

SUMMARY

Annual Action Programme 2015 in favour of Solomon Islands to be financed from the European Development Fund

1. Identification

EDF allocation	EDF 11
Total cost	Total estimated cost: EUR 38 million. Total amount of EDF contribution EUR 10 million. This action is co-financed in joint co-financing by: IDA (World Bank) for an amount of USD 9 million; IFAD for an amount USD 4.6 million; DFAT/Australian Aid for an amount of AUD 15 million; Solomon Islands Government for an amount of SBD 50 million, from budget allocation.
Basic act	Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1).

2. Country background

The Solomon Islands comprises an archipelago of 997 islands, of which 347 are inhabited, situated in the South West Pacific Ocean. The country's location in the "Pacific Ring of Fire"¹ and within the cyclone belt makes it one of 20 countries with the highest economic risk exposure to two or more geological, hydrological and natural and climatic hazards.

The country has a population of 610,000², with 56% under 24 years of age, and an annual growth rate of 2.3% (2014 estimate). Approximately 80% of the population lives in rural areas, deriving income generation and livelihoods from a combination of mainly subsistence agriculture and small-scale income-generating activities such as the production of export-orientated cash crops (cocoa, coconuts and oil palm), fishing, forestry and the sale of fresh produce for the domestic market. Land and its cultivation is the mainstay of the country's rural economy which is overwhelmingly dominated by agriculture.

The Solomon Islands is one of the poorest and least developed countries (LDCs) in the world, ranked 157 out of 187 countries in terms of the human development index estimated by the UN Human Development Report 2014. Poverty is widespread, with 23% of the population living below the poverty line in 2008. The incidence of poverty tends to be higher in rural

¹ The Pacific Ring of fire is a region of high volcanic and seismic activity that surrounds the majority of the Pacific Ocean Basin. It stretches over 40,000 km and includes volcanoes, deep sea trenches, and major fault zones.

² Source of population statistics: SIG, 2009, Report on Population and Housing Census.

farming areas than in urban centres (8.7% against 2.7%)³, with significant regional inequality between the provinces. Poverty is also gender-biased, with women-headed households in rural areas suffering a greater degree of poverty than male-headed households. Access to services between urban and rural areas is particularly disproportionate.

The EU will support the Solomon Islands in delivering basic services, diversifying the economy, improving governance and continuing to strengthen the legitimacy of national and provincial government. At the time of programme formulation (February 2015), the situation regarding the context and themes of EU action and support in the Solomon Islands remains basically unchanged from the analysis made during identification and programming.

3. Summary of the Annual Action Programme 2015

3.1. Background

SIG faces the following challenges: (i) the high incidence of poverty, which needs to be addressed by increasing employment and income-earning opportunities in both urban and rural areas; (ii) rapid population growth and rural-urban migration; and (iii) the improvement of social and communal stability following the ethnic tensions and lawlessness between 1998 and 2003. In order to meet these challenges the SIG will implement the following key strategies: (i) preparation of a long-term “National Poverty Alleviation Plan” together with the utilisation of constituency development funds to support poverty alleviation and rural livelihoods; (ii) promoting the development of environmentally sound and sustainable subsistence-based farming systems; (iii) strengthening agricultural support services; (iv) supporting farmers and rural communities through farmer-to-farmer networks and contracted pre-qualified NGOs to provide agricultural extension; (v) increasing opportunities for rural fishers and communities; (vi) increasing awareness of opportunities for small-scale business development; (vii) developing partnerships with private sector investors to ensure that resource owners receive fair financial rewards; and (viii) consultations between ministries, provinces and people in rural areas to work on the codification of customary law.

Based on problem analysis the following key rural development priority areas supported by RDP II are:

1. New and enhanced community infrastructure and services;
2. The agricultural sector, through fostering private sector partnerships with farming communities, building capacity of the Ministry of Agriculture and Livestock (MAL) and the industry council, developing farmers’ marketing groups and diversifying the agricultural production base thus making it less reliant on the cocoa and coconut sub-sectors;
3. Support to communities affected by extreme weather events (in particular the April 2014 floods) to repair or rebuild damaged community infrastructure, agriculture and livestock processing units and animal pens.

The overall objective of the programme (impact) is to improve basic infrastructure and services in rural areas including the capacity to sustain them, and to strengthen the linkages between smallholder farming households and markets, with the following specific objectives (outcomes):

- (i) To increase the number of beneficiaries with improved quality of and/or proximity and access to climate resilient rural infrastructure and/or rural services;

³ Statistical source: Final Report on the Estimation of Basic Needs, Poverty Lines and the Incidence and Characteristics of Poverty in Solomon Islands, Solomon Islands National Statistical Office and UNDP Pacific Centre, Fiji, July 2008.

- (ii) To increase the number of members of farming households (gender-disaggregated) engaged in productive partnerships with commercial enterprises;
- iii) To increase the sale of products by farmers engaged in partnerships;
- (iv) To increase the number of male and female beneficiaries receiving rural infrastructure/agriculture and livestock support to recover incomes lost from the April 2014 flooding and other extreme weather events and to enhance their future resilience to climate risks.

Programme beneficiaries: Out of a national population of approximately 610,000 people, comprising some 70 indigenous groups, the Programme is expected to provide benefits to approximately 65,000 beneficiary households, or about 357,500 people (assuming a household size of 5.5 people). The majority of these households (about 48,000) will benefit from improved community-driven rural services such as water supply, health and education facilities, transport, energy, etc. Approximately 17,000 smallholder farming households, agribusiness owners and other contributors to agricultural value chains will also benefit from investments to improve agricultural productivity, marketing and value addition and incomes.

3.2. Cooperation related policy of the beneficiary country and coherence with programming documents:

The SIG has sound policies and strategies in the rural development sector that are relevant to RDP II. The programme conforms with, and satisfies, expected EU results under Focal Sector 2, Rural Development of the NIP 2014-2020.

Programme formulation addresses cross-cutting issues covering social risks and safeguards, including: gender equality, land disputes and access to natural resources, community engagement with the programme, indigenous peoples, physical cultural heritage resources, grievance redress mechanisms and environmental risks.

Intervention logic requires a credible exit and sustainability strategy. In this context, additional financing by the SIG for RDP I, and significant financing under RDP II are important indicators of the political commitment to finance and sustain community-driven rural investments. Sustainability will also be ensured through the policy dialogue based on feedback from achievements and lessons-learned under RDP II into revision of the National Agriculture and Livestock Sector Policy as well as into the wider PFM reform agenda.

3.3. Public Policy Assessment and EU Policy Framework

SIG policies and strategies, with regard to sustainable rural development, are contained in the “National Development Strategy (NDS) 2011-2020” which articulates a sound and credible vision and priorities to advance both human and economic development.

The new Democratic Coalition for Change (DCC) Government approved its Policy Statement and Policy Strategy and Translation in January 2015. The DCC Government plans to develop a Twenty-Year National Development Strategy (2015-2035) that will provide development targets for each sector and facilitate fundamental and sectoral reform programmes. The 20-year strategy will use the current NDS as its base. This long-term strategy will also facilitate good governance and encourage broad-based economic development that enhances improved livelihoods for all Solomon Islanders.

The current NDS (2011-2020) is due for review within 2015 after 5 years of implementation, providing (i) a base for the 20-year strategy to be prepared; and (ii) consistency and continuity in long-term national planning and objectives.

The overall objective of EU interventions, under EDF 11, in the Rural Development sector, viz. “to alleviate poverty and increase rural-based economic opportunities aimed at increasing

the rate of economic growth and equitable distribution of benefits of employment and higher incomes amongst all provinces and population” is strictly aligned with the Solomon Islands NDS objectives. There are no inconsistencies in terms of the objectives between the SIG’s and the EU’s development policies for the Rural Development sector.

Building on lessons learned from RDP I, RDP II will however follow a more decentralized approach to achieving these objectives. The RDP II intervention strategy aims at involving provincial administrations and incentivizing and empowering rural communities and the private sector more directly. Experience thus generated shall be fed into the policy dialogue with the SIG on the rural development sector in the context of RDP II but also more broadly in the context of the dialogue in the CEWG on PFM reforms (including also the Constituency Development Funds - CDF). This will also make it possible to influence the revision of the National Agriculture and Livestock Sector Policy (2009-2014) with inputs from RDP II and in cooperation with the new “Food and Nutrition Security Impact, Resilience, Sustainability and Transformation (FIRST)” initiative under the Policy Assistance Facility funded by the EU together with the UN Food and Agricultural Organisation (FAO). A joint EU/FAO assessment has been prepared.

3.4. Identified Actions

The main activities of the Programme are undertaken under 3 main components:

Component 1 – Community Infrastructure and Services, retains and refines the community-driven development mechanisms developed during RDP I, and provides for Community Development Grants. This involves strengthening of provincial structures and communities in respect of identification, selection and implementation, ensuring that Provinces will be able to apply similar process for Community Development Grant mechanisms in future with Government funds. The participatory planning, community and ward profiling activities undertaken by RDP II will provide valuable, bottom up input into provincial development plans.

Component 2 – Agribusiness Partnerships and Support, which aims to (i) assist farming households to engage in productive partnerships with commercial enterprises; (ii) build the capacity of MAL to deliver its core functions of regulation, research and sector coordination; and (iii) restore the productive assets of households critically affected by the April 2014 flash floods. Component 2 will ensure private sector to become stronger, by building capacity both within public institutions (MAL in particular) to support development of the private sector and through innovative agri-business partnerships which includes support to business development services; Through these partnerships, private sector will be able to take on a role of service delivery to smallholder farmers on a commercial basis through stronger linkage with markets.

Component 3 – Support to Capacity Building and Decentralized Implementation, to provide support to decentralised implementation and may include support for sound financial execution, overall M&E/MIS (including contracting studies on topics such as land use and ownership, disaster preparedness, etc.), and environmental safeguards. Another cross-component function will be to build capacity of the provincial governments and civil society stakeholders (community organisations, private sector) to deliver in future through the SIG budget process RDP II-type services and benefits.

The intervention also offers important opportunities to contribute to environmental protection and climate change adaptation and support the transition to a green economy through the establishment of environmentally sustainable and climate change-resilient agricultural-based economic activities. These opportunities should be identified and integrated in the individual

sub projects to ensure that any activity which is funded under RDP II contributes to the environmental sustainability of the intervention.

3.5. Expected results

The main overall impact of the programme will be to improve access to basic services in rural areas and foster improved farming practices, leading to increased production and productivity. At national and provincial level it will have the following impact, respectively: (i) increased exports, foreign exchange revenues, import substitution; and (ii) increased rural employment, household incomes and inclusive economic development in less developed areas.

3.6. Past EU assistance and lessons learnt

A World Bank report was completed in mid-2014 and titled “Solomon Islands – Toward Better Investment in Rural Communities”⁴. The Report’s overall findings were that rural development programmes should:

(i) Redefine the main 3 funding streams (provincial, constituency and community); (ii) redistribute and institutionalise funds toward well-defined modalities at the provincial and community level; and (iii) integrate planning processes across funding streams to align with the redefined focus of each stream.

Lessons from the implementation of RDP I, used to inform the design of Component 2 of RDP II⁵, were: (i) overreliance on public sector service delivery has deprived the private sector of opportunities to deliver similar services; (ii) public sector finances cannot sustain the levels of operational funding for extension services for RDP II; (iii) a participatory community consultation approach leads to services which are too diffused; and (iv) there is a lack of attention to the commercial development of the agricultural sector.

3.7. Complementary actions and donor coordination

The main complementary donor activities supporting RDP II are:

DFAT: the Pacific Horticultural and Agricultural Market Access Programme (PHAMA) and IFAD: the regional Pacific Island Farmers’ Organisation Network (PIFON).

The Asian Development Bank (ADB) is preparing another transport programme co-funded by DFAT, focusing on infrastructure development (mainly road maintenance). This programme should have some linkages in terms of market access to the agricultural sector and RDP II activities.

The Republic of China: the Taiwan Technical Mission, as well as much of the Constituency Development Fund (CDF) Programme.

The United Nations Development Programme (UNDP) supports the rural sector through several programmes, viz. (i) Equitable Economic Growth and the MDGs; (ii) Sustainable Environmental Management; and (iii) Crisis Prevention and Recovery, as well as through the following donor funds: (i) the Community Resilience to Climate Change and Disaster Risk (CRISP) (World Bank) and (ii) the SWoCK Programme – Resilience in Agriculture and Food Security Programme.

