards achieving it's CCA and DRM objectives through its development spending at both the national and sub-national level using both the government and external

²⁰ Cyclones are expected to be more severe with windspeed of 99-130mph (category 4) and at least 157mph (category 5). These wind speed are expected to increase by 2 to 11% by 2100 .

²¹ Solomon Islands Climate Change Policy 2012-2017, Ministry of Environment, Climate Change, Disaster Management and Meteorology, 2012.

²² The mean annual temperature will increase by 1.24°C, with a similar projected rate of warming for all seasons; the number of heatwaves will increase by 31 to 80 percent, while the number of cold surges will decrease by 2 percent; there will be a substantial increase in the frequency of days and nights that are considered 'hot' and decrease in the number of days and nights considered 'cold'; and (iv) rainfall will increase by 59.25 millimeters.

²³ El Nino and La-Lina are climate patterns that describes the unusual warming of surface of waters in the eastern Pacific Ocean which cause prolonged severe droughts and extreme rainfall respectively. The recent El-Nino event experienced was in 2014-2016 and La Nina in 2021.

²⁴ Alexandre K. Magnan et al. (2020) Special Report on Ocean and Cryosphere in Changing Climate, Intergovernmental Panel on Climate Change.

²⁵ The FRDP 2017-2030 is a regional framework which provides guidance and support for building resilience to climate change and disasters in an integrated approach in the Pacific Island region and a framework for the Pacific Resilience Partnership.



financial resources.²⁶

11. **To address infrastructure service delivery gaps at the provincial level, SIG established the Provincial Capacity Development Fund (PCDF) under the Provincial Governance Strengthening Program (PGSP), implemented by the Ministry of Provincial Government and Institutional Strengthening (MPGIS).** PGSP was initially funded by SIG (50 percent) with the remaining costs jointly funded by a range of donors.²⁷ PCDF aims at developing the capacity of the provincial system of governance and public administration to improve service delivery and promote local development. The stated objectives of the PCDF are to: (i) promote and stimulate PG public financial (PFM) or expenditure management (PEM) systems, procedures and practices by enhancing the PG incentives to improve performance; (ii) provide funds for investments in needed infrastructure and service delivery within the core mandatory PG functions; and (iii) Improve provincial capacity in PFM/PEM and good governance and accountability.²⁸ It is aligned with the NDS 2016-2035 (and Medium-Term Development Plan (MDTP), 2017-2021, which includes the PGSP under Medium-Term Strategy 12). PCDF commenced operation in 2008/09 and is now mainstreamed into the national government process with an annual planning process and biannual transfer of grants. PCDF funds are appropriated to MPGIS. Support to the PCDF is small relative to national SIG expenditure (approximately 1 percent) and is much smaller than RCDF (10-25 percent of the size, depending on the year). It is, however, a very significant part of Provincial Government spending, representing 25-33 percent of provincial expenditure and 85-98 percent of provincial capital expenditure. Based on recent expenditure, the proposed Bank financing would increase the size of PCDF by about 75 percent). Upon authorization from MOFT, grants are subsequently released into the Provincial Government (PG)-level PCDF accounts. Before the funds are transferred, the qualifying PGs must budget and appropriate the funds in accordance with the Provincial Government Act 1997, Section 34. Only when the funds are appropriated by their respective assemblies, the Central Bank releases the funds in two tranches of 60:40 percent.

12. **PCDF is a performance-based grant system of inter-governmental financing for service delivery and small-scale infrastructure provision.** The average PCDF and Fixed Service Grant (FSG)²⁹ transfers to the nine provinces for the past six years comprises about 2.65 percent of the national budget. PG access to the PCDF grant each year is dependent on compliance with each of the minimum conditions for PCDF,³⁰ and triggers for release,³¹ which have been continually refined and adjusted overtime. Funds are used for capital expenditure on new assets and the upgrading of existing ones (of both social and economic infrastructure) as well as for investment servicing costs. To date, some 1,306 subprojects (creating over 7,000 jobs in the communities) have been implemented with a total value of approximately SI\$271 million (US\$33 million). The average value of subprojects is approximately SI\$210,000. Investments to date, have been heavily oriented towards higher value sector projects and the largest share of subprojects consist of education followed by administrative buildings and health. The PCDF expenditure on education to date totals SI\$84 million (260 projects), health expenditure is SI\$34 million (119 projects) and productive sectors like agriculture, fisheries and small scale local economic

²⁶ In 2015, a total estimate of USD551M was spent on CCA and DRM development programs; around 19% was sourced from the SIG's national budget and the rest from multi-lateral and bilateral partners (Solomon Islands Climate Change and Disaster Risk Financing Report, SPC, 2017). This figure is expected to grow since then given SIG's increasing effort to build resilience and accessing more CCA and DRM external resources.

²⁷ United Nations Development Program (UNDP), UN Capital Development Fund (UNCDF), Government of Australia and the European Union (EU).

²⁸ The current PCDF Minimum Conditions mainly focus on PFM, Procurement and Accountability aspects. They are largely consistent with the IDA's financial management and procurement requirements and but may need to be strengthened in some areas. However, the 10th Condition specifically addresses 'Participatory Planning,' which is an important principle underlying the Project's design. Additionally, the PDO and associated indicators are closely aligned with new Performance Measures used in the PCDF such as: "Gender analysis and gender balance"; "Resilience built into infrastructure"; "Climate Change & Risk Reduction"; and "Support to Ward Development Committees." The indicator is also aligned with the GEF Core-indicator 11- "Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment".

