Improving the cost, energy efficiency, reliability and sustainability of electricity services across Solomon Islands.

**Background**
The price of electricity in Solomon Islands remains one of the highest in the Pacific region at around 50 US cents/kWh. The Solomon Islands Electricity Authority (SIEA) faces numerous challenges in providing reliable, sustained electricity at a reasonable cost, including rising oil prices, accumulated arrears, and unevenly maintained generation and network infrastructure leading to frequent power cuts across towns served by the SIEA. Access to reasonably priced, reliable energy is a vital element of growth and, as such, this must be addressed. The diesel-fired generators that supply nearly all of the country’s electricity are a major contributor of fossil fuel imports, accounting for around 30 percent of Solomon Islands’ total imports—affecting the nation’s balance of payments situation.

**About the Project**
The objective of the Solomon Islands Sustainable Energy Program (SISEP) is to improve the operational efficiency, system reliability and financial sustainability of the SIEA. This is to be achieved through improved financial and operational management, improved energy efficiency and reduction of electrical losses, improved generator and distribution network reliability, and increased revenue collection. To assist the SIEA achieve these goals, SISEP is financing the strengthening of SIEA’s management, a commercialisation program to improve financial operations and collections, and a range of steps that will keep the lights on by improving generator and network reliability. SIEA is in charge of implementing the project, which, as part of SIEA’s strategy to become a sustainable business, will provide reliable, efficient and affordable power to its customers.

Measures are being carried out to improve SIEA’s financial situation. The Solomon Islands Government financed a large scale debt restructuring in 2008, to clear debts owed to the SIEA by other state owned enterprises (SOEs) and gain commitment from SOEs to pay any future power bills in a timely manner. The SIEA’s commercialisation component aims to improve revenue collections. The program will also offer technical assistance and capacity building for SIEA’s Finance Department. This capacity building effort will include the introduction of new billing systems, preparation for a new finance accounting manual, and new staff training exercises. These actions will facilitate improved operational practices and debt collection abilities.

SISEP is focused on improving the reliability and power generation capability of SIEA. As such, the program has committed to support comprehensive rehabilitation, maintenance, and loss reduction programs for SIEA’s generators. It will also offer technical assistance and training to engineering services. Furthermore, SISEP is financing the switch to pre-paid electricity meters for most homes in Honiara and other metering system upgrades to ensure billing accuracy and timely collections.

**Transform SIEA into a sustainable, efficient and customer focused company.**

**Improve asset maintenance to increase reliability.**

**Improve energy efficiency, reduce diesel consumption and reduce the cost of energy.**

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**Location:** Honiara, but with the impacts of the project to benefit all of SIEA’s customers.

**Approval Date:** 8 July 2008

**Closing Date:** 30 December 2012

**Total Project Cost:** US$4.5 million

**Donors:**
- Solomon Islands Government—US$0.5 million
- International Development Agency (IDA)—US$4 million

**Implementing Agency:** Solomon Islands Electricity Authority (SIEA)

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