The EU provides budget support to SIG on Rural WASH (Decision FED/2013/023-803) for a total of EUR 17.4 million (budget support and complementary measures) and has a contribution agreement (FED/2011/245-476) with UNICEF (EUR 2.6 million) under the ACP Water Facility for improving WASH in Solomon Islands. Coordination with the Rural WASH

⁴ Reference: worldbank.org/pi

⁵ Reference: World Bank, April 2014, Programme Concept note for RDP II.

programme will ensure that no duplication will occur, and that where possible synergy and complementarity will be sought.

Coordination for rural development takes place through the Agriculture/Rural Development Sector Coordination Group that meets on a monthly basis. The members of the Group are: the EU, DFAT, WB, IFAD, the Secretariat of the Pacific Community (SPC), the Republic of China, the International Labour Organisation (ILO), UNDP, the Japanese International Cooperation Agency (JICA), MDPAC, MPGIS, MAL and MRD.

4. Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation. The budget for visibility and communication activities will be included in the Delegation Agreement.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

5. Cost and financing

	EU contribution (amount in million EUR)	Indicative third party contribution, in currency identified
5.3.1 Indirect management with the World Bank	9.7	USD 9 M (IDA) ⁶ ; USD 4.6 M (IFAD) ⁷ ; AUD 15 M (DFAT) ⁸ ; SBD 50 M (SIG) ⁹ (over period 2015-19).
<u>5.9 Evaluation</u>	0.100	
<u>Contingencies</u>	0.200	
<u>Totals</u>	10	

The Committee is invited to give its opinion on the attached Annual Action Programme 2015 in favour of Solomon Islands.

⁶ IDA (World Bank): USD 5 million on credit terms and USD 4 million on grant terms.

⁷ IFAD: USD 4.6 million, 50% on credit terms and 50% on grant terms.

⁸ Australian Aid/DFAT: AUD15 million on grant terms.

⁹ Solomon Islands Government: SBD50 million from budget allocation.



This action is funded by the European Union

ANNEX

of the Commission Decision on the Annual Action Programme 2015 in favour of Solomon Islands to be financed from the 11th European Development Fund

Action Document for Rural Development Programme Phase II (RDP II)

1. Title/basic act/ CRIS number	Rural Development Programme Phase II (RDP II) CRIS number: FED/2015/37741.			
2. Zone benefiting from the action/location	Solomon Islands. The action shall be carried out at the following location: throughout the nine Provinces of the Solomon Islands, with a programme management team based in Honiara, Guadalcanal.			
3. Programming document	Solomon Islands - European Union, National Indicative Programme (NIP) for the period 2014-2020.			
4. Sector of concentration/ thematic area	Focal Sector 2: Rural Development.			
5. Amounts concerned	Total estimated cost: EUR 38 million. Total amount of EDF contribution EUR 10 million. This action is co-financed in joint co-financing by: IDA (World Bank) for an amount of United States Dollars (USD) 9 million; IFAD for an amount of United States dollars (USD) 4.6 million; DFAT/Australian Aid for an amount of Australian dollars (AUD) 15 million; Solomon Islands Government for an amount of Solomon Islands Dollars (SBD) 50 million, from budget allocation.			
6. Aid modality(ies) and implementation modality(ies)	Project Modality Indirect management with the World Bank Group			
7. DAC code(s)	31120 – Agricultural Development 43040 – Rural Development			
8. Markers (from	General policy objective	Not	Significant	Main

CRIS DAC form)		targeted	objective	objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	9. Global Public Goods and Challenges (GPGC) thematic flags			

SUMMARY

The 11th European Development Fund (EDF 11), under its focal sector 2, Rural Development, targets the agricultural sector. The European Union (EU) has participated in the joint Solomon Islands Government (SIG) multi-donor (viz. the World Bank, DFAT (Department of Foreign Affairs and Trade) Australian Aid, IFAD (International Fund for Agricultural Development) and the EU Rural Development Programme (RDP) I. RDP I (2008-2015) focuses on improving the delivery of small-scale infrastructure, social, economic and agricultural services in rural areas and rural business development, and ended on 28 February 2015. A “follow-on” SIG multi-donor-supported RDP II has been prepared based on lessons learnt from RDP I, which will continue the interventions undertaken to support rural community infrastructure and services. Furthermore, it will introduce innovative interventions to support the rural agricultural sector through agribusiness partnerships, capacity building and agricultural commercialisation. RDP II, for a period of 5 years, is organised into the following 3 components: (1) Community Infrastructure and Services; (2) Agribusiness Partnerships and Support; and (3) Support to Capacity Building and Decentralized Implementation. The impact of the RDP II will be “*to improve basic infrastructure and services in rural areas including the accompanying policy and capacity of the SIG (especially at the provincial level) as well as to strengthen the linkages between smallholder farming households and markets*”. The Programme is consistent with the SIG’s sound and credible policy and strategies in the rural development sector, under its Medium-Term Development Strategy (MTDS) and is also consistent with the National Indicative Programme (NIP) 2014-2020 and its overall sector objectives. RDP II has links to the following Global Public Goods and Challenges (GPGC) 2014-2020 strategic areas: Food and Nutrition Security and Sustainable Agriculture; Human Development; Environment and Climate Change.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

The Solomon Islands comprises an archipelago of 997 islands, of which 347 are inhabited, situated in the South West Pacific Ocean. The country's location in the "Pacific Ring of Fire"¹ and within the cyclone belt makes it one of 20 countries with the highest economic risk exposure to two or more geological, hydrological and natural and climatic hazards.

The country has a population of 610,000², with 56% under 24 years of age, and an annual growth rate of 2.3% (2014 estimate). Approximately 80% of the population lives in rural areas, deriving income generation and livelihoods from a combination of mainly subsistence agriculture and small-scale income-generating activities such as the production of export-orientated cash crops (cocoa, coconuts and oil palm), fishing, forestry and the sale of fresh produce for the domestic market. Land and its cultivation is the mainstay of the country's rural economy which is overwhelmingly dominated by agriculture.

The Solomon Islands is one of the poorest and least developed countries (LDCs) in the world, ranked 157 out of 187 countries in terms of the human development index estimated by the UN Human Development Report 2014. Poverty is widespread, with 23% of the population living below the poverty line in 2008. The incidence of poverty tends to be higher in rural farming areas than in urban centres (8.7% against 2.7%)³, with significant regional inequality between the provinces. Poverty is also gender-biased, with women-headed households in rural areas suffering a greater degree of poverty than male-headed households. Access to services between urban and rural areas is particularly disproportionate.

The EU will support the Solomon Islands in delivering basic services, diversifying the economy, improving governance and continuing to strengthen the legitimacy of national and provincial government. At the time of programme formulation (February 2015), the situation regarding the context and themes of EU action and support in the Solomon Islands remains basically unchanged from the analysis made during identification and programming.

1.1.1 Public Policy Assessment and EU Policy Framework

SIG policies and strategies, with regard to sustainable rural development, are contained in the "National Development Strategy (NDS) 2011-2020" which articulates a sound and credible vision and priorities to advance both human and economic development.

The new Democratic Coalition for Change (DCC) Government approved its Policy Statement and Policy Strategy and Translation in January 2015. The DCC Government plans to develop a Twenty-Year National Development Strategy (2015-2035) that will provide development targets for each sector and facilitate fundamental and sectoral reform programmes. The 20-year strategy will use the current NDS as its base. This long-term strategy will also facilitate

¹ The Pacific Ring of fire is a region of high volcanic and seismic activity that surrounds the majority of the Pacific Ocean Basin. It stretches over 40,000 km and includes volcanoes, deep sea trenches, and major fault zones.

² Source of population statistics: SIG, 2009, Report on Population and Housing Census.

³ Statistical source: Final Report on the Estimation of Basic Needs, Poverty Lines and the Incidence and Characteristics of Poverty in Solomon Islands, Solomon Islands National Statistical Office and UNDP Pacific Centre, Fiji, July 2008.

good governance and encourage broad-based economic development that enhances improved livelihoods for all Solomon Islanders.

The current NDS (2011-2020) is due for review within 2015 after 5 years of implementation, providing (i) a base for the 20-year strategy to be prepared; and (ii) consistency and continuity in long-term national planning and objectives.

SIG faces the following challenges: (i) the high incidence of poverty, which needs to be addressed by increasing employment and income-earning opportunities in both urban and rural areas; (ii) rapid population growth and rural-urban migration; and (iii) the improvement of social and communal stability following the ethnic tensions and lawlessness between 1998 and 2003. In order to meet these challenges the SIG will implement the following key strategies: (i) preparation of a long-term “National Poverty Alleviation Plan” together with the utilisation of constituency development funds to support poverty alleviation and rural livelihoods; (ii) promoting the development of environmentally sound and sustainable subsistence-based farming systems; (iii) strengthening agricultural support services; (iv) supporting farmers and rural communities through farmer-to-farmer networks and contracted pre-qualified NGOs to provide agricultural extension; (v) increasing opportunities for rural fishers and communities; (vi) increasing awareness of opportunities for small-scale business development; (vii) developing partnerships with private sector investors to ensure that resource owners receive fair financial rewards; and (viii) consultations between ministries, provinces and people in rural areas to work on the codification of customary law.

The overall objective of EU interventions, under EDF 11, in the Rural Development sector, viz. “to alleviate poverty and increase rural-based economic opportunities aimed at increasing the rate of economic growth and equitable distribution of benefits of employment and higher incomes amongst all provinces and population” is strictly aligned with the Solomon Islands NDS objectives. There are no inconsistencies in terms of the objectives between the SIG’s and the EU’s development policies for the Rural Development sector. Building on lessons learned from RDP I, RDP II will however follow a more decentralized approach to achieving these objectives. The RDP II intervention strategy aims at involving provincial administrations and incentivizing and empowering rural communities and the private sector more directly. Experience thus generated shall be fed into the policy dialogue with the SIG on the rural development sector in the context of RDP II but also more broadly in the context of the dialogue in the Core Economic Working Group (CEWG) on Public Finance Management (PFM) reforms (including also the Constituency Development Funds - CDF). This will also make it possible to influence the revision of the National Agriculture and Livestock Sector Policy (2009-2014) with inputs from RDP II and in cooperation with the new “Food and Nutrition Security Impact, Resilience, Sustainability and Transformation (FIRST)” initiative under the Policy Assistance Facility funded by the EU together with the UN Food and Agricultural Organisation (FAO). A joint EU/FAO assessment has been prepared.

The intervention also offers important **opportunities** to contribute to environmental protection and climate change adaptation and support the transition to a green economy through the establishment of environmentally sustainable and climate change-resilient agricultural-based economic activities. These opportunities should be identified and integrated in the individual sub projects to ensure that any activity which is funded under RDP II contributes to the environmental sustainability of the intervention.

1.1.2 Stakeholder analysis

Analysis during programme identification, and updated during formulation, has identified key target groups and beneficiaries to be affected by this action. Those most vulnerable and affected by the country's lack of rural development are small-scale farmers and rural households, in particular women, girls and youth, and those resident in more remote provinces and islands (who are affected to an even greater extent).

The key stakeholders consulted during programme identification are:

- (i) key Government ministries and agencies;
- (ii) the private sector agribusiness entrepreneurial sector, including agribusiness industry coordinating bodies;
- (iii) non-governmental organisations (NGOs), particularly those supporting rural development and smallholder farmers in the remoter provinces;
- (iv) rural communities, farmers' groups and individual lead farmers;
- (v) PIFON (the Pacific Island Farmers' Organisation Network), supported by IFAD;
- (vi) international donors including the International Development Association (IDA)/ World Bank, IFAD, the DFAT/Australian Aid and the United Nations Children's Fund (UNICEF).

Key stakeholders, including the SIG, the private sector, Civil Society Organisations (CSOs) and rural communities, were fully consulted and involved in the RDP II design and formulation process and have indicated commitment to and ownership of both the programme and the SIG's policy and strategy for rural development.

1.1.3 Priority areas for support/problem analysis

The main problems that the scope of action will address include the following:

- (i) poor rural infrastructure;
- (ii) lack of awareness of the negative impact of climate change on farming systems;
- (iii) inefficient institutional arrangements and capacity;
- (iv) lack of private sector investment;
- (v) the fact that traditional and conservative farming systems, knowledge gaps and lack of social inclusion awareness have led to the low participation of women, and youth in farming enterprises, and thus inadequate optimum use of human resources and (particularly in the case of youth) increased urbanisation;
- (vi) inadequate input supply;
- (vii) limited access to rural finance;
- (viii) lack of improved farm technology and low value addition;
- (ix) a low number of collection and marketing centres located in the production areas;
- (x) poor husbandry practices;
- (xi) crop production being insufficiently competitive, and production-oriented rather than market-driven;
- (xii) inefficient and underdeveloped marketing systems with limited market access for the smallholder farmer;
- (xiii) the fact that land ownership issues constrain rural development, as customary land is not acceptable by banks as collateral for loans (which restricts the availability of rural credit for economic development).