²⁹ Investment Servicing Costs. E.g., For planning, appraisal, costing, M&E as part of the capital expenditures as it is an integrated package related to each investment.

³⁰ Within areas such as planning, PFM, staffing etc. (See Annex 2 for details.)

³¹ Typically in areas such as planning, reporting, and use of funds. (See Annex 2 for details.)



development activities had expenditure of SI\$25m (88 projects) whilst water, sanitation and waste management expenditure is to the tune of SI\$19 million (468 projects).³²

13. **While certain areas of accounting and internal controls require improvement, PCDF, overall, has performed reasonably well as a public financial management and expenditure system.** A key factor for PG performance is the limitation of predictable financing, which has been further impacted by budget constraints and COVID-19 as SIG redirects financing elsewhere. Improvements have been made to the public financial management systems of the nine provinces compared to the baseline situation of 2007 before PCDF was officially launched. Prior to it, the PGs from 1993-2008 only produced two Financial Statements out of the 135 Financial Statements required (1.5 percent). Out of SI\$222 million disbursed by the SIG during this period, the PGs were able to account for only 14. The PGs could not produce credible budgets, had no proper planning processes and they lacked the ability to procure goods and services. Provinces were in a vicious circle of no capacity, no functions, and no resources and few staff with limited capacity. With the establishment of PGSP and the provision of PCDF resources, all provinces have produced Financial Statements on or before the PGA deadline of December 31st, and the sum of SI\$271 million disbursed to the nine provinces have all been reported and audited. Through the continuous capacity building process, provinces have been able to plan, design, procure and implement infrastructure projects and meet the OAG deadlines for Financial Statement submissions. Within 10 years, provinces have started to have unqualified and qualified audit reports (Isabel, Central, Choiseul and Western) whilst others are making efforts to reduce their audit queries. For the first time the nine provinces are producing Financial Statements using International Public Sector Accounting Standards (IPSAS) Cash Basis.

14. **PGs are now seeking to strengthen connections with communities through Ward Development Committees (WDCs), which will play a key role in engaging with communities and supporting the provision of basic infrastructure and services.** In accordance with MPGIS' recently approved *Policy Blueprint on Participatory Planning and Ward Development Committees for Provinces*, (*"Policy Blueprint," April 2020*), and the experience of the Rural Development Project II (RDP II) in strengthening Ward-level structures, there are moves by MPGIS to institutionalize WDCs and provide additional resources, including personnel at each of the Wards. WDCs have established their own bank accounts, have been made responsible for aggregating and channeling community demands for services and infrastructure to provincial governments, and will oversee small Ward Development Grants based on Ward-level plans. The Executive Committee of the WDCs cannot include the elected members of the provincial assemblies. The WDC members themselves select their own chairpersons and signatories to the accounts. However, there is a lack of qualified and capable personnel at the PG and Ward levels to support key functions. This has represented a key constraint to facilitating effective citizen engagement, and the inclusion of vulnerable segments (women, youth and the disabled) in the planning and prioritization of investments and service delivery outcomes at the community level. So far, MPGIS has recruited 45 qualified advisors, engineers and specialists to support the PGs and to strengthen the WDCs in terms of capacity building.

15. **Discussions with SIG suggest the opportunity to prepare a Project designed to operationalize the Policy Blueprint legislation on the WDCs, which is still only at inception stage, and support medium-term measures outlined in SIG's fiscal stimulus package.**³³ The approach will involve adopting a pro-poor strategy to stimulate inclusive growth and support the resilience and economic recovery of rural communities, as well as address SIG's longer-term objective of strengthening and improving the reach and accountability of central agencies and PGs to local communities through the

³² To compare, as of December 2019, RDP II has completed more than 600 sub-projects (200 more are expected to be completed by 2021) and the average value of subprojects is approximately SI\$200,000. The largest share of investments include Water Supply (49 percent) comprising wells, rainwater tanks, boreholes, gravity-fed and piped water systems; Education (21 percent) comprising classrooms, libraries, youth centers, and teacher housing; Community halls (16 percent); Health (5 percent) comprising clinics, aid posts, staff housing; Other (9 percent) including solar charging stations, internet access points, high frequency radio facilities, and cyclone shelters.

³³ Solomon Islands Government, 2020. Solomon Islands Government Economic Stimulus package to address the impacts of the COVID-19 pandemic. Honiara: Solomon Islands Government.



PCDF. Expected outcomes include the delivery of resilient infrastructure and services in rural areas to stimulate economic activity; the mainstreaming of climate and disaster risk planning from the national down to the community levels; and strengthening the qualitative features of the PCDF, which would, over time, enable the SIG—through the PGs—to become an enabler of community-driven development at the Ward and PG levels and strengthen the linkages between the PGs and communities. Over the past decade, at the national, provincial and community levels, SIG with the support of IDA has financed a range of rural development programs that are designed to address various aspects of the aforementioned areas, including: RDP II (P149282),³⁴ Community Resilience to Climate and Disaster Risk Project (CRISP [P112613])³⁵ and Community Governance and Grievance Management Project (CGGM [P147005]).³⁶ The proposed engagement would aim to consolidate and build on a range of core functions and strengths developed under these projects and complement the Agriculture and Rural Transformation Project (ART [P173043]), which is currently under preparation.

