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# Project Information Document (PID)

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Appraisal Stage | Date Prepared/Updated: 03-Sep-2024 | Report No: PIDIA00799



**BASIC INFORMATION**

**A. Basic Project Data**

Project Beneficiary(ies)	Region	Operation ID	Operation Name
Solomon Islands	EAST ASIA AND PACIFIC	P181295	Community Access and Urban Services Enhancement Project II
Financing Instrument	Estimated Appraisal Date	Estimated Approval Date	Practice Area (Lead)
Investment Project Financing (IPF)	29-Jul-2024	30-Sep-2024	Social Sustainability and Inclusion
Borrower(s)	Implementing Agency		
Solomon Islands	Honiara City Council, Ministry of Infrastructure Development		

Proposed Development Objective(s)

To improve access to climate resilient infrastructure and services, enhance economic inclusion, and strengthen the capacity of public authorities to deliver services in targeted urban centers.

**Components**

- Component 1: Resilient Township Development
- Component 2: Safe and Inclusive Communities
- Component 3: Enhanced Urban Productivity
- Component 4: Land Administration, Urban Management and Maintenance
- Component 5: Project Management

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

**Maximizing Finance for Development**

Is this an MFD-Enabling Project (MFD-EP)?	No
Is this project Private Capital Enabling (PCE)?	No

**SUMMARY**

<b>Total Operation Cost</b>	<b>37.54</b>
<b>Total Financing</b>	<b>37.54</b>



of which IBRD/IDA	20.20
Financing Gap	0.00

**DETAILS**

**World Bank Group Financing**

International Development Association (IDA)	20.20
IDA Credit	13.20
IDA Grant	7.00

**Non-World Bank Group Financing**

Trust Funds	17.35
Papua New Guinea and Pacific Islands Umbrella Facility MDTF	17.35

Environmental And Social Risk Classification

Moderate

Decision

Other Decision (as needed)

**B. Introduction and Context**

Country Context

- Solomon Islands is a dispersed archipelago in the Pacific Ocean with fewer than 1 million people.** The country spans 1.34 million square kilometers. The domestic economy is small and constrained by its distance to export markets. Historically, economic growth has been volatile, and driven by the primary sector, particularly logging. Between 2010 and 2019, Gross Domestic Product (GDP) growth averaged 4.2 percent. Since independence in 1978, there has been little change in the structure of the economy – dominated by plantation, logging, and fisheries. Solomon Islands is classified as a least developed country with a global Human Development Index rank of 155th out of 191 countries. In 2022, the country’s GDP per capita was US\$2,205, below most structural peers and the average of the Pacific Island Countries (PICs).
- Solomon Islands’ geography creates challenges for service delivery, infrastructure, and economic integration.** Around 74 percent of the population lives in rural areas, with an estimated 50 percent under the age of 20 years. The small and dispersed nature of the population makes it difficult and expensive to provide services. Limited state reach,



economic opportunities, and uneven development contribute to fragility.

3. **Solomon Islands has made progress in restoring stability following the ‘Tensions’ Conflict (1998-2003), but still faces institutional and social fragility.** This period saw violent conflict between militant groups from Guadalcanal and Malaita. The root causes of the conflict – land disputes triggered by inter-island migration; friction between traditional and non-traditional authority; and access to resources, and economic opportunities – persist today.

4. **The COVID-19 pandemic, renewed civil unrest, and global economic recession, along with supply chain disruptions, led to an 8.3 percent economic contraction between 2020 and 2022.** In November 2021, widespread rioting and looting in Honiara, driven by political demonstrations, local grievances, ethnic tensions, and limited economic opportunities, caused significant violence and economic disruption. The riots, which mainly affected the retail and wholesale sectors, resulted in around 1,000 job losses. The underlying conflict drivers—contested state legitimacy, poorly managed urbanization, socio-economic disparities, high youth unemployment, and ethnic divisions in informal settlements—remain potential triggers for future unrest.