Based on problem analysis the following key rural development priority areas supported by RDP II are:

1. New and enhanced community infrastructure and services;
2. The agricultural sector, through fostering private sector partnerships with farming communities, building capacity of the Ministry of Agriculture and Livestock (MAL) and the industry council, developing farmers' marketing groups and diversifying the agricultural production base thus making it less reliant on the cocoa and coconut sub-sectors;
3. Support to communities affected by extreme weather events (in particular the April 2014 floods) to repair or rebuild damaged community infrastructure, agriculture and livestock processing units and animal pens.

2 RISKS AND ASSUMPTIONS

The following table has been prepared, with regard to risk, risk level and mitigating measures (risk management), by the RDP II Operational Risk Management Framework (ORAF) document prepared by the World Bank and included in the Programme Appraisal Document (PAD)⁴.

Risks	Risk level (H/M/L)	Mitigating measures
Stakeholder Risk: Rural communities are supportive of the CDD approach, and prefer its engagement and transparency to the more opaque Constituency Development Funds. Provincial governments are broadly supportive, but seek further control of RDP resources. National government support is strong. While the private sector has expressed an interest in partnerships with farmers, there is limited experience in this area. The same donors who supported RDP I are also planning to support RDP II and their engagement has been broadly collaborative and in keeping with the joint support provided throughout RDP I.	M	Information-sharing mechanisms established under RDP I will be maintained and enhanced at community level, provincial level and national level. Expression of interest + proposal mechanism will allow ex-ante assessment of stakeholder commitment + appraisal of feasibility. MAL will provide awareness building and extensive support to the private sector to encourage their full participation in agricultural partnerships.
Implementing Agency (IA) Risks (including Fiduciary Risks)		MAL will not manage project funds directly, but funds allocated to Component 2 will be managed through a separate funding category to ensure that funds are not used on Component 1 activities. Any proposed SIG changes to the IA will require a proposal to the Cabinet for a decision in order that fiduciary capacity and governance can be assessed by RDP II management. Performance incentives and other benefits (such as technical training) will be introduced to address provincial performance issues and more extensive training and mentoring Programmes will be instituted. Build capacity of provincial administrations.
<u>Capacity:</u> Ministry of Development Planning and Aid Coordination (MDPAC) has seven years of experience implementing RDP and has developed one of the most effective networks for rural service delivery in the country. The RDP Project Coordination Unit (PCU) has a strong team, but Provincial Support Units vary from province-to-province. In the transition from RDP I to RDP II, there is a risk of turnover which could require some rebuilding. MAL does not have the capacity to provide	H	

⁴ World Bank, 22 October 2014, Project Appraisal Document, Report PAD n° 1074.

Risks	Risk level (H/M/L)	Mitigating measures
<p>fiduciary controls in the provinces and has limited experience of managing donor funds on its own. Discussion as to the most appropriate implementing agency to ensure the sustainability of RDP going forward could lead to a change from MDPAC to another government agency.</p>		
<p>Governance: The existence of related Programmes supporting rural activities at the provincial, constituency and ward levels creates some competition for resources and political support. Efforts to integrate systems across these levels have been largely ineffective. Fiduciary mechanisms under RDP have been largely effective, with checks and balances across Ministry of Finance and Treasury (MoFT), MDPAC and MAL.</p>	M	<p>Maintain and enhance engagement in the RDP Project Steering Committee, including active provincial government participation. Create a working-level coordination group among the ministries responsible for managing community (RDP), provincial and constituency funds. Continue existing fiduciary controls and enhance through output-based grants and web-based, publicly accessible reporting on community projects. Utilise a Grievance Redress Mechanism to allow various parties to register concerns and complaints with appropriate RDP and/or government officials. PCU will provide regular financial reports and other information to Provincial Governments to engage them more actively in holding Provincial Support Units (PSUs) accountable for their expenditures. Communities will no longer receive funds based on documentation which proves the legitimate use of funds, but rather through verification (including photographs) of stages of progress by Community Helpers and output-based grants. The Bank will conduct regular reviews of PCU, PSU and agricultural partnership grant recipients to ensure that funds are being used for intended purposes.</p>
<p>Programme Risks: In addition to the on-going challenges of inter-island transport, communication, and other logistical impediments that already affect RDP, the addition of Renbell Province will create further obstacles to timely and effective implementation. Communities could suffer from delays in project implementation and/or project ownership due to ineffective community mobilisation and problem solving. With respect to Component 2, private sector capacity to initiate and manage partnerships with farmers may be less than the design proposes. The principle value chains, cocoa and coconut, may not have sufficient growth potential to absorb project funds and other value chains may not be attractive enough to warrant investment.</p>	H	<p>New more intensive training modules will be developed for Community Helpers to strengthen their ability to engage communities in programme activities to solve problems as they arise. MAL will do a more in-depth scoping of the capacity of the private sector to provide services to smallholders and develop plans to strengthen this capacity and fill needs for technical capacity. Intensive support will be provided by PCU to ensure that the new Renbell PSU operates effectively and has the full support of the Provincial Government.</p>
<p>Social and Environmental: Small-scale rural infrastructure activities have generally limited highly localised impacts. Social risks emerge mainly around competition for scarce natural resources, in particular, land. Some community members may also be</p>	M	<p>Continue to implement the Environmental and Social Management Framework and associated tools developed under RDP I as they have successfully mitigated risks. MAL will provide enhanced monitoring of safeguard mitigation actions by agricultural partnership grant</p>

Risks	Risk level (H/M/L)	Mitigating measures
excluded from decision-making. Safeguard mechanisms put in place during the on-going phase of RDP have proven effective in identifying risks and mitigation actions. Capacity to implement mitigation actions is mixed across communities. The capacity and incentives for private sector firms to implement mitigation actions may be low as such efforts could increase the costs of doing business.		recipients. Provide training for Community Helpers and communities on the use of the Environment and Social Management Framework (ESMF).
Land issues: Land is an important risk; patterns of land utilisation are determined by a customary land tenure system.	H	Thorough screening processes prior to allocation of community grants or agri-business partnership grants on contentious issues will be adopted. No compensation for land is allowed and written commitment from land owners will be required before approval of grants. On a strategic level, the project will initiate studies on land tenure/ownership to feed into national policy development.
Programme and Donor: RDP has been operating as a government Programme for seven years and has received financing from the EU, Australian Aid/DFAT, IFAD and the Bank, including two successful rounds of additional financing and a significant government contribution. In principle support from all RDP I donors is confirmed. Under RDP I Donor funds were successfully managed through trust funds with no earmarking or restrictions.	M	Maintain joint donor review missions and joint donor preparation support. Engage policy dialogue on lessons learned from decentralized approach plus also link with broader budget implementation/PFM reform agenda in the CEWG.
Delivering Monitoring and Sustainability: With subprojects located in all rural wards of the country, RDP has found it difficult to obtain rich and timely information as to the effectiveness of implementation in some communities. Provincial governments have very limited resources for monitoring and have only lightly engaged with RDP in monitoring. RDP provides training and support to sustain investments, but it is too early to assess their effectiveness over time. Monitoring of partnerships has proven manageable in a similar Papua New Guinea project as most firms operate in larger towns. Component 2 interventions are dependent upon private sector firms sustaining the services they offer to farmers.	H	A new web-based Management Information System with the capability of uploading information from anywhere with a mobile phone connection will be used to collect timely information on community programmes. Provincial sector staff will be engaged in community project monitoring and ongoing support for facilities that fall within their sectors. Expression of interest + proposal mechanism will allow ex-ante assessment of stakeholder commitment + appraisal of feasibility and sustainability.
Overall Implementation Risk: Operational, financial management and procurement	M	With nearly 7 years' experience of implementing RDP I multiple systems have been put in place to manage risks and these will be emulated under RDP II however with stronger involvement of the provincial administration, by a more results and community-driven approach as well as by promoting private sector buy-in.

Risks	Risk level (H/M/L)	Mitigating measures
Assumptions		
<ul style="list-style-type: none"> • Political stability continues; • No extreme weather events due to climate change; • Timely Government, and donor, programme financial contributions; • There will be no major Government policy changes affecting the rural sector and Government continues support to improving rural infrastructure through sufficient budget allocation to line agencies, particularly the Ministry of Agriculture and Livestock (MAL), the Ministry of Rural Development (MRD) and Ministry of Development Planning and Aid Coordination (MDPAC); • No significant external market distortions in key export crops; • Government will continue to promote a private sector-friendly, enabling environment; • Government policy will continue to commit to gender equality and climate change mitigation and adaptability. 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

A World Bank report was completed in mid-2014 and titled “Solomon Islands – Toward Better Investment in Rural Communities”⁵. The Report’s overall findings were that rural development programmes should:

(i) Redefine the main 3 funding streams (provincial, constituency and community); (ii) redistribute and institutionalise funds toward well-defined modalities at the provincial and community level; and (iii) integrate planning processes across funding streams to align with the redefined focus of each stream. The findings and recommendations of the above Report will be taken into account when implementing RDP II. Key lessons learnt from RDP I (2008-February 2015) identified the following areas for improvement and design modification in RDP II Component 1: (i) community procurement is the preferred option; (ii) centralised technical/engineering support is costly and inefficient; (iii) community programmes cannot usually be completed within one year; (iv) community programmes do not receive adequate Community Helper support; and (v) the management of Component 1 was too centralised.

Lessons from the implementation of RDP I Component 2, used to inform the design of Component 2 of RDP II⁶, were: (i) overreliance on public sector service delivery has deprived the private sector of opportunities to deliver similar services; (ii) public sector finances cannot sustain the levels of operational funding for extension services for RDP II; (iii) a participatory community consultation approach leads to services which are too diffused; and (iv) there is a lack of attention to the commercial development of the agricultural sector.

3.2 Complementarity, synergy and donor coordination

The main complementary donor activities supporting RDP II are:

DFAT: the Pacific Horticultural and Agricultural Market Access Programme (PHAMA) and IFAD: the regional Pacific Island Farmers’ Organisation Network (PIFON).

⁵ Reference: worldbank.org/pi

⁶ Reference: World Bank, April 2014, Programme Concept note for RDP II.

The Asian Development Bank (ADB) is preparing another transport programme co-funded by DFAT, focusing on infrastructure development (mainly road maintenance). This programme should have some linkages in terms of market access to the agricultural sector and RDP II activities.

The Republic of China: the Taiwan Technical Mission, as well as much of the Constituency Development Fund (CDF) Programme.

The United Nations Development Programme (UNDP) supports the rural sector through several programmes, viz. (i) Equitable Economic Growth and the Millennium Development Goals; (ii) Sustainable Environmental Management; and (iii) Crisis Prevention and Recovery, as well as through the following donor funds: (i) the Community Resilience to Climate Change and Disaster Risk (CRISP) (World Bank) and (ii) the SWoCK Programme – Resilience in Agriculture and Food Security Programme.

The EU provides budget support to SIG on Rural WASH (Decision FED/2013/023-803) for a total of EUR 17.4 million (budget support and complementary measures) and has a contribution agreement (FED/2011/245-476) with UNICEF (EUR 2.6 million) under the ACP Water Facility for improving WASH in Solomon Islands. Coordination with the Rural WASH programme will ensure that no duplication will occur, and that where possible synergy and complementarity will be sought.

Coordination for rural development takes place through the Agriculture/Rural Development Sector Coordination Group that meets on a monthly basis. The members of the Group are: the EU, DFAT, WB, IFAD, the Secretariat of the Pacific Community (SPC), the Republic of China, the International Labour Organisation (ILO), UNDP, the Japanese International Cooperation Agency (JICA), MDPAC, MPGIS, MAL and MRD.

3.3 Cross-cutting issues

Social Risks: A detailed Social Impact Assessment (SIA), including gender equality analysis, was conducted at the beginning of RDP I in 2007 and the results of that assessment remain valid for RDP II. Experience during RDP I implementation has highlighted the following key social risks:

- (i) Women are often poorly represented in decision-making and implementation groups;
- (ii) Disputes regarding the use of customary land and access to natural resources are infrequent, but can arise and cause the termination of sub-programmes if they cannot be resolved in a timely fashion;
- (iii) The engagement of traditional and church leaders remains important for maintaining community engagement and resolving problems that may arise;
- (iv) Literacy levels are low.

Environmental Risks: Under Component 1, potential negative socio-environmental impacts and risks related to the development of small-scale infrastructure are mostly disturbance to the ground and vegetation cover, cutting of a small number of trees for timber, temporary construction impacts such as dust, noise, waste and wastewater generation, increased erosion potential, disruption to domestic activities and safety risks. Under Component 2, negative environmental impacts are small-scale, site-specific and manageable.