Relationship to CPF

16. SIG’s request for the Project is consistent with the Bank’s Country Partnership Framework (CPF) for 2018–2023.

The CPF is organized around three areas: (i) strengthening the foundations of well-being; (ii) promoting inclusive and sustainable growth; and (iii) managing uneven development. The proposed operation supports the second and third areas of engagement. The Project also supports IDA-19 priorities in the areas of governance and institutions, gender and climate change all of which underscore key Fragility Conflict and Violence (FCV) drivers which have shaped the country’s institutional and social fragility. The theme of SIG’s 2021 Budget is *‘Towards A Path to Economic Recovery: Advancing Growth and Service Delivery Through Better Partnerships.’* Economic growth in rural areas, reducing the negative impacts of climate change and natural disasters and keeping the economy afloat and accelerating recovery are among key priorities for SIG. The Project will complement the priorities and actions specified in SIG’s *Democratic Coalition Government for Advancement (“DCGA”) Policy Redirection*,³⁷ which lays out plans to address constraints to growth and prioritizes investments in the productive and resource sectors. In accordance with the DCGA Policy, the AF will focus on: (i) Strengthening SIG’s COVID-19 response and mitigation strategy [5.1.2 (e)] by improving the delivery of essential services and cushioning the effects of the pandemic on the local economy and vulnerable populations; and (ii) Promoting investment in strategic economic infrastructure to support growth and development [5.1.5 (e)]. In addition, in 2012, SIG’s Climate Change Division (CCD) launched a Climate Change Policy to guide climate risk management work. The policy identifies the multi-sectoral effects of climate change on Solomon Islands, and requires the integration of climate risk management in all sectors, particularly in agriculture, infrastructure, and rural development.³⁸ The Policy is aligned with the National Adaptation Programme of Action (NAPA) which was launched in 2008. In 2018, SIG approved the revised National Disaster Management Plan (NDM Plan), under the National Disaster Council Act of 1989 to address the management of disasters. The Plan focuses on building capacities at the national, subnational and community level to prepare and respond to natural disasters, including health emergencies such as COVID-19.

17. **To shore-up support the IDA-financed Project, SIG has requested IDA to access its Least Developed Countries Fund (LDCF) allocation to co-finance the operation.** The Project is aligned with Objective 1 of the LDCF strategy which is to *“reduce vulnerability and increase resilience through innovative and technology transfer for climate change adaptation.”* The LDCF Trust Fund will be used to finance climate change adaptation and disaster risk management investments supported through the PCDF; augment SIG’s planning and risk management capacities at the subnational

³⁴ Currently operational and scheduled to close in February 2021.

³⁵ CRISP closed in May 2020.

³⁶ Currently scheduled to close in October 2020.

³⁷ *Draft Democratic Coalition Government for Advancement Policy Redirection, Policy Statements & Matrix, January 2021.*

³⁸ In March 2013, SIG concluded that an Integrated National Framework (INaF) would be developed to support mainstreaming of resilience across sectors, and that MECDM and the Ministry of National Planning and Development Coordination (MNPDC, formerly MDPAC) will take the lead in developing this framework.



level; raise awareness of climate risks; and mainstream climate and risk reduction into the PCDF’s planning process as well as promote the adoption of resilient construction designs and codes for all PCDF investments. IDA will build on the risk planning tools and participatory planning processes developed under the former CRISP supported by GEF LCDF.

C. Proposed Development Objective(s)

To improve infrastructure, services and climate adaptation in rural communities and to strengthen provincial governments’ responsiveness to citizen priorities.

Key Results (From PCN)

18. Indicators are likely to include:

- Number of beneficiaries³⁹ with improved quality of and/or access to resilient infrastructure, services and markets;
- Increase in share of PCDF performance grants used on economic infrastructure compared with the baseline;
- Percentage of beneficiaries reporting improved quality of and/or access to infrastructure, services, and markets;
- The percentage of grants focusing on disaster and climate resilience;⁴⁰
- Percentage of beneficiaries reporting improved engagement with PGs; and
- Improvement in the average scores of the PGs in the annual performance assessments in participatory planning.⁴¹

19. PDO-level results and key intermediary outcome indicators will be disaggregated by gender. Additional intermediary indicators to monitor citizen engagement activities will also be included.

D. Concept Description

20. **The Project will be designed as an Investment Project Financing (IPF) operation in the amount of approximately US\$15 million⁴² with an additional grant of approximately US\$4.5 million from the Global Environment Facility (GEF) Least Developing Countries Fund (LDCF).** It will be implemented over a five-year period from 2022-2027, supporting four PCDF performance-grant cycles (FY 2023/24, 24/25, 25/26 and 26/27).⁴³ The Ministry of Financing and Treasury (MOFT) will serve as the Executing Agency and Ministries of Provincial Government and Institutional Strengthening (MPGIS) and Environment, Climate Change, Disaster Management and Meteorology (MEDCM) as the Implementing Agencies. The

³⁹ The adoption of this indicator is required for all IDA financed investment projects. In the context of IDA-financed operations, a beneficiary is defined as people or groups who directly derive benefits from an intervention.