5. **Solomon Islands ranks among the top 20 countries globally with the highest economic risk exposure to multiple hazards, including geological, hydrological, and climatic events.** This includes tropical cyclones, volcanic eruptions, earthquakes, tsunamis, landslides, floods, and droughts. Over the past 30 years there have been six major natural disasters: two earthquakes – one with an associated tsunami – and four tropical cyclones, directly impacting over 100,000 people with over 100 deaths. The country is also ranked the fourth most ‘at risk of disaster’ worldwide according to the 2019 World Risk Report. Solomon Islands face significant economic losses annually due to these natural disasters. Modelling suggests the natural hazards and climate change will cause average direct losses of US\$20.5 million annually (3 percent of GDP) over the next 50 years.

#### Sectoral and Institutional Context

6. **Solomon Islands is experiencing rapid spatial transformation, with large shifts of the population moving to Honiara and its surrounding areas.** Urban population growth averaged 5.9 percent<sup>1</sup> from 2009 and 2019, surpassing PICs and lower-income country averages, at 1.7 and 2.7 percent respectively. Honiara grew 7.2 percent annually between 2009-2019; the adjacent peri-urban areas (Tandai and Malango) averaged 8.5 percent. Honiara<sup>2</sup> has a population of 187,274 (out of 720,956 total population in 2019) and is expected to account for more than one third of the projected national population by 2030.<sup>3</sup> Other urban centers such as Auki and Gizo, Noro, and Munda are also growing rapidly, driven by natural population increases and rural to urban migration.

7. **Since 2018, the Community Access and Urban Services Enhancement Project (CAUSE I, P161320), implemented by the Solomon Islands’ Honiara City Council (HCC) and Ministry of Infrastructure Development (MID) in partnership with Guadalcanal, Malaita and Western Provincial Governments (PGs), has focused on improving basic infrastructure and services for vulnerable communities in urban and peri-urban areas.**<sup>4</sup> CAUSE I has demonstrated positive impacts on

<sup>1</sup> The population of Honiara grew from 50,000 to 130,176 between 2000 and 2019, an increase of 160 percent in less than two decades. The pace of urbanization in Honiara was substantially faster than initially projected in 2009, which estimated Honiara would hit 100,000 population by 2025. Guadalcanal had the second highest annual growth rate (3.7 percent between 2009-2019), with much of this located on the periphery of the Honiara City Council (HCC) Boundaries.

<sup>2</sup> Refers to HCC, and the Guadalcanal wards of Tandai and Malango that are also classified as Honiara urban surroundings.

<sup>3</sup> Solomon Islands National Statistics Office (2023) Population Projections for the period mid-year 2020-2064.

<sup>4</sup> CAUSE is being implemented in Honiara City, and provincial towns of Malaita and Western Province — Auki, Gizo, Noro and Munda, and surrounding peri-urban areas.



beneficiaries, particularly women and youth, including improved access to infrastructure and services, enhanced employment outcomes and increased income potential – contributing to urban development and resilience. The 211 infrastructure and facilities constructed have improved pedestrian safety, access to basic services, and economic activity. The project has improved conditions of more than 300 road sections, restoring year-round connectivity and access for hard-to-reach urban communities. It has trained and engaged nearly 8,400 unemployed and out-of-school urban residents in productive activities, providing immediate income opportunities, acting as a catalyst for sustained increases in employment and further education/training opportunities for participants.

8. **Despite these engagements, additional interventions are needed due to rapid and ongoing urbanization in Honiara and key provincial towns, which continues to add to service delivery challenges, impacting livelihoods, the quality of life, and increasing vulnerability and exposure to climate and disaster risks.** Expansion has largely been unplanned and in higher-risk areas susceptible to flooding and landslides. The trends in low-density sprawl are creating land-use patterns that are prohibitively costly to service and maintain. Key issues include poor urban infrastructure (transport, sanitation), crowding and growing pressure on services (waste collection, affordable water, and public facilities). This adds to flooding and poor sanitation, and communities being disconnected from services, jobs, and markets. The average annual loss and damage from flooding in Honiara and surrounding areas is estimated at US\$11 million and is expected to increase.<sup>5</sup> The *2020 – 2035 National Urban Policy* (NUP) identifies urgent priorities (essential urban infrastructure and services), and medium-term priorities, (improved urban management and risk-informed planning) to guide urbanization, unlock economic opportunities, and reduce risk to climate change and natural hazards.