In order to avoid and/or mitigate the potential adverse social and environmental impacts due to the implementation of RDP II, the SIG's Ministry of Development Planning and Aid Coordination (MDPAC) has drafted an Environmental and Social Management Framework (ESMF) taking into account experiences from RDP I and other similar rural development programmes.

Climate change risks: The environment of the Solomon Islands is threatened by extreme weather events (natural disasters) such as cyclones, earthquakes, landslides, floods, droughts and tsunamis, which are likely to increase in frequency and severity under the influence of climate change.

Land ownership risks: Most of the country's land is in customary ownership, which is an unacceptable asset as collateral for bank loans and thus restricts economic development in rural areas.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The overall objective of the programme (impact) is *to improve basic infrastructure and services in rural areas including the capacity to sustain them, and to strengthen the linkages between smallholder farming households and markets*, with the following specific objectives (outcomes):

- (i) To increase the number of beneficiaries with improved quality of and/or proximity and access to climate resilient rural infrastructure and/or rural services;
- (ii) To increase the number of members of farming households (gender-disaggregated) engaged in productive partnerships with commercial enterprises;
- iii) To increase the sale of products by farmers engaged in partnerships;
- (iv) To increase the number of male and female beneficiaries receiving rural infrastructure/agriculture and livestock support to recover incomes lost from the April 2014 flooding and other extreme weather events and to enhance their future resilience to climate risks.

The programme's direct and tangible outputs are grouped under programme components, described in section 4.2 below, and indicated under the Intervention/Outputs column in the logical framework (log frame) matrix (appendix 1).

The programme conforms with, and satisfies, expected EU results under Focal Sector 2, Rural Development of the NIP 2014-2020.

In the indicative log frame matrix attached as appendix 1 to this document, indicators aligned with the relevant programming document are marked with "*" and indicators aligned with the EU Results Framework with "***".

Programme beneficiaries: Out of a national population of approximately 610,000 people, comprising some 70 indigenous groups, the Programme is expected to provide benefits to approximately 65,000 beneficiary households, or about 357,500 people (assuming a household size of 5.5 people). The majority of these households (about 48,000) will benefit from improved community-driven rural services such as water supply, health and education facilities, transport, energy, etc. Approximately 17,000 smallholder farming households,

agribusiness owners and other contributors to agricultural value chains will also benefit from investments to improve agricultural productivity, marketing and value addition and incomes.

4.2 Main activities

The main activities of the Programme are undertaken under 3 main components: (1) Community Infrastructure and Services; (2) Agribusiness Partnerships and Support; and (3) Support to Capacity Building and Decentralized Implementation.

Component 1 – Community Infrastructure and Services, which retains and refines the community-driven development mechanisms developed during RDP I, comprises four sub-components:

Sub-component 1.1: Community Development Grants will be delivered in two cycles covering the country's 172 rural wards. Sub-projects, estimated to be completed within 2 years, will be undertaken in the following cycle of processes: (1) Government engagement; (2) Village preparation; (3) Ward Development Committee (review and ranking); (4) Provincial review and approval; (5) –Sub-project Implementation Committee (SIC) formation and sub-project technical design; (6) Sub-project appraisal and approval; (7) Sub-project implementation; (8) Sub-project evaluation; and (9) Operations and maintenance.

Sub-component 1.2: Community facilitation and capacity development will continue to provide community-level support by Community Helpers (CHs) and Technical Community Helpers (TCHs).

Sub-component 1.3: Rural infrastructure disaster recovery and resilience support will be provided to the communities in Guadalcanal most badly affected by the April 2014 flash floods and build capacities for the adoption of measures and techniques to enhance the resilience of community infrastructure to natural disasters and the effects of climate change.

Sub-component 1.4: Provincial support will be provided mainly by way of Provincial Support Units (PSUs) in each province and by leveraging the resources and systems of Provincial Governments, Constituency Development Offices and line ministries with staff operating at the provincial level.

Consultation and coordination at national and provincial level are part of the set-up of the project and constitute an important responsibility of the Provincial Support Units and the national Project Management Unit. In each Province, the project financed Provincial Support Units are tasked to strengthen the provincial and ward level interventions, building capacity at community, ward and provincial level. This will ensure that Provinces will be able to apply similar process for Community Development Grant mechanisms in future with Government funds. The participatory planning, community and ward profiling activities undertaken by RDP II will provide valuable, bottom up input into provincial development plans.

Component 2 – Agribusiness Partnerships and Support: this component aims to: (i) assist farming households to engage in productive partnerships with commercial enterprises; (ii) build the capacity of MAL to deliver its core functions of regulation, research and sector coordination; and (iii) restore the productive assets of households critically affected by the April 2014 flash floods. The sub-components are:

Sub-component 2.1: Agribusiness partnerships will promote the development of stronger, more profitable alliances between private sector agribusinesses and smallholder farmers providing for financing, risk management, business development services, market linkages, capacity building and policy/institutional support. The business development services will allow strengthening private sector to develop profitable and sustainable business plans and models. Selection criteria will be weighted to preference the allocation of Agribusiness Partnership Grants to partnerships that: (i) offer equitable opportunities for participation by men, women and youth; (ii) incorporate specific measures to facilitate the inclusion of disadvantaged and vulnerable groups; and (iii) address the need for farming households to adapt to climate variability, climate change and mitigate the impact of natural disasters.

Sub-component 2.2: Agricultural Supplemental Equity Facility (ASEF) will re-activate the SEF activity which was created under RDP I. The facility would be accessed through the commercial banks for programmes in which the borrower contributes 20% of the cost and the bank is prepared to lend 60%. The remaining 20% will be financed by an ASEF grant to the borrower.

Sub-component 2.3: Agricultural Commercialisation will strengthen the enabling environment for the development of the agricultural sector through support to the on-going MAL capacity building process, direct support to farmer groups (in particular, those including women farmers), improved industry coordination and adaptive research (focused on cocoa and coconut and other (to be identified) cash crops).

Sub-component 2.4: Agriculture and livestock disaster recovery and resilience will help to replenish agriculture and livestock assets and build capacities with regard to climate risk management.

Sub-component 2.5: Agribusiness support will include a Component 2 Management Unit (C2MU) to be based in MAL with a mandate to coordinate and manage the implementation of Component 2.

Component 2 will ensure private sector to become stronger, by building capacity both within public institutions (MAL in particular) to support development of the private sector and through innovative agri-business partnerships which includes support to business development services; Through these partnerships, private sector will be able to take on a role of service delivery to smallholder farmers on a commercial basis through stronger linkage with markets.

Component 3 – Support to Capacity Building and Decentralized Implementation: This component will provide support to decentralised implementation and may include support for sound financial execution, overall M&E/MIS (including contracting studies on topics such as land use and ownership, disaster preparedness, etc.), and environmental safeguards. Another cross-component function will be to build capacity of the provincial governments and civil society stakeholders (community organisations, private sector) to deliver in future through the SIG budget process RDP II-type services and benefits.

4.3 Intervention logic

The SIG has sound policies and strategies in the rural development sector that are relevant to RDP II and consistent with the NIP 2014-2020 and its overall sector objectives. The main sector problems addressed in RDP II are: (i) the high incidence of poverty due to low employment and income-earning opportunities in rural areas; (ii) rapid population growth and rural-urban migration, which has a significant impact on social and economic conditions; (iii) access to basic needs in basic rural infrastructure and services; and (iv) the improvement of social and communal stability following the ethnic tensions and lawlessness experienced between 1998 and 2003. Programme formulation addresses cross-cutting issues covering social risks and safeguards, including: gender equality, land disputes and access to natural resources, community engagement with the programme, indigenous peoples, physical cultural heritage resources, grievance redress mechanisms and environmental risks.

Intervention logic requires a credible exit and sustainability strategy. In this context, additional financing by the SIG, covering the entire fourth cycle of community grants under RDP I, and the decision to provide significant financing under RDP II are important indicators of the political commitment to finance and sustain community-driven rural investments. Sustainability will also be ensured through the policy dialogue based on feedback from achievements and lessons-learned under RDP II into revision of the National Agriculture and Livestock Sector Policy as well as into the wider PFM reform agenda.

The main overall impact of the programme will be to improve access to basic services in rural areas and foster improved farming practices, leading to increased production and productivity. At national and provincial level it will have the following impact, respectively: (i) increased exports, foreign exchange revenues, import substitution; and (ii) increased rural employment, household incomes and inclusive economic development in less developed areas.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of the Annex to Regulation (EU) n° 566/2014.

5.3 Implementation modalities

5.3.1 Indirect management with an international organisation

This action may be implemented in indirect management with the World Bank in accordance with Article 58(1) (c) of Regulation (EU, Euratom) n° 966/2012 applicable by virtue of article 17 of the annex to Regulation (EU) n° 567/2014. This implementation entails delivery of the core objective - improvement of basic infrastructure and services in rural areas including the capacity to sustain them, and to strengthen the linkages between smallholder farming households and markets. Activities may include infrastructure and services development, support to agribusiness partnerships and support to decentralised implementation and capacity building. This implementation is justified because the World Bank entity has a proven track record of programme implementation in the Solomon Islands, on behalf of the EU, under the co-financed Solomon Islands Agriculture and Rural Development Strategy (ARDS: 2006-2007) and –more importantly- the Solomon Islands Rural Development Programme Phase I (RDP I: 2008-2015), which this programme builds upon. The World Bank in Solomon Islands is the only realistic implementing partner for a project in this area (rural development) of this scale (national outreach and large budget). The World Bank administrated trust fund (pool funding development partners and SIG) will allow for a coherent and coordinated approach, anchored in the national budget through SIG's own contribution, thereby creating leverage for influencing rural development policy at national level.

The entrusted entity will carry out the following budget-implementation tasks: tasks consisting of carrying out procurement and grant award procedures, and awarding, signing and executing the resulting Procurement Contracts and Grant contracts, notably accepting deliverables, carrying out payments and recovering the funds unduly paid

The entrusted international organisation is currently undergoing the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 17 of the Annex to Regulation (EU) No 567/2014. The Commission's authorising officer responsible deems that, based on the compliance with the ex-ante assessment based on Regulation (EU, Euratom) No 1605/2002 and long-lasting problem-free cooperation, the international organisation can be entrusted with budget-implementation tasks under indirect management.

The Commission authorises that the costs incurred by the entrusted entity may be recognised as eligible as of the date of the adoption of this Decision provided that it is authorised by a prior approval.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries

concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget⁷

	EU contribution (amount in million EUR)	Indicative third party contribution, in currency identified (amount in million)
5.3.1 Indirect management with the World Bank	9.7	USD 9 M (IDA)⁸; USD 4.6 M (IFAD)⁹; AUD 15 M (DFAT)¹⁰; SBD 50 M (SIG)¹¹ (over period 2015-19).
<u>5.8 Evaluation</u>	0.100	
<u>Contingencies</u>	0.200	
<u>Totals</u>	10	EUR 28 M

5.6 Organisational set-up and responsibilities

Overall programme coordination and implementation responsibility would remain with the MDPAC, as currently under RDP I. A Programme Steering Committee (PSC) will continue to provide programme oversight, guidance and monitoring and would comprise the Permanent Secretaries, or their delegates, from the Ministries of: Finance and Treasury; Agriculture and Livestock; Infrastructure Development; Education and Human Resource Development; Provincial Government and Institutional Strengthening; Health and Medical Services; Rural Development; Development Planning and Aid Coordination and Provincial Secretaries (representing participating provinces).

The Permanent Secretary in MDPAC (Programme Coordinator) will be assisted by a full-time national Programme Manager and a full-time international Programme Advisor responsible for the daily coordination of programme activities, and: (i) for fiduciary aspects, finance and procurement specialists; (ii) coordinators and other support staff for Component 1 (based in MDPAC) and Component 2 (based in MAL); and (iii) for additional cross-component implementation support, an M&E/MIS officer and environmental officer. The Programme Manager (reporting to the Permanent Secretary in MDPAC) will coordinate implementation

⁷ Figures rounded to nearest 0.001 million

⁸ IDA (World Bank): USD 5 million on credit terms and USD 4 million on grant terms.

⁹ IFAD: USD 4.6 million, 50% on credit terms and 50% on grant terms.

¹⁰ Australian Aid/DFAT: AUD15 million on grant terms.

¹¹ Solomon Islands Government: SBD50 million from budget allocation.

of programme activities managed by the provincial governments and by MAL (as regards Component 2).