⁴⁰ This indicator will measure the PGs’ resilience focus and is aligned with community resilience aspect of the PDO. Mainstreaming of CCA and DRM into sectoral plans is a critical strategy outlined in the national framework for CC and DRM which is also reflected in both MPGIS and MEDCM’s Corporate Plans. The strategy promotes greater mainstreaming of climate and disaster risk into sectoral planning as well as construction standard designs of investments to make them resilient against impacts of climate change and natural disasters. This indicator is also well aligned with the GEF LCDF Objective Co-indicator 11.

⁴¹ Currently some of the minimum conditions (MCs) and performance measures (PM) included are: (future) MC: Participatory planning process is complied with as required by section 9 of the FMO (New) and the Minister’s Operational Policy Guidelines and the 11 performance measures of which some are listed in the following: Situation analysis conducted with profile, development trends and sectors included and with a specific strategy to tackle poverty through review of vulnerable wards and identified needs And Visions, goals and objectives clearly stated and related to the Sustainable Development Goals and the National Development Strategy (both to obtain points); Analysis and concern for gender issues clearly reflected across all sectors in the three year development (rolling) plan; Evidence that the PG has supported and mobilized ward development planning and at least one meeting conducted in last FY at the ward level for each ward. Minimum 80 % of PCDF projects are identified from the ward committees. These will be reviewed as part of the up-date of the Annual Performance Assessment System.

⁴² The financing is yet to be confirmed but early discussions with SIG suggest a split of US\$9 million in Grant and US\$6 million in Credit.

⁴³ The Provincial Government’s fiscal year starts from April 1-March 31 with two PCDF grant tranches per year.

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Project will be aligned and operate within existing institutional arrangements under the PCDF.

21. **The Project will focus on two main areas.** *First*, providing grants to the PGs on an annual basis in accordance with the PCDF procedures and cycle; and *Second*, improving the capacity of subnational entities at the PG and Ward levels to support economic development, mainstream climate and disaster resilient measures into Ward development planning and the design of investments,⁴⁴ and support the development of an integrated bottom-up planning process to execute community-informed planning of subprojects. This is where the Project can make a useful contribution, to help SIG to implement MPGIS' *Policy Blueprint*, by building PG capacity to better manage PCDF resources to respond to community-level demands and resilience and disaster risks, in a systematic and sustainable way. This will affect all PCDF resources and investments, not only IDA-financed investments. While fiscal transfers to the provinces have increased overtime, the PGs need additional resources and human capacities for sustainable and inclusive mechanisms to consolidate and prioritize local needs, and the adequate administrative and technical capacity to monitor, account and report on the resources that are used to meet these needs as well as deliver outputs and outcomes. In addition, through procedures to be developed, the Project will seek to promote the empowerment of women and other vulnerable groups through improved voice and agency, in the planning, prioritization and implementation of subprojects.⁴⁵

22. **While MPGIS and MECDM will be responsible for leading project preparation on behalf of SIG, it is envisaged that the bulk of IDA resources (almost 90 percent) will be invested at the Provincial and Ward levels.** The funding would represent a significant increase in both investment, and in particular, technical resources to the Provinces. IDA's value proposition would not just be in the provision of resources to finance the expansion of the PCDF but in developing PG capacity to increase economic development, mainstream disaster and climate resilience across the PCDF and oversee the provision of investment and other technical resources at the Provincial and Ward levels. IDA will support SIG to ensure that Ward priorities are informed by community demands, which is now going to be a requirement under PCDF. Processes to ensure that newly instituted WDCs are able to effectively aggregate and prioritize community demands in an inclusive manner need to be built, which IDA is well-placed to assist with. The prioritization of investments will be coordinated by Wards and decided by PGs following PCDF procedures. This approach is consistent with the way the PCDF is now going to be implemented following the *Policy on Participatory Planning and Ward Development Committees (and the new planning guidelines, January 2021)*. Implementation of these reforms represents a significant step forward from the way the PCDF has been operating, by developing the implementation structure and engagement between the PGs, Wards and communities. Given the challenges in sustaining village development committees and the high cost of maintaining them, the planning process would be at Ward and provincial level with involvement of village representatives in each committee. The procedures and details of the planning processes at these two levels will be fine-tuned during preparation.

23. **The Project will optimize the development impact of the PCDF in four areas:**

- i) **Expanding the scope and scale of the PCDF and strengthening its performance:** It will work with MGPIS and MECDM to utilize the systems within PCDF, including in planning, PG procurement, reporting, performance incentives and accountability of the PCDF, augmented as necessary for the execution of the grants and other requirements of the project, as a key implementation modality, thereby upscaling and strengthening the impact of the PCDF. It will use the existing model that was established in phase one of PGSP, which the SIG continues to operate in phase two. The IECDR and (potentially other future funding by development partners⁴⁶) may thus lead

⁴⁴ This will be done in close collaboration with the planned program on LoCAL supported by UNCDF and other programs focusing on local level disaster risk and climate change adaptation.