9. **National and sub-national authorities need to strengthen urban management capacity and develop tools for:**

- **Planning and Enforcement:** Urban expansion over the past three decades has been mostly unplanned and informal. Existing plans are outdated, not risk-informed, and enforcement capacity is weak. Interjurisdictional coordination is needed to manage spillover effects from Honiara into surrounding peri-urban areas of Guadalcanal Province.
- **Land Administration:** About 80 percent of land in the Solomon Islands is held through customary tenure, with Honiara being an exception where most land is government-owned.<sup>6</sup> The outdated land registry, manual cadastral mapping, and limited property registration (8,000 out of 18,000 in Honiara<sup>7</sup>) hinder land administration, planning, revenue collection, and the business environment.
- **Revenue Mobilization:** Local governments face a 'service delivery trap' where limited resources constrain service delivery, and poor service coverage hampers revenue collection. Land-based revenue has significant potential, with only 40 percent of Honiara properties on tax rolls. In 2022, HCC collected US\$1 million in property tax, underscoring the need to modernize land administration and revenue systems for broader coverage, efficiency, transparency, and improved public engagement.

10. **Rapid urbanization has not been accompanied by structural transformation with a growing share of the urban population becoming disenfranchised - especially women and youth - who are limited to informal low-productivity jobs.**

Annually, more than 9,000 new workers enter the labor market while only about 2,000 formal jobs are created. According to the 2019 census, there was a 10-percentage point difference between the labor force participation of urban women (47.5 percent) compared with urban men (57.2 percent). Moreover, unemployment rates were significantly higher in

<sup>5</sup> SIG, GFDRR and World Bank (2021) Honiara Flood Risk Management Study and Plan.

<sup>6</sup> Ministry of Lands, Housing, and Survey (2018) Greater Honiara Urban Development Strategy and Action Plan. Volume I

<sup>7</sup> According to the 2019 census, the average household size in Honiara is 6.1 persons per household. SIG (2023) 2019 Population and Housing Census, National Report (volume 1).



urban areas, particularly in Honiara (7.7 percent) compared to rural areas (4 percent), and disproportionately affecting young, low-educated and recent migrant workers.<sup>8</sup> With a large portion of the urban labor force unemployed or engaged in informal activities, targeted interventions are needed to provide relevant skills training and employment support to transition from unpaid to paid work/self-employment and into formal employment. Strengthening workforce skills, both for the domestic labor market and overseas mobility schemes, is a key policy recommendation of the World Bank's Solomon Islands 2024 Country Economic Memorandum.<sup>9</sup>

### C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To improve access to climate resilient infrastructure and services, enhance economic inclusion, and strengthen the capacity of public authorities to deliver services in targeted urban centers.

#### Key Results

11. The Project's key results indicators are:

- a. Number of residents in Project areas with increased access to climate resilient infrastructure and/or services, of which number of residents that benefit from transport infrastructure and services;
- b. Percentage increase in the number of beneficiaries that report being engaged in income generating activities after completing CAUSE II training and work placements; and
- c. Improved land information and revenue collection systems deployed and operating.