Component 1 management and coordination at provincial level will be the responsibility of the Provincial Secretary assisted by a Provincial Team Leader, Finance Officer and Community Helpers operating at ward and village level. These will all be national positions. Central Province activities will be managed from Guadalcanal and due to the small number of community grants, the Renbel Province Team Leader will also be responsible for finance. Larger provinces Western, Guadalcanal and Malaita provinces will also have a deputy Team Leader to assist. Provincial governments will continue to be responsible for activities in the provinces, through the signature of Memoranda of Understanding (MoU) with MDPAC. Technical support will be engaged from line agency staff at provincial level (e.g. Environmental Health; Works; Agriculture; Home Affairs and Education).

As exit strategy for component 1, the Community Development Grant mechanism with one grant per ward per year will be institutionalized into the decentralized government financing system. At the moment, this would fit best within MRD, but the landscape for implementing such mechanisms may change over the next few years. Since significant funds are expended through constituency accounts on a recurring basis, the adjustment would be for such rural investment funds to be disbursed through community accounts based on participatory planning processes. Government may still want donor assistance for this in the future, but the percentage contribution of donors would have to be significantly smaller than it is for RDP II.

Management of Component 2 activities will be the responsibility of MAL. A Component 2 Manager will be responsible for coordinating all Component 2 activities and will report directly to the Permanent Secretary in MAL. The Component 2 Manager will work together with the RDP II Programme Manager and Programme Advisor as an overall programme management team. Two national consultants will be hired to support the partnership and training aspects of Component 2, two staff will be hired to provide M&E support and MAL will assign a Programme Assistant to support the C2MU team.

The exit strategy for MAL is that private sector companies will maintain the services and capabilities built through their investments and that the requirements for government support will be reduced into targeted technical assistance. Government may still wish to utilize the financing modalities built through the project, but government financing would have to become more significant as a sustainability strategy. MAL would also have substantially enhanced capabilities that would be sustainable via the enhanced skill base and services which MAL would be able to provide in partnership with the private sector.

5.7 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the log frame matrix (for programme modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the

means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The World Bank shall provide the EU with information on the progress and results of the Programme financed under the agreement. To this end the World Bank Group entity shall prepare narrative progress report(s) and a final report. The World Bank Group will also provide the Commission with progress and final financial information regarding the Programme. The narrative report(s) as well as the financial information shall cover the entire Programme described in the Administration Agreement, regardless of whether or not the Programme is entirely financed by the EU.

The Commission may undertake additional programme monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the nature of the action, mid-term and final evaluations will be carried out for this action or its components through a joint mission via an implementing partner.

Mid-term review: It will be carried out for learning purposes, in particular with respect to innovations and actions absent from RDP I, such as the promotion of agribusiness partnerships with the private sector and agricultural commercialisation for smallholder farmers in Component 2; and (ii) under Component 1, a Social Accountability Pilot using Community Score Cards to identify opportunities for community participation in service delivery quality, and significant sector characteristics, will be tested with the Ministry of Education and Human Resource Development. Relevant recommendations from the mid-term review will be discussed with the implementing partner for adjustments to the programme.

A final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that (i) that the RDP II design includes innovations and actions absent from RDP I, such as the promotion of agribusiness partnerships with the private sector and agricultural commercialisation for smallholder farmers in Component 2; and (ii) under Component 1, a Social Accountability Pilot using Community Score Cards to identify opportunities for community participation in service delivery quality, and significant sector characteristics, will be tested with the Ministry of Education and Human Resource Development.

The Commission shall inform the implementing partner at least one month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, two contracts for evaluation services shall be concluded under a framework contract in February 2017 and April 2019.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

The budget for visibility and communication activities will be included in the Agreement.

6 PRE-CONDITIONS

The action is subject to the Solomon Islands Government, and other donors, making available their financial contribution to RDP II in a timely manner.

APPENDIX 1 – INDICATIVE LOG FRAME MATRIX ¹²

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action; new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when relevant and for reporting purposes on the achievement of results as measured by indicators.

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective	to improve basic infrastructure and services in rural areas including the capacity to sustain them and to strengthen the linkages between smallholder farming households and markets	National: Increased exports, foreign exchange revenues, import substitution; Provincial: Increased rural employment, household incomes, and inclusive economic development in less developed areas;	All baselines are in 2015, unless otherwise indicated	Cumulative targets expressed in programme years 1/2/3/4/5	Source of information: Collection method/frequency	
Specific objective(s): Outcome(s)	<p>(i) to increase the number of beneficiaries with improved quality of and/or proximity and access to climate resilient rural infrastructure and/or rural services;</p> <p>(ii) to increase the number of members of farming households (gender-disaggregated) engaged in productive partnerships with commercial enterprises;</p> <p>iii) to increase the sale of products by farmers engaged in partnerships;</p> <p>(iv) to increase the number of male and female beneficiaries receiving rural infrastructure/agriculture and livestock support to recover incomes lost from the April 2014 flooding and other extreme weather events and to enhance their resilience to climate risks</p>	<p>*(i) cumulative target of male and female beneficiaries with improved quality of and/or access to rural infrastructure or services (including disaster recovery support);</p> <p>** (ii) cumulative target of clients engaged in partnerships supported by the programme;</p> <p>** (iii) cumulative % increase in produce value sold by partnership participants from start of partnership to programme close;</p> <p>*(iv) cumulative target beneficiaries receiving chicken, pig or cash crop replacement support</p>	<p>2015: 264,000 (48,000 households x 5.5 persons)</p>	<p>Year/All/F ('000)</p> <p>1- 0/0</p> <p>2-22/11</p> <p>3-83/42.5</p> <p>4-200/100</p> <p>5-262.85/131.45</p> <p>7/26,5/53.6/68.2/68,2 (000')</p> <p>0/10 /15/20/30</p> <p>0/5400/5400/5400/5400</p>	<p>(i) Verified Technical Design Forms (TDFs)/Community Helpers, MDPAC/on-going</p> <p>(ii) Agricultural Partnership monitoring forms/ MAL/on-going</p> <p>(iii) Agriculture Partnership monitoring forms/MAL/on-going</p> <p>(iv) monitoring forms MAL/on-going during first 2 years of programme</p>	<p>Political stability continues</p> <p>No extreme weather events due to climate change</p> <p>Timely Government programme financial contributions</p> <p>There will be no major Government policy changes affecting rural sector and Government continues support to improving rural infrastructure through sufficient budget allocation to line</p>

¹² Indicators aligned with the relevant programming document are marked with “*” and indicators aligned with the EU Results Framework with “**”. The EU's contribution will be included as of 2016, funds from the other donors as of 2015. Therefore, indicators, baselines and targets are set at the end of year 1 for the EU's investment. However, the logframe also includes the figures for year 1 (2015).

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Out puts	Component 1: Community infrastructure and services					agencies, particularly MAL
	Number of community infrastructure sub-programmes completed (including from disaster recovery)	*374 sub-projects in use by beneficiary communities by the end of the programme	0 2015	0/30/120/280/374	MIS/MDPAC, PSUs/on-going	No significant external market distortions in key export crops
	Participants in community prioritisation/consultation meetings (gender-disaggregated)	*180,000 participants attending the second community prioritisation meeting by the end of the programme	80,000 participants in 2015, 40,000 of which are female	All - 80/160/180/180/180 (000') F – 40/80/90/90/90 (000')	MIS, and reports on 2 nd community meetings/ MDPAC and CHs/once for each grant cycle	
	Percentage of sub-programmes for which plans for community engagement in post-programme operations and maintenance are confirmed	*Percentage of total number of approved sub-projects that have plans for O&M confirmed by CHs	0 2015	0/5/30/70/100	MIS, and reports on 2 nd community meetings/ MDPAC and CHs/on-going	There will be no major Government policy changes affecting the rural sector;
	Community and other non-programme-financed contributions as a percentage of total subproject costs (at the time of completion)	*Cash contributions and cash values of non-cash contributions as a percentage proportion of total sub-programme costs	0 2015	0/15/30/30/30	MIS, and sub-programme monitoring form/MDPAC and CHs/on-going	
	Representatives in Ward Development Committees that are women	**Percentage of the total number of WDC members who are women	20 2015	20/50/50/50/50	MIS/MDPAC and CHs/on-going	
	Percentage of sub-projects with co-financing from MPs, MPAs or Provincial Government	*Percentage of sub-projects either under implementation or completed with a co-financing agreement signed by MPs, MPAs or Provincial Government	5 2015	5/10/15/15/20	MIS and co-financing agreements/MDPAC, PSUs & CHs/on-going	Government will continue to promote a private sector-friendly, enabling environment
	Component 2: Agribusiness partnerships and support					
	Number of agribusiness partnerships established	**Partnerships financed by RDP II by the end of the programme	18 2015	18/46/79/79/79	Partnership application forms/MAL/on-going	
	Increase in area of crops with improved farming practices under partnerships	**75 hectares of land farmed by agribusiness partnership farmers by the end of the programme, where improvements are verified by MAL	5 2015	5/10/15/20/25	Partnership application forms and monitoring forms/MAL/on-going	
	Total value of ASEF grants disbursed	**Funds, in SBD ('000s) disbursed to ASEF grant recipients by the end of the programme.	3,000 2015	3,000/7,000/11,000/15,000/16,000	Approved application forms/MAL/on-going	
	Increase in the number of employees of small and medium-sized enterprises (ASEF recipients) and agribusiness partnerships	**Increase in employees from the baseline to programme closing for each ASEF and agricultural partnership grant recipients	10 2015	5/7/8/9/10	Monitoring forms/MAL/on-going	

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
	Male and female farmers who are members of a formal association and who participate in agribusiness partnerships	**Target numbers of farmers have become members of a relevant association by the end of the programme as a result of RDP II activities (disaggregated)	30 2015	30/40/50/60/60	Partnership application forms & monitoring forms/MAL/on-going	
	Client days of agricultural training provided	**Target numbers of days of training provided to programme participants i.e. the number of participants who completed training multiplied by the duration of training expressed in days	1,000 2015	1000/5000/10,000 15,000/20,000	Participant lists from Component 2 training events/MAL/on-going	
	Component 3: Capacity Building and Decentralized Implementation					
	Audit reports submitted on time	5 audits submitted by a 30 June deadline each year		1/2/3/4/5	Audit submitted to World Bank/MDPAC/on-going	
	Percentage of sub-projects with data entered into the MIS from the field	Total approved sub-projects in which CHs or other stakeholders have submitted data from outside of Honiara	0 2015	0/20/30/40/60	MIS/MDPAC/on-going	
	Social accountability pilot scaled up beyond pilot communities	Confirmed implementation of community scorecards in communities other than those agreed as part of the pilot		No/No/Yes/Yes/Yes	Semi-annual progress report/MDPAC/once	
	Years with adequate Government counterpart contributions	Line item in budget to finance RDP activities		1/2/3/4/5	Annual budget development/MDPAC/annually	

Abbreviations/acronyms:

CH – Community Helper
M&E – Monitoring and Evaluation
MAL – Ministry of Agriculture and Livestock
MDPAC – Ministry of Development Planning and Aid Coordination
MID – Ministry of Infrastructure Development
MIS – Management Information System
MPA – Member of the Provincial Assembly
MPG – Ministry of Provincial Government
MRD – Ministry of Rural Development
PCU – Programme Coordination Unit
PSU – Provincial Support Unit
RDP – Rural Development Programme
SIC – Sub-project Implementation Committee
TCH – Technical Community Helper
TDF – Technical Design Form
WDC – Ward Development Committee

Annex A: Summary of Solomon Islands Government policy and strategy on rural development

Solomon Island Government (SIG) policies and strategies, with regard to sustainable rural development are contained in the “National Development Strategy (NDS) 2011-2020” which articulates a vision and priorities to advance both human, as well as, economic development. Implementation is planned through multi-year 'Medium-Term Development Plans' (MTDP) for each Ministry, and complemented by development of a “Medium-Term Expenditure Framework” (MTEF). The main priority of the MTDP is “Sustainable Economic and Rural Development” through:

1. Impacts on the rural people: increasing economic and livelihood opportunities and improving rural education and health services for all Solomon Islanders;
2. Productive sectors: through diversification, increased value added in environmentally sustainable productive activities providing a fair share of benefits for government;
3. Institutional development: to facilitate private sector activities, promote public private partnerships in utilities and infrastructure, and establish capacity and processes to mainstream environmental issues, especially climate change;
4. Infrastructure Development: to facilitate development in rural and remote communities, maintain infrastructure in a fully usable condition, and demonstrate that public private partnership works well in Solomon Islands.

To build better lives for all Solomon Islanders

Objective 1: Alleviate Poverty and Improve the Lives of Solomon Islanders in a Peaceful and Stable Society

Objective 2: To Support the Vulnerable.