⁴⁵ This also represents one of the four main pillars under the Bank's Gender Strategy FY16-23.

⁴⁶ The recently approved EU new funding and the proposed LoCAL of UNCDF are planning to use the same PCDF mechanism through the PGs (with latter focusing on investments related to climate change adaptation). To the extent possible, any new climate adaptation and resilient measures will



to scalability of this funding mechanism, which may have a long-standing impact on rural economic growth. It will also support a strengthening of the core features of PCDF, including reporting and M&E systems and the focus of the investment (see below).

- ii) **Supporting the operationalization of the Government’s Participatory Planning and WDC Policy and strengthening community input into the PCDF and related accountability activities:** It will help to strengthen linkages between communities, Wards and PGs with support to community coordination and social accountability measures at the Ward-level and scale up the impact of the PCDF through the provision of additional resources (personnel and training) that are intended to strengthen both the capacity of the PGs and WDCs. MPGIS’ new policy on Participatory Planning and Ward Development Committees and newly issued Provincial Government Planning Guidelines (January 2021) are designed to strengthen participatory planning approaches, and the project will support their implementation.
- iii) **Increasing the focus on disaster and climate resilience under the PCDF:** Given the limited financing envelope, the Project will focus mainly on increasing awareness and mainstreaming disaster and climate risk planning processes into the PCDF’s investment cycle as well as integrating disaster preparedness and response planning into Ward development planning activities.⁴⁷ Specifically, the Project will provide technical assistance to support the assessment of disaster and climate risks, and to incorporate disaster preparedness and response planning into the Ward development planning activities and processes, and introduce incentive measures to encourage the prioritization of resilience investments, standards and designs for the implementation of economic and social infrastructure. It will also incorporate indicators focused on improving resilience outcomes at the subnational impacts against NDS objectives as well as inform other policy plans.
- iv) **Increasing the focus on economic infrastructure:** It will support PGs with additional funding through the PCDF, and incentives in the investment menu as well as in performance measures to focus attention on core economic sectors. However, the project will not finance private goods or livelihood activities as these types of interventions would require a substantially different approach that is not currently supported under the PCDF, and SIG plans to support these types of activities under the ART project.

24. **The Project will draw on lessons and experiences from a range of community level operations, including:**

- Providing technical assistance including fiduciary and management functions, engineering design and construction supervision support, including a sharing resources among implementing agencies;
- Streamlining planning and risk assessment tools at the community, ward and provincial government levels and standardizing resilient construction designs where appropriate based on RDP II, CRISP, and Community Access and Urban Services Enhancement (CAUSE) Project; and
- Empowering communities, including men, women and youth to make decisions about investments, involving them in implementation, and strengthening accountability measures between communities, Wards and the PGs.⁴⁸

be developed in collaboration with other development partner financed programs targeting climate change adaptation at the PG level such as the planned LoCAL program coordinated by UNCDF and UNDP’s planned climate resilience interventions.

⁴⁷ Integrating disaster preparedness and response planning into the Ward Development Planning activities will optimize the use of the limited funding and technical resources available and will help SIG mainstream disaster risk management activities at the ward level to strengthen the focus of the PCDF’s program on resilience. This aligns with the NDS 2016-2035 Objective Four: resilient and environmentally sustainable development with effective disaster risk management response and recovery and the revised NDM Plan 2018.

⁴⁸ An evaluation of RDP I conducted in August 2013 found a doubling of household satisfaction with access to village infrastructure from 34 percent at baseline in 2010 to 66 percent in 2013. Ninety four percent of households and 93 percent of women surveyed felt that RDP project investments reflected their needs.



The Project will strengthen citizen engagement opportunities. Consultations with key stakeholders, beneficiaries on the design of the operation would be carried out during preparation. These consultations would use existing mechanisms established under the PCDF mechanism and MPGIS, which consists of representatives of national and provincial governments, nongovernmental organizations, Ward Development Committees and other donors involved in the PCDF and the Project. These consultations will also address the findings of the environmental and social assessment and evaluate the identification of impacts and benefits derived from project activities as well as the proposed measures to avoid, minimize, and/or mitigate adverse impacts.

25. **The Project will also adopt a multi-pronged approach to address gender barriers and gaps faced by women in Solomon Islands, including:**