### D. Project Description

12. **The Project is an expansion of CAUSE I, which has proven successful and will be implemented in the fastest growing urban centers in the country – Honiara City, urban and peri-urban areas of Guadalcanal, Malaita (Auki), and Western (Gizo, Noro, and Munda), aiming to reach over 118,000 individuals; almost 20,000 more than in CAUSE I.** Collectively, these areas comprise 30 percent of the total Solomon Islands population and share similar development challenges: a growing number of informal settlements particularly in climatic hazard-prone areas (e.g., flooding, landslides), inadequate infrastructure and services which face increasing pressure due to the primary and secondary impacts of climate change, and high unemployment rates. The Project's geographic expansion will be considered at Mid-Term Review. CAUSE II will complement other infrastructure programs like the Provincial Capacity Development Fund, which governs the usage of the Ward Development Grants based on provincial, and community demands in rural areas, with CAUSE II investments aimed at enhancing the infrastructure, service and planning needs in urban areas, allowing for a more balanced and inclusive approach to regional development. The Project will also complement the Australia-financed Solomon Islands Infrastructure Program and the World Bank-financed Solomon Islands Roads and Aviation Project (P166622) with last-mile, residential and feeder road access, undertaking smaller, but equally critical work that service urban communities. CAUSE II will consist of five (5) Components – 1 and 2 address the immediate urban infrastructure and service needs; Component 3 provides the skills training and labor for Components 1 and 2; Component 4 sets the

<sup>8</sup> Labor Force Participation Rate in the 2019 census is measured as "Percentage worked in the last week, even if just for 1 hour."

<sup>9</sup> Before departure, low-skilled workers need training to succeed in the overseas job market, including in soft skills, basic literacy, financial management, awareness of cultural norms, and proper workplace conduct. World Bank (2024) Solomon Islands Country Economic Memorandum: Unlocking New Sources of Economic Growth. Forthcoming



foundations for sustainable urban management and service delivery; and Component 5 provides the human resources and systems for project management.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

13. **The Project's Environmental and Social Risk category was initially rated substantial but was lowered to moderate after further due diligence.** Key environmental risks associated with civil works under Components 1 and 2 include habitat disruption, soil erosion, water pollution, and construction-related impacts like air and noise pollution. These risks are site-specific, temporary, predictable, and reversible with proper mitigation. The Project will integrate climate resilience into its design, ensuring environmentally responsible construction practices. All civil works will avoid sensitive areas and adhere to eligibility criteria defined in the Project’s Environmental and Social Framework and Environmental and Social Commitment Plan, maintaining a moderate risk level. The risk of Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) is low, with measures in place to mitigate these risks. Lessons learned from the parent CAUSE project have informed the prevention of SEA/SH, with a focus on training women, increasing their workforce participation, and addressing Gender-Based Violence. The Project will continue to provide training and awareness on GBV, SEA, and SH to support women's safety and empowerment.

E. Implementation

Institutional and Implementation Arrangements

14. **CAUSE II will be implemented by MID and HCC.** The joint PMU will augment existing divisions in MID and HCC by hiring key project staff, including strengthening its technical and engineering capacity to support effective implementation at the provincial level; formalizing arrangements with the PGs; and facilitate coordination and the engagement of key sectoral ministries. Core personnel that have extensive experience with World Bank requirements and procedures will be retained. The responsible agencies will be: (i) MID for Component 1 and HCC for work in Honiara; (ii) MID for Component 2 and HCC for Honiara; (iii) HCC for Component 3; (iv) HCC for Component 4A and 4B in partnership with Ministries of Land, Housing and Survey and GPG; (v) MID for Component 4C; and (vi) HCC and MID jointly for Component 5 with additional oversight provided by additional ministries, including the Environment, Climate Change, Disaster Management and Meteorology; Provincial Government and Institutional Strengthening; Women, Youth, Children and Family Affairs; Finance and Treasury; and Development Planning and Aid Coordination as well as the Australian Government, to guide implementation and future planning. An Agency Agreement between the six Government entities will be established as follows: MID with the three PGs for provincial work under Components 1 and 2; HCC and the three PGs for provincial work<sup>10</sup> under Component 3; and HCC with MHLS and GPG<sup>11</sup> for activities under Component 4A and 4B.

<sup>10</sup> Provisioned under Section 29 of the Provincial Government Act (1997).

<sup>11</sup> Provisioned under Section 33 of the Honiara City Act (1999).



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