Objective 3: Ensure all Solomon Islanders have Access to Quality Health Care and Combat Malaria, HIV, Non-communicable and Other Diseases

Objective 4: Ensure all Solomon Islanders can Access Quality Education and the Nation's Manpower Needs are Sustainably Met

Improving livelihoods of all the people of the Solomon Islands

Objective 5: Increase Economic Growth and Equitably Distribute Employment and Income Benefits

Objective 6: Develop Physical Infrastructure and Utilities to ensure all Solomon Islanders have Access to Essential Services and Markets

Creating and Maintaining the Enabling Environment

Objective 7: Effectively Respond to Climate Change and Manage the Environment and Risks of Natural Disasters

Objective 8: Improve Governance and Order at National, Provincial and Community Levels and Strengthen Links at All Levels

In order to achieve the aim of Objective 1, “Alleviate Poverty and Improve the Lives of Solomon Islanders in a Peaceful and Stable Society the Government faces the following challenges.

1. Poverty

The Solomon Islands Statistical Office analysis suggests that almost 23% of the population faces difficulties in meeting basic food and essential non-food needs and that there are “many more households and individuals who have expenditure only just above the basic needs poverty line and who are therefore vulnerable to rising prices and/or declining incomes/expenditure.” Female-headed households are disproportionately represented among the poor. Government’s analysis concludes that this is income rather than asset poverty and needs to be addressed by increasing employment and income-earning opportunities in urban and rural areas.

2. Population Growth and Rural-Urban Migration

Rapid population growth impacts social and economic conditions of Solomon Islanders, including: distribution of income, urban drift, high unemployment rates and access to basic needs like education, health and housing. Many agencies participate in the National Population Policy, which is currently being finalised and is integrated into this National Development Strategy. The current age structure results in a high dependency burden. Dependency ratios will only become favourable to economic growth when dependency levels fall to about 50 dependents to every 100 economically active adults, compared to the present level of over 80. The current slow fertility decline will take several decades to reduce the dependency ratio to 50. Solomon Islands has serious problems with rapid, ***unplanned*** urban expansion which harms urban communities through increased crime, urban squalor, housing pressure, public health risks, and costs for urban-based businesses. Such problems can be reduced by improving rural living standards, to discourage migration, and helping those in squatter settlements to escape from poverty through better basic services, adult education and skills training. Urbanisation has benefits, bringing people to larger population centres better able to provide varied productive skills and more efficient local markets. Urbanisation also enables more cost-effective provision of services, including health, education and law enforcement, but such benefits depend on ***planned*** urbanisation.

Social and Communal Stability

The Solomon Islands have made significant progress in promoting and maintaining stability after the ethnic tensions ended in 2003. The root causes of the tensions may include the uneven distribution of public resources, land issues, and a growing unemployed youth population. Policy responses address reconciliation, political stability, constitutional reforms and land issues. Stability is a necessary condition for building a better future of all Solomon Islanders and the reconciliation and peace process is an ongoing challenge. The Truth and Reconciliation Commission was established in 2009, and began work in early 2010, convening public hearings about victims’ testimonies during and after the ethnic tension. The Rehabilitation Programme remains pending, with UNDP indicating its willingness to assist.

The Government’s poverty alleviation and rural livelihoods policy is aligned with the millennium development goals (MDG). The first MDG is to “eradicate extreme poverty and hunger”. The millennium development goals 2010 report indicates “mixed progress” as many people are seen to be “cash poor” even though subsistence means there is no large population living in extreme poverty. The proportion of the population who suffer from hunger has been halved compared to the 1990 baseline - impacted by subsistence production - but the level of employment and growth of gap per capita have yet to achieve satisfactory levels.

The Poverty Alleviation and Rural Livelihoods policy addresses poverty as income poverty and the strategies seek to improve both cash and non-cash income streams in the context of the major role played by subsistence activities. Most livelihoods are based on natural resources and the strategies aim to improve such livelihoods as well as promoting non-natural resource based livelihoods and small and micro-enterprise (SME) development. Supporting strategies also seek fairer returns to resource owners and improved rural infrastructure. Policies and strategies in the table below address the challenges to achieving Objective 1.

Objective 1: Policies, challenges and responsible agencies

Policies	Strategies	Agency
Focus area	To Build Better Lives for <i>All</i> Solomon Islanders	
<i>Poverty Alleviation and Rural Livelihoods</i>		
Objective 1	<i>Alleviate Poverty and Improve the Lives of Solomon Islanders</i>	
Develop and implement programmes to alleviate poverty based on improved market access and a vibrant smallholder sector through sustainable natural resource use and commercial activities in rural and remote areas	Prepare a long-term National Poverty Alleviation Plan through stakeholder consultations in partnership with central and provincial authorities, civil society, NGOs and the donor community.	MDPAC, Provinces, NGO, CSO, Donors
	Utilise constituency development funds to support poverty alleviation and rural livelihoods through concessionary loans, grants and equity for small business start-ups, including in Growth Centres, and through micro-programmes implemented by provinces and line ministries.	MRD, MPs, MCILI, Provinces.
	<i>Natural Resource Based Livelihoods</i>	
	Promote development of environmentally sound and sustainable subsistence-based farming systems, including organic farming, indigenous crops, and improved post-harvest handling, to increase household food security and marketable surpluses and downstream processing.	MAL, MCILI, Provinces, NGOs
	Strengthen agricultural support service for extension and research with a farming systems approach supported by active on-farm participatory research to help resolve day to day problems encountered by farmers.	MAL, Provinces, NGOs
	Support farmers and rural communities through farmer-to-farmer networks and contracted pre-qualified NGOs to provide extension, including in remote areas, in which "model farmers" provide assistance to farmers in similar circumstances of land availability and conditions, financial resource and access to markets and inputs.	MAL, NGOs, Provinces
	Increase opportunities for rural fishers and communities to improve their standard of living through promotion of on-shore fisheries processing to increase value added.	MFMR
	<i>SME and Non-Natural Resource Based Livelihoods</i>	

Policies	Strategies	Agency
	Increase awareness of opportunities for small-scale business development, including downstream processing opportunities for locally available products, and provide advice and training on both technical and enterprise aspects of SME formation and management in partnership with NGOs and private sector mentors.	MCILI, MAL, MFR, MFMR, MEHRD, NGOs, Private Sector
	<i>Resource Owners</i>	
	In partnerships with investors ensure that resource owners receive fair financial rewards and ensure proper awareness and participation by resource owners.	Provinces, MMERE, MFR,MRD
	Consultations between ministries, provinces and people in rural areas to work on codification of customary law to regulate the behaviour and conduct of people to behave with mutual respect	MHA, OPMC, MPGIS, MRD, Prov.
	<i>Rural Infrastructure</i>	
	Facilitate infrastructure development for an efficient, effective and quality service delivery to rural communities in water supply and sanitation, electricity, transport and communications - extending coverage of mobile telecommunications networks to all rural areas and facilitating affordable access by rural dwellers.	Provinces, MHMS, MMERE, MID, SIEA MCA
	Expedite development of water supply and sanitation coverage through more efficient use of resources in community contracts and community enterprises supported by pre-qualified NGOs under competitive contracts.	Provinces, MHMS, NGOs
	Maintain and rehabilitate roads built by loggers to open up agriculturally productive land for cash crops and complement development of coastal roads and wharves through construction of tracks to maximise the impacted area and population.	MID, Provinces
	Provide reliable and affordable electricity in rural areas, vigorously promoting assessment of potential renewable energy resources and the development of those which are technically sound and can be made financially viable.	MMERE

Annex B: Summary of the EU's expected results for interventions in the Rural Development Sector

Rural Development

Under PSG 4 'Economic Foundations', support to the sector in the rural areas will not only generate employment and improve livelihoods, but will mitigate the risk of young people moving to the capital in search for jobs. MDG 1 'Eradicate Extreme Poverty & Hunger' will be addressed through targeting the most vulnerable people by achieving full and productive employment and decent work for all, including women and young people.

Government therefore strongly requested to endorse Rural Development as second focal sector to stimulate inclusive economic growth. The rationale for choosing this sector was based on assessment reports highlighting that economic growth is expected to slow down from 2013, as forestry (the traditional engine of growth) expected to be adversely affected by the depletion of logging stocks. In this regard, it was strongly suggested in the 15th Core Economic Working Group (CEWG) meeting, led by Ministry of Finance and Treasury (MoFT), that stronger focus on inclusive economic growth must be pursued. Similar important assertion was highlighted in the NDS 2013 performance report recommendations, i.e. the need for a greater focus on how policy could better help to foster economic growth.

Government identified rural development as the key sector to maximise the return to provide revenues for public services and development and opportunities for its growing population.

Rural Development (indicative amount of EUR 10 million)

The following overall and specific **objectives** will be pursued:

The **overall objective** of this sector intervention is strictly aligned to the eight Solomon Islands NDS objectives, and of which this sector intervention will contribute:

'To alleviate poverty and increase rural-based economic opportunities aimed at increasing the rate of Economic Growth and equitable distribution of benefits of employment and higher incomes amongst all provinces and population'

The **Specific Objectives** are twofold:

- *to increase and diversify rural-based agricultural economic activity and livelihood opportunities for all Solomon Islanders in an inclusive manner; and*
- *to create the enabling environment that enhances and strengthens the partnership between the private sector and the public sector to facilitate improved and diversified agricultural production from rural areas, and thereby contribute substantially to economic growth.*

For each of the specific objectives the main expected **results** are:

Result 1: Established environmentally sustainable agricultural-based economic activities in Provinces and are operating with adequate level of capacities and competencies

Result 2: Increased equitable and sustainable employment opportunities and income per capita in the rural areas

Result 3: Women participation in small agriculturally-based activities is promoted and increased

Result 4: Enabling regulative policies and legislation are in place and enforced to facilitate conducive private sector environment for increased production that meets international market requirements, and income for both farmers and entrepreneurs

Result 5: Promotion of partnerships between public and private sectors leading to increased number of farming households engaged in partnerships with the private sector

Result 6: Commercial agricultural products are diversified, with increased value added for new and existing products

Result 7: Capacities of entrepreneurs and traders of agricultural products are strengthened

For each result, the main indicators in line with those stipulated in the MTDP in relation to rural development and economic growth objectives. The main indicators for measuring the aforementioned results are contained in the Sector Intervention Framework and Performance Indicators shown in table 1 below. The new programmes identified and formulated under the 11th EDF will establish the necessary baseline data needed for measuring progress on the basis of the end-of-programme survey conducted early 2015 for RDP Phase I. Data collected and analysed will be gender disaggregated.

Table 1: the Rural Development Sector Intervention Framework and Performance Indicators

<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Sector 2: Rural Development Specific Objective 1: <i>to increase and diversify rural-based agricultural economic activity and livelihood opportunities for all Solomon Islanders in an inclusive manner</i>		
a) Established environmentally sustainable agricultural-based economic activities in Provinces and are operating with adequate level of capacities and competencies	a1) Annual % change in quantity of agricultural produce in tonnes by location (national, provincial and ward) a2) % of land under sustainable agriculture where improved technologies are used (ploughing, fertilisation, etc.) a3) % of land under sustainable agriculture where improved management practices are used (e.g. contours, ridging, potholing, etc.)	<ul style="list-style-type: none"> ▪ MAL statistics ▪ Project data ▪ Surveys
b) Increased equitable and sustainable employment opportunities and income per capita in the rural areas	b1) % of national income from the agricultural sector b2) Rural employment rate b3) Ratio of domestic food production to food imports	<ul style="list-style-type: none"> ▪ World Bank Country data series ▪ IMF Country Reports ▪ CBSI economic and financial reports

<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
c) Women's participation in small agriculturally-based economic activities is promoted and increased	c1) % of woman benefiting from small agriculturally-based economic activities as a % of the total population	<ul style="list-style-type: none"> ▪ MAL statistics ▪ ME reports ▪ MAL research and extension annual reports ▪ HIES/census reports
Specific Objective 2: <i>to create the enabling environment that enhances and strengthens the partnership between the private sector and the public sector to facilitate improved and diversified agricultural production from rural areas, and thereby contribute substantially to economic growth</i>		
a) Enabling regulative policies and legislation are in place and enforced to facilitate conducive private sector environment for increased production that meets international market requirements, and income for both the farmers and the entrepreneurs.	a1) Status of policies and regulations to facilitate private sector environment <u>Milestones:</u> <ul style="list-style-type: none"> ▪ Policies and regulations are approved ▪ Policies and regulations are enforced a2) % of investment made by the private sector (local and foreign) a3) % agricultural sector contribution to the overall GDP	<ul style="list-style-type: none"> ▪ Approved plans and policies ▪ MAL annual reports ▪ Ministry of Commerce and Industry annual reports ▪ CBSI, WB & IMF economic and financial reports
b) Effective promotion of partnerships between public and private sectors leading to increased number of farming households engaged in partnerships with the private sector.	b1) % of farmers with partnerships with entrepreneurs (processors, exporters, etc.)	<ul style="list-style-type: none"> ▪ MAL annual reports ▪ Ministry of Commerce and Industry annual reports ▪ Surveys
c) Commercial agricultural products are diversified, and there is increased value added in both the new and existing products.	c1) % of registered agriculture-focussed products as a % of all products c2) Contribution, in %, of private sector to overall GDP c3) % of people employed through the private sector, as % of total employment c4) % of agricultural contribution to global export shares c5) % of agricultural contribution to regional export shares	<ul style="list-style-type: none"> ▪ MAL annual reports ▪ Ministry of Commerce and Industry annual reports ▪ CBSI, WB & IMF economic and financial reports