- Monitoring and analyzing gender disaggregated data, including identify gender gaps for redressal. E.g., women in rural areas lack access to limited employment and adequate healthcare. By financing infrastructure to improve local connectivity and access to markets and roads, the project could alleviate some of these constraints. The share of women in project areas reporting improved (quicker and safer) access to produce markets will be reported on (see paragraph 16 on indicative indicators).
- Monitoring and ensuring that the minimum requirements for women (and youth) representation outlined in the *Policy Blueprint on Participatory Planning and Ward Development Committees for Provinces are implemented*. The PCDF's minimum conditions on participatory planning has been updated to ensure a stronger focus on gender and vulnerable peoples' support. Prior to these changes, including to the minimum level of representation required on the Provincial Planning and Development Committee (one woman and one youth representative, page 21 and the Ward Development Committee (two women's group and one youth representative, page 15), there were no specific requirements, provisions or enforcement mechanisms to ensure that the Ward Development Committees included a minimum representation by women. In addition, under the revised APA, there are provisions and incentives, which the Provincial Governments will be scored against, to ensure that gender issues are considered in their three year rolling development plans, thereby enabling better gender outcomes. To ensure women's effective participation in committee decision-making, the Project will provide training to female and male committee members on the PCDF and in other related areas to facilitate and optimize their participation and engagement and potentially identify and work with male champions to promote female participation; and
- Providing capacity building and technical training and assistance to the Implementing Agencies, PGs and relevant officers on inclusive procedures and participatory planning approaches to ensure community needs and priorities of vulnerable segments such as women and youth, are represented and coordinated in an inclusive manner. Common strategies to facilitate female participation could include: training of trainers on gender issues; involving female trainers; scheduling training at locations and times that are convenient for women, ensuring child care arrangements (i.e., provide enough breaks so women can feed babies, provide space and food for family members to look after children during training), communicating information in advance, using infographics and story-telling as well as other low literacy friendly communication material; incorporating minimum quotas for community training; and socializing leaders to benefits of engaging women.

26. **The Project will have three components:** Component 1: Performance-Based Grants for Resilient Development; Component 2: Support to Subnational Entities, of which there are two subcomponents: Subcomponent 2(a): Subnational Support from Planning to Execution; and 2 (b): Building Resilient Communities; and Component 3: Project Management. These components and activities are described below:

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27. **Component 1: Performance-Based Grants for Resilient Development (US\$14.0 million).**⁴⁹ *This component will be implemented by MPGIS in coordination with MECMD and the PGs, which is consistent with the current PCDF institutional arrangements.*⁵⁰ It will finance four annual grant cycles, implemented through the PGs to deliver a range of Provincial and Ward level economic and social infrastructure and services designed to improve market access, basic services, build community resilience and promote local economic development, provided they meet the PCDF's minimum access conditions. Financing will therefore be utilized in accordance with the PCDF planning, reporting, procurement, performance incentives and accountability systems. The PCDF grant operational manual will be revised to ensure that a minimum of US\$6 million of this amount will go towards economic infrastructure (a sub-set of the broad PCDF investment menu), but funds will also be used for other sectors including climate resilient investments. This will be ensured through the participatory planning processes with the incentives and monitoring incorporated into the annual performance assessment system and technical assistance to be provided. As with the PCDF, to be eligible for financing, subprojects will be selected from the participatory planning process starting with community-informed Ward Development Plans with linkages to the overall PG planning process. The investments will be included in the provincial plans, budgets, procurement and have costed and funded maintenance plans (incorporated, where relevant, into provincial or line agency asset registries and annual maintenance plans).

28. Where possible, the Project will seek to complement the ART's agriculture and livelihood investments by financing infrastructure to improve local access and connectivity outcomes. Such activities will help to stimulate local economic activity in the depressed rural markets affected by COVID-19. Examples may include the construction of feeder roads, water supply, foot bridges, jetties, storage facilities and markets, etc. The Project will also finance investments in social infrastructure (e.g., the rehabilitation of education and health facilities such as public schools and clinics, and housing for teachers and health workers, etc.,) which contributes to the reduction of social disparities, delivery of services and plays an important role in promoting inclusive growth.

29. The Project will also support disaster and climate resilient investment in an integrated and mainstreaming approach at the sub-national level to optimize the use of the limited funds available under the Project. It will incorporate and promote the integration of risk reduction and climate change planning and adaptation measures in the design and implementation of economic and social infrastructure, particularly communities at risk of being exposed to sea level rise, flooding, cyclones and landslides and targeting access interventions that support evacuation, facilitate emergency relief operations during disaster events (e.g. flooding) and post-disaster recovery efforts). E.g., the installation of solar panels to promote use of sustainable energy; installation of rainwater tanks as integral components of the facilities to provide water security during droughts; enhancing construction standards for school buildings, markets and other social facilities to reduce risk and adapt to the effects of climate change. E.g., drainage systems to manage water flow from heavy rainfalls as well as use of weather-resistant building materials where financially feasible to withstand severe tropical cyclones, earthquakes, flooding, severe heat from increased temperature, volcanic ash. The designs adopted will be replicated and/or scaled up throughout implementation and integrated in planning and training activities under Subcomponent 2(b). These activities will promote other co-benefits for disaster preparedness for the use of the infrastructure where possible, such as the use of schools, markets and other public buildings as safe-houses/evacuation centers during disaster emergencies; and use of enhanced feeder roads as evacuation and disaster emergency response routes. Incorporating greater risk reduction and adaptation measures will not only strengthen the PCDF focus on building community resilience but will optimize the use of infrastructure to provide broader sustainable services to the communities and therefore a greater return on the investments. Under CRISP, most Provincial/inter-Ward level subprojects financed involved water supply (e.g., rainwater harvesting, ground water pumping and gravity fed water). Investments to address recurring hydrometeorological and geological hazards (e.g., tropical cyclones, earthquakes, flash floods and seasonal droughts) and

⁴⁹ It is expected that out of this minimum US\$ 6 million will be used on economic infrastructure.

⁵⁰ This is consistent with the institutional arrangements under the PCDF.



longer-term climate change related, and natural hazards will be considered. Mainstreaming of resilience into designs will help ensure investments are not damaged and destroyed due to recurring hazards and are not placed in areas exposed to hazards such as volcanos, tsunamis, coastal and riverine inundation and landslides.