<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
d) Capacities of potential entrepreneurs and traders of agricultural products are strengthened.	d1) % of entrepreneurs whose capacities have been strengthened through training d2) Number of training sessions conducted	<ul style="list-style-type: none"> ▪ Entrepreneurs and traders capacity assessment reports ▪ Chamber of Commerce database

Annex C: Operational Risk Assessment Framework (ORAF)

Solomon Islands: Solomon Islands Rural Development Programme II

Stage: Appraisal

Project Stakeholder Risks						
Stakeholder Risk	Rating	Moderate				
Risk Description: Rural communities are supportive of the CDD approach, and prefer its engagement and transparency to the more opaque Constituency Development Funds. Provincial governments are broadly supportive, but seek further control of RDP resources. National government support is strong. While the private sector has expressed an interest in partnerships with farmers, there is limited experience in this area. The same donors who supported RDP I are also planning to support RDP II and their engagement has been broadly collaborative and in keeping with the joint support provided throughout RDP I.	Risk Management:					
	Information-sharing mechanisms established under RDP I will be maintained and enhanced at the community level (community posters and information meetings), provincial level (quarterly provincial reporting) and at the national level (Cabinet briefings and media releases) to highlight the benefits of transparency and accountability in the delivery of resources over alternative delivery mechanisms.					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Both		Implementation	<input type="checkbox"/>		
	Risk Management:					
MAL will provide awareness building and extensive support to the private sector to encourage their full participation in agricultural partnerships.						
Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:	
Client		Both	<input type="checkbox"/>			

Implementing Agency (IA) Risks (including Fiduciary Risks)						
Capacity	Rating	Substantial				
<p>Risk Description:</p> <p>MDPAC has seven years of experience implementing RDP and has developed one of the most effective networks for rural service delivery in the country. The RDP Project Coordination Unit (PCU) has a strong team, but Provincial Support Units vary from province-to-province. In the transition from RDP I to RDP II, there is a risk of turnover which could require some rebuilding. MAL does not have the capacity to provide fiduciary controls in the provinces and has limited experience of managing donor funds on its own. Discussion as to the most appropriate implementing agency to ensure the sustainability of RDP going forward could lead to a change from MDPAC to another government agency.</p>	<p>Risk Management:</p> <p>MAL will not manage project funds directly, but funds allocated to Component 2 will be managed through a separate funding category to ensure that funds are not used on Component 1 activities.</p>					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Client		Implementation	<input type="checkbox"/>		
	<p>Risk Management:</p> <p>Any changes to the implementing agency will need to be proposed to Cabinet for a decision prior to appraisal so that the Bank can conduct fiduciary and capacity assessments in time for appraisal.</p>					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Client		Preparation	<input type="checkbox"/>		
<p>Risk Management:</p> <p>Performance incentives and other benefits (such as technical training) will be introduced to address provincial performance issues and more extensive training and mentoring Programmes will be instituted.</p>						
Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:	
Client		Preparation	<input type="checkbox"/>			

Governance	Rating	Moderate				
Risk Description: The existence of related Programmes supporting rural activities at the provincial, constituency and ward levels creates some competition for resources and political support. Efforts to integrate systems across these levels have been largely ineffective. Fiduciary mechanisms under RDP have been largely effective, with checks and balances across MoFT, MDPAC and MAL.	Risk Management:					
	Maintain and enhance engagement in the RDP Project Steering Committee, including active provincial government participation.					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Client		Implementation	<input type="checkbox"/>		
	Risk Management:					
	Create a working-level coordination group among the ministries responsible for managing community (RDP), provincial and constituency funds.					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Client		Implementation	<input type="checkbox"/>		
	Risk Management:					
	Continue existing fiduciary controls and enhance through output-based grants and web-based, publicly accessible reporting on community projects.					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Client		Implementation	<input type="checkbox"/>		
Risk Management:						
Utilise a Grievance Redress Mechanism to allow various parties to register concerns and complaints with appropriate RDP and/or government officials						
Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:	
Client		Implementation	<input type="checkbox"/>			

Risk Management: PCU will provide regular financial reports and other information to Provincial Governments to engage them more actively in holding PSUs accountable for their expenditures.					
Resp: Client	Status:	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
Risk Management: Communities will no longer receive funds based on documentation which proves the legitimate use of funds, but rather through verification (including photographs) of stages of progress by Community Helpers and output-based grants.					
Resp: Client	Status:	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
Risk Management: The Bank will conduct regular reviews of PCU, PSU and agricultural partnership grant recipients to ensure that funds are being used for intended purposes.					
Resp: Bank	Status:	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:

Project Risks						
Design	Rating	Substantial				
<p>Risk Description:</p> <p>In addition to the on-going challenges of inter-island transport, communication, and other logistical impediments that already affect RDP, the addition of Renbell Province will create further obstacles to timely and effective implementation. Communities could suffer from delays in project implementation and/or project ownership due to ineffective community mobilisation and problem solving. With respect to Component 2, private sector capacity to initiate and manage partnerships with farmers may be less than the design proposes. The principle value chains, cocoa and coconut, may not have sufficient growth potential to absorb project funds and other value chains may not be attractive enough to warrant investment.</p>	Risk Management:					
	New, more intensive training modules will be developed for Community Helpers to strengthen their ability to engage communities in project activities to solve problems, including those of a technical nature, as they arise.					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Client		Both	<input type="checkbox"/>		
	Risk Management:					
	MAL will do a more in-depth scoping of the capacity of the private sector to provide services to smallholders and develop plans to strengthen this capacity and fill needs for technical capacity.					
Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:	
Client		Both	<input type="checkbox"/>			
Risk Management:						
Intensive support will be provided by PCU to ensure that the new Renbell PSU operates effectively and has the full support of the Provincial Government.						
Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:	
Client		Preparation	<input type="checkbox"/>			

Social and Environmental	Rating	Moderate				
Risk Description: Small-scale rural infrastructure activities have generally limited highly localised impacts. Social risks emerge mainly around competition for scarce natural resources, in particular, land. Some community members may also be excluded from decision-making. Safeguard mechanisms put in place during the on-going phase of RDP have proven effective in identifying risks and mitigation actions. Capacity to implement mitigation actions is mixed across communities. The capacity and incentives for private sector firms to implement mitigation actions may be low as such efforts could increase the costs of doing business.	Risk Management:					
	Continue to implement the Environmental and Social Management Framework and associated tools developed under RDP I as they have successfully mitigated risks.					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Client		Implementation	<input type="checkbox"/>		
	Risk Management:					
	MAL will provide enhanced monitoring of safeguard mitigation actions by agricultural partnership grant recipients.					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
Client		Implementation	<input type="checkbox"/>			
	Risk Management:					
	Provide training for Community Helpers and communities on the use of the ESMF.					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Client		Implementation	<input type="checkbox"/>		

Programme and Donor	Rating	Moderate				
Risk Description: RDP has been operating as a government Programme for seven years and has received financing from the EU, Australian Aid/DFAT, IFAD and the Bank, including two successful rounds of additional financing and a significant government contribution. In principle support from all RDP I donors is confirmed. While initial interest is strong, EU financing is not yet confirmed. Under RDP I Donor funds were successfully managed through trust funds with no earmarking or restrictions.	Risk Management:					
	Maintain joint donor review missions and joint donor preparation support.					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Bank		Both	<input type="checkbox"/>		
	Risk Management:					
Actively support the EU project preparation process to confirm support, ensure full design integration into RDP II and to design effective financing arrangements.						
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Both		Both	<input type="checkbox"/>		
Delivery Monitoring and Sustainability	Rating	Substantial				
Risk Description: With subprojects located in all rural wards of the country, RDP has found it difficult to obtain rich and timely information as to the effectiveness of implementation in some communities. Provincial governments have very limited resources for monitoring and have only lightly engaged with RDP in monitoring. RDP provides training and support to sustain investments, but it is too early to assess their effectiveness over time. Monitoring of partnerships has proven manageable in a similar PNG project as most firms operate in larger towns. Component 2 interventions are	Risk Management:					
	A new web-based Management Information System with the capability of uploading information from anywhere with a mobile phone connection will be used to collect timely information on community projects.					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Both		Both	<input type="checkbox"/>		
	Risk Management:					
Provincial sector staff will be engaged in community project monitoring and ongoing support for facilities that fall within their sectors.						

dependent upon private sector firms sustaining the services they offer to farmers.	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Client		Implementation	<input type="checkbox"/>		
				<input type="checkbox"/>		
Overall Risk						
Overall Implementation Risk:		Rating	Moderate			
<p>Risk Description:</p> <p>With nearly seven years of experience implementing the current phase of RDP, many systems have been put in place to manage risks. Financial management and procurement reviews and capacity building have helped to improve operating procedures over time, and RDP II will benefit from these refined systems. With the Programme moving more towards government counterpart financing, the vulnerability to annual budget allocations and political changes will become more of a risk for RDP II than for the current phase of RDP. Strong multi-donor support, country office engagement and political support for RDP will help to counter this. The private sector partnership approach in the agricultural sector is new and may have limited quality uptake. The Ministry of Agriculture and Livestock will need to provide technical assistance and capacity building support to potential applicants and active partnerships.</p>						

Annex D: Gender Equality Screening Checklist (GESCF) to be used at the project formulation stage

Has a full-scale gender analysis been done during the formulation stage? Yes ✓ No ☐

Comments

A detailed Social Impact Assessment (SIA), including gender analysis, was conducted at the beginning of RDP I, in 2007, and the results of that assessment remain valid for RDP II. Experience during RDP I implementation has highlighted the following key gender equality issues - women are often poorly represented in decision-making and implementation groups despite the substantial benefits such participation may have for the quality of implementation and the engagement of women in community activities

Have gender equality issues relevant to the project been identified? Yes ✓ No ☐

Comments

Gender equality issues were identified in the SIA

Are the gender equality issues identified supported by reference to the partner government's/EC's policy commitments to gender equality? Yes ✓ No ☐

Comments

Gender equality issues identified are supported by the SIG's Environment and Social Management Framework (ESMF), August 2014.

Are the statistics used for project formulation disaggregated by sex? Yes ✓ No ☐

Comments

Statistics are disaggregated in the Project's Programme Implementation Manuals (PIM) for each Programme component

Has qualitative information on gender equality issues been used in the project formulation stage? Yes ✓ No ☐

Comments

Qualitative information was used in the Project Appraisal Document, and the Finalisation of PIMs

Has the logframe been engendered? Yes ✓ No ☐

Comments

Programme outcomes, outputs and verifiable target indicators have been engendered

Do the management systems established by the project respect the principles of gender equality and equal opportunities? Yes ✓ No ☐

Comments

Management systems mainstream principles of gender equality and equal opportunities.