30. **Component 2: Support to Subnational Entities (US\$4.0 million).** *The component will be implemented by MPGIS and MECDM.* Apart from funding, a lack of qualified and capable personnel to support key functions is a major constraint to effective citizen engagement (including the participation of vulnerable groups), service delivery and increasing community resilience to climate change and disaster impacts. This component will build the capacity that is needed at the local level for the PGs to effectively execute the grants, including giving MPGIS and MECDM the opportunity to recruit against vacant positions in accordance with their respective mandates. Specifically, the component will finance activities that: (i) strengthen the capacity of the PGs to plan and manage subnational investments in coordination with sectoral ministries and build the skills to manage and report on related recurrent costs; (ii) strengthen MECDM capacity to integrate disaster preparedness and response activities into the Ward development planning process; and (iii) augment the capacity of the Ministries and PGs at the provincial level, including financing technical assistance and other non-investment activities required for implementation at the provincial level, such as training, travel, capacity building and additional project personnel. An assessment of core functions will need to be conducted during preparation but linkages to PGs', MPGIS' and MECDM's structures will be incorporated in the Project's overall workforce planning.⁵¹ The component is comprised of two subcomponents:

31. **Subcomponent 2(a) on Subnational Support (US\$2.0 million) from Planning to Execution** *will be implemented by MPGIS in coordination with MECDM and the PGs.* It will finance the recruitment, training and supervision of Provincial Program Coordinators (PPCs) to support PGs with the planning and implementation of investments under Component 1 and to work with Ward level officers hired by MPGIS to implement a range of training, local-level governance and accountability initiatives, including participatory planning meetings, gender targeting, a grievance redress mechanism, promote public awareness and help improve budget literacy and participatory performance monitoring. Key tasks to be carried out include training of the PPCs to support the Ward level officers on the facilitation of planning and prioritization of subprojects at the Ward level; orientation and training of the WDCs as well as provincial and local government officials and other sectoral frontline staff; and the implementation and reporting of social accountability and gender targeting measures, including helping to resolve project-related grievances. The appointment of the PPCs will consider existing resources currently provided by the PGs and MPGIS at the provincial (and community and Ward) level, including the role of the Community Officers under any continuation of the CGGM Project. Recognition and utilization of the existing PG officers (specialists) with expanded job descriptions will be considered as MPGIS and Provincial Governments have additional resources both in terms of ministry personnel and funding that the project will supplement.

32. **Subcomponent 2(b): Building Resilient Communities (US\$ 2.0 million).** *This subcomponent will be implemented by MECDM in coordination with MPGIS and the PGs.* It will finance the recruitment, training and supervision of additional Disaster, Climate and Environment Officers to work with the Disaster and Meteorology Officers (DMOs) based in the PGs and support the PPCs and Ward level officers in subproject planning, disaster preparedness and response activities, and implementation of investments under Component 1. The key focus of this sub-component will be on raising awareness on disaster risks and climate change; mainstreaming risk and integrating disaster preparedness and response activities into the Ward development planning activities; preparation of construction designs and provision of engineering support to implement the subgrants; supervising works; supporting operations and maintenance; and the monitoring and reporting of data so that communities can be better informed and plan accordingly. The Disaster, Climate and Environment Officers

⁵¹ This support will supplement the current funding that the Implementing Agencies and Provincial Governments have in terms of personnel and funding for technical assistance, e.g., under the current PGSP.



will also be trained to administer relevant aspects of the integrated participatory planning tools prepared under the Project.

33. **Component 3: Project Management (US\$ 1.5 million).** *This component will be jointly implemented by MPGIS and MECDM.* It will finance project management support to monitor and report on the project, including the establishment of a joint Project Management Unit (PMU). This component will include dedicated staff from each ministry and additional consultants who will report to designated sections of each of the ministries to support their respective parts of the project but also shared consultant staff, where appropriate, and physical resources. The PMU will include, at a minimum, a: Project Manager, Civil/Environmental Engineer, Finance, Procurement, Training, M&E and Environment and Social Risk Officers. It will include advisory support for Component 1, including contributing to the cost of the annual performance assessments, the PCDF operations manual, associated national-level training and oversight for Subcomponents 2(a) and 2(b), joint project reporting, including communications and media, technical assistance, grievance management, financial management, procurement, environmental and social risk management, consultants, goods, and incremental operating costs, including transport to outer islands. The PCDF Grant Manual will be updated to reflect these activities in addition to the Project’s Environmental and Social Management Framework screening requirements. In addition, as part of the Project’s evaluation, baseline, midline and end-line surveys supplemented by qualitative/perception surveys of community members and beneficiaries in Project impact areas will be financed to measure the Project’s performance in accordance with the Results Framework. Additional TA may also include: studies that focus on ways to manage the enabling environment (e.g., legislative reform, policy reform, public financial management reform, asset registry and maintenance planning reform); work to review and recommend reforms to strengthen the minimum conditions and/or performance criteria for PCDF and the systems for ascertaining compliance with them as well as training and small-scale field experiments that foster downward accountability, citizen engagement and innovation. MPGIS and MECDM will submit consolidated reports to IDA on behalf of the project. A consolidated annual work plan and budget will also be submitted no later than November 30 of each calendar year in addition to consolidated financial (e.g., annual project audits, interim unaudited financial reports [IFRs]) and technical reporting (e.g., quarterly progress reports, evaluation studies) on implementation activities.

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| Legal Operational Policies | Triggered? |
|---|------------|
| Projects on International Waterways OP 7.50 | No |
| Projects in Disputed Areas OP 7.60 | No |

Summary of Screening of Environmental and Social Risks and Impacts

34. The proposed Project is assessed to have moderate environmental and social risks. Risks are expected to be temporary (related mainly to small construction), minor and easily managed through conventional environmental and social (E&S) risk management approaches. Sub-projects will have minor impacts on land usage and access and require the temporary mobilization of limited amounts of contracted and community workers. The social impacts of this project are expected to benefit the overall population of Solomon Islands. As the exact locations for subprojects are not confirmed social impacts will vary depending on the location of the subprojects.

35. Component 1 will finance performance-based grants to deliver a range of productive community and/or provincial/inter-Ward level resilient small infrastructure. This may include construction of small feeder roads, water supply, foot bridges, jetties, storage facilities and markets, rehabilitation of education and health facilities such as public



schools and clinics, and housing for teachers and health workers. Investments will incorporate climate mitigation and disaster resilience design measures, such as installation of solar panels and rainwater tanks. Substantial and high risk subproject will not be eligible for financing. These activities will likely require minimal amounts of communal or privately used land. In addition, when land is acquired, there are established procedures in place to allow for its usage for project purposes in a way that compatible with the requirements of ESS5.

36. Due to the likely involvement of community labor, community and occupational health and safety risks will need to be monitored and managed, with appropriate training programs rolled out prior to the commencement of works. To meet ESS2 requirements, a LMP will be prepared prior to appraisal. This will include identification of worker types, a brief summary of labor laws in Solomon Islands, and outline the working conditions to be applied on the Project. To minimize the risk of sexual exploitation and abuse or sexual harassment (SEA/SH) occurring due to project activities, the ESMF and associated documents will include measures such as awareness raising, and a code of practice. To complement the bottom-up and community informed approach adopted by the Project, a stakeholder engagement plan (SEP) will be prepared for the project prior to appraisal. The SEP will include all stakeholders at all levels including national, provincial (provincial government), ward development committees and local level including leaders that represent the nine provinces selected.

37. Environmental impacts of Infrastructure construction/rehabilitation are likely to be temporary, reversible, and manageable. Construction impacts may include waste and hazardous materials handling and disposal (e.g. asbestos), community and worker health and safety risk and the risk of COVID-19 to workers and the community, should an outbreak occur. Water sources could be contaminated by the project activities due to poor drainage and management of storm water causing erosion. Construction works may result in dust and noise nuisance and, in extreme cases, injuries to community members. Construction could result in soil erosion. Operational impacts could include degradation of habitats due to increased access as a result of construction of feeder roads/ jetties and occupational health and safety impacts through the operation of some infrastructure or facilities. Off-site activities include quarrying operations, which if not managed properly, may cause localized adverse impacts such as unsustainable material sourcing. Project activities will result in resource consumption during both construction and operational phases. Examples include construction materials; aggregates; water; and energy.

38. An ESMF will be prepared prior to appraisal to examine the risks and impacts associated with the sub-projects. The ESMF will include the principles, rules, guidelines and procedures to assess the environmental and social risks and impacts of the various project activities, including an appropriate screening process and measures and plans to reduce, mitigate and/or offset adverse risks and impacts. The ESMF will incorporate details or templates for CESMPs and/or ESCOPs and will provide the mitigation measures expected in those sub-plans proportional to the scale of impacts and risks for both construction and operational impacts. The ESMF will also include an assessment of the most appropriate sources for construction materials as well as mitigation measures to minimize the consumption of these resources. The ESMF will include information on the implementing agencies, including an assessment of their capacity to manage environmental and social risks and impacts. The PCDF grant operational manual will be revised to refer to ESMF screening requirements for subprojects.

39. Component 2 will finance activities required to support implementation at the provincial level. With a focus on resilient infrastructure investments under the project. Component 3 will finance project management support to monitor and report on the project, including the establishment of a PMU. Overall, components 2 and 3 will contribute to positive environmental and social benefits to institutions. TA activities will include preparation of construction designs and provision of engineering support, studies, training and small-scale field experiments, skills and capacity building activities,

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which could lead to downstream environmental and social impacts if they are not screened and managed properly. The ESMF will outline procedures for screening and managing TA activities for social and environmental risks.

40. Component 3 will finance project management support to monitor and report on the project, including the establishment of a PMU. Additional TA may also include: studies that focus on ways to manage the enabling environment (e.g., legislative reform, policy reform, public financial management reform, asset registry and maintenance planning reform); work to review and recommend reforms to strengthen the minimum conditions and/or performance criteria for PCDF and the systems for ascertaining compliance with them as well as training and small-scale field experiments that foster downward accountability, citizen engagement and innovation. Health and safety risks, including COVID 19 transmission risk will need to be managed for PMU staff.

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