Have all factors potentially affecting the sustainability of gender equality actions been thoroughly addressed? Yes ✓ N

Comments

Monitoring and evaluation systems cover sustainability issue

Annex E: Summary of Environmental Screening Outcomes for Project Approach

1. Outcome of EIA Screening (Environmental Impact Assessment)
<input type="checkbox"/> Category A project: EIA will be undertaken <input checked="" type="checkbox"/> Category B project: Environmental aspects addressed during formulation <input type="checkbox"/> Category C project: No need for further assessment
<p><i>Explain briefly on which basis this decision was reached. If further assessment is to be carried out during formulation, briefly describe the main types of aspects that will be the subject of such assessment.</i></p> <p>During formulation an ESMF was undertaken (August 2014) which addressed the following aspects of environmental risk.</p> <p>The Solomon Islands is rich in terms of ecosystems and biodiversity, many species are endemic and many fauna and flora are endangered. The environment of the Solomon Islands is threatened by:</p> <ul style="list-style-type: none"> • extreme weather events (Natural Disasters) such as cyclones, earthquakes, landslides, floods, droughts and Tsunamis; • these extreme weather conditions are likely to increase in frequency and severity under the influence of climate change, along with pressure for people to move to higher ground to grow food and cash crops; • unsustainable logging practices, leading to habitat destruction and potential for increased soil erosion, landslides and flooding; • high rate of population growth and young median age, underemployment leading to pressure to develop income from cash crops, hence further habitat destruction; and • a very small area of important natural habitat protected (0.28% of the land area).
2. Outcome of Climate Risk Screening
<input checked="" type="checkbox"/> Project at risk : <ul style="list-style-type: none"> <input type="checkbox"/> Further assessment will be conducted during formulation <input type="checkbox"/> Aspects will be addressed as relevant as part of the EIA study (if an EIA is required) <input checked="" type="checkbox"/> Consideration will be given to undertaking a detailed climate risk assessment <ul style="list-style-type: none"> <input type="checkbox"/> No or Low risk: No further consideration of climate-related risks needed
<p>The Solomon Islands comprises an archipelago of 997 islands, of which 90 are inhabited, situated in the South West Pacific Ocean. The country's location in the "Pacific Ring of Fire" (The Pacific Ring of fire is a region of high volcanic and seismic activity that surrounds the majority of the Pacific Ocean Basin. It stretches over 40,000 km and includes volcanoes, deep sea trenches, and major fault zones), and within the cyclone belt, makes it one of 20 countries with the highest economic risk exposure to two or more geological, hydrological and natural and climatic hazards. The country can be subject to extreme weather conditions, such as the floods of April 2014; Programme (RDP II) has included disaster recovery and relief in its components to assist communities recover from this flood, and other possible extreme weather events.</p>



SOLOMON ISLANDS GOVERNMENT

MINISTRY OF DEVELOPMENT PLANNING AND AID COORDINATION

**RURAL DEVELOPMENT PROGRAM Phase 2
(RDP II)**

**ENVIRONMENTAL AND SOCIAL MANAGEMENT
FRAMEWORK
(ESMF)**

August 2014

DRAFT

**ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK
(ESMF)**

CONTENTS

1	Context	3
1.1	Sector/Country/Regional context/Thematic area.....	3
1.1.1	Public Policy Assessment and EU Policy Framework	3
1.1.2	Stakeholder analysis.....	5
1.1.3	Priority areas for support/problem analysis.....	5
2	Risks and Assumptions	6
3	Lessons learnt, complementarity and cross-cutting issues.....	9
3.1	Lessons learnt	9
3.2	Complementarity, synergy and donor coordination	9
3.3	Cross-cutting issues	10
4	Description of the action	11
4.1	Objectives/results	11
4.2	Main activities	12
4.3	Intervention logic.....	14
5	Implementation.....	14
5.1	Financing agreement.....	14
5.2	Indicative implementation period.....	14
5.3	Implementation modalities	15
5.3.1	Indirect management with an international organisation	15
5.4	Scope of geographical eligibility for procurement and grants	15
5.5	Indicative budget	16
5.6	Organisational set-up and responsibilities.....	16
5.7	Performance monitoring and reporting.....	17
5.8	Evaluation.....	18
5.9	Audit	19
5.10	Communication and visibility.....	19
6	Pre-conditions.....	19
	APPENDIX 1 – Indicative Logframe matrix	20
	ACRONYMS.....	43
	EXECUTIVE SUMMARY	45

ACRONYMS

CBC	Centre for Biodiversity and Conservation
CBD	Convention on Biological Diversity
CBO	Community Based Organisations
CCA	Community Conservation Agreement
CCOSI	Conservation Council of Solomon Islands
CI	Conservation International
CITES	Convention on Illegal Trade in Endangered Species of Flora and Fauna Community A village or group of villages which associate together periodically for common purposes such as support to health, education, church activities.
COP	Conference of the Parties
CROP	Council of Regional Organisations of the Pacific
CSO	Community Service Organization
DFEC	Department of Forestry, Environment and Conservation
DFMR	Department of Fisheries and Marine Resources
DNPAC	Department of National Planning and Aid Coordination
EAC	Environment Advisory Committee
ECANSI	Environmental Concerns Action Network of Solomon Islands
ECD	Environment and Conservation Division
EIA	Environmental Impact Assessment
ESMF	Environmental and Social Management Framework
EU	European Union
FAO	Food and Agriculture Organisation
FD	Forestry Division
FRTUA	Forest Resources and Timber Utilisation Act
FSC	Forest Stewardship Certification
FSPI	Foundation for Peoples of the South Pacific
GCCG	Grand Coalition for Change Government
GCRMN	Global Coral Reef Monitoring Network
GEF	Global Environment Facility
GMO	Genetically Modified Organism
HRD	Human Resource Development
ICZM	Integrated Coastal Zone Management
IFAD	International Fund for Agriculture Development
IUCN	International Union for the Conservation of Nature (World Nature Conservation Union)
JICA	Japan International Cooperation Agency
KGA	Kastom Gaden Association
LLCTC	Lauru Land Conference of Tribal Community
LMO	Living Modified Organism
MAL	Ministry of Agriculture and Livestock
MCCF	Makira Community Conservation Foundation
MDG	Millennium Development Goal
MDPAC	Ministry of Development Planning and Aid Coordination
MECDM	Ministry of Environment, Climate Change, Disaster Management and Meteorology
MOU	Memorandum of Understanding
MPA	Marine Protected Area
NAP	National Action Plan
NAPA	National Adaptation Plan of Action
NBSAP	National Biodiversity Strategic Action Plan
NCSA	National Capacity Self-Assessment

NEMS	National Environmental Management Strategy
NERRDP	National Economic Recovery, Reform and Development Plan 2003-2006
NGO	Non-Governmental Organization
NIS	National Implementation Strategy
NRDF	Natural Resources Development Foundation
NRM	Natural Resource Management
NRRC	Natural Resources and Rights Coalition
NSDS	National Sustainable Development Strategy
PCU	Project Coordination Unit
PGA	Provincial Government Act
PG	Provincial Government
PPBC	Provincial Prioritisation and Budget Committee
PSU	Provincial Support Unit
RAMSI	Regional Assistance Mission to the Solomon Islands
RDP I	Rural Development Program I (first phase)
RDP II	Rural Development Program II (second phase)
RMO	Resource Management Ordinance
RVRMIDP	Roviana and Vonavona Resource Management and Development Program
SBD	Solomon Islands Dollar
SI	Solomon Islands
SIDS	Small Island Developing States
SIDT	Solomon Islands Development Trust
SIG	Solomon Islands Government
SILMMA	Solomon Islands Locally Managed Marine Area network
SIS	Small Island States
SISDAC	Solomon Islands Sustainable Development Advisory Council
SOLFRIS	Solomon Islands Forests Inventory System
SOPAC	South Pacific Applied Geosciences Commission
SPBCP	South Pacific Biodiversity Conservation Project
SPC	Secretariat of the Pacific Communities
SPREP	South Pacific Regional Environment Programme
TCF	Tiola Conservation Foundation
TNC	The Nature Conservancy
UNCBD	United Nations Convention on Biological Diversity
UNFCCC	United Nations Framework on Climate Change Convention
UNDP	United Nations Development Program
UNESCO	United Nations Education, Science and Cultural Organisation
WHC	World Heritage Convention
WVSI	World Vision -Solomon Islands
WWF	World Wide Fund for Nature -Solomon Islands

EXECUTIVE SUMMARY

The Rural Development Program (RDP) was been prepared as a long-term program to support the Solomon Island's national rural development goals. The first RDP has been implemented from 2009 to early 2015 and RDP II is being prepared during 2014.

As there are many similarities of project components between the RDP II and some past or on-going projects, this Environmental and Social Management Framework (ESMF) inherits the information provided in the ESMF and its supplement documents of RDP I, ESMF of the Papua New Guinea Agricultural Partnership Program (PPAP) and Community Climate Resilience Project (CRISP). The lessons learnt from these projects have also been incorporated into this Draft ESMF.

The development objective of the proposed RDP II is to *improve access to basic services in rural areas and to improve farming practices leading to increased production and productivity.*

The RDP II includes three components: (i) Community Infrastructure and Services; (ii) Agribusiness Partnerships and Support; and (iii) Program Management. The RDP II would cover all provinces of the Solomon Islands.

The RDP will be implemented under the following legislative requirements: (a) SI Environment Act 1998; (b) SI Wildlife Protection and Management Act 1998; (c) the World Bank's Safeguard policies

The Solomon Islands is rich in terms of ecosystems and biodiversity, many species are endemic and many fauna and flora are endangered. The environment of the Solomon Islands is threatened by:

- extreme weather events (Natural Disasters) such as cyclones, earthquakes, landslides, floods, droughts and Tsunamis;
- these extreme weather conditions are likely to increase in frequency and severity under the influence of climate change, along with pressure for people to move to higher ground to grow food and cash crops;
- unsustainable logging practices, leading to habitat destruction and potential for increased soil erosion, landslides and flooding;
- high rate of population growth and young median age, underemployment leading to pressure to develop income from cash crops, hence further habitat destruction; and
- very small area of important natural habitat protected (0.28% of the land area).

The majority of investments under RDP II will be small in scale and will involve the rehabilitation or upgrading of existing small-scale infrastructure. Construction of new facilities is also expected to be small in scope; SBD 400,000 is allocated to 4 wards with a population of over 9,000 people and SBD 300,000 is allocated to 7 wards with a population over 6,000 but less than 9,000. The potential impact of any subproject (project under sub-component) will depend on the nature, location and specific characteristics of the investment. In most cases, adverse environmental impacts are expected to be temporary and limited to the construction phase. They could include temporary disturbance of drains or streams, noise and dust during construction, small-scale vegetation loss, and pollution from inappropriate construction materials waste disposal. The subproject screening process and the use of standard Environmental Codes of Practice will ensure adequate mitigation of those risks. Civil works contracts will include standard clauses to ensure the mitigation of any potentially negative impact.

Community consultation is also an integral part of the selection and appraisal of activities during RDP II implementation. Project beneficiaries will participate through public consultation meetings and discussions of local development priorities, representation in ward development committees and provincial development councils, and representation in the Subproject Implementation Committees (SICs). Feedback mechanisms and community monitoring of project implementation have also been included under RDP.

No subproject will be selected that does not flow from this planning process. This includes the social and environmental information, training and screening process described in detail in the ESMF. Facilitators will also be trained on the project's environmental and social guidelines. Since environmental and social criteria will be fully integrated throughout the planning, selection and appraisal process, stakeholder participation and information disclosure will be assured at every stage of program implementation. In the case that a specific subproject would require a standalone EA, this would be posted in public places at province and ward level, and the ward development council will be responsible to ensure that the EA report is formally on the agenda of decision meetings for project selection.

The ESMF described in detail under chapter 6 and guiding RDP implementation has been designed to achieve sound environmental practice and ecologically sustainable outcomes. The ESMF provides the mechanism to allow project implementation by screening out subproject proposals that are unacceptable on the basis of environmental or social criteria. The aim of the ESMF is that all processes can be adjusted based on implementation experience. The Program Implementation Manual (PIM) of RDP will integrate the ESMF to assure its implementation. A "Negative List" outlines which activities cannot be funded:

- Subprojects supports the areas named in the Exclusion list of the World Bank Safeguard Policies, e.g. political, military/security, religious activities, though RDP II will be working closely with church groups; , businesses involves addictive materials etc.
- Sub-projects that involve the significant conversion or degradation of critical natural habitats and forests;
- Activities that could lead to invasion or spread of weeds and feral animals or the use of toxic chemicals (as prescribed under the SI Environment Act 1998);
- Activities involving Involuntary Resettlement.

The EA/ESMF contains the following six chapters:

Chapter 1 discuss the context of RDP II development and safeguard management requirements of the Solomon Island governments and the World Bank

Chapter 2 briefly describe the proposed program and its components, which has been developed by SIG with the cooperation of the World Bank, Australian Aid and the European Union.

Chapter 3 discuss about Solomon Islands legislations, Institutional Capacity and International Agreements

Chapter 4 describes the Solomon Islands environment conservation initiatives that have been developed over the years, by SIG and provincial governments

Chapter 5 describes the proposed investments, its potential environmental and social impacts

Chapter 6; provides a framework for environmental and social screening of individual sub projects to ensure that any activity which is funded under RDP does not have a deleterious effect on the environment (including social aspects), and that the participatory process is inclusive. This ESMF guide the project implementers on the steps to follows for identifying subproject potential environmental and social issues, the mitigation measures for the design, construction and operation of the facilities to be provided as well as arrangements for implementation.

Seven annexes provide technical tools for project implementers to use as reference for identifying, safeguard issues of subprojects and specific procedures to follow under certain special circumstances.

Annex G: Overall Impact of RDP II Interventions in the Rural Development Sector

