

DECEMBER 2020

# SOLOMON ISLANDS ENERGY ACCESS PROGRAM

---

## RBF CASE STUDIES: A GPRBA RETROSPECTIVE



@2020 The Global Partnership for Results-Based Approaches (GPRBA)  
The World Bank  
1818 H Street, NW  
Washington,  
DC 20433  
USA

Website: <http://www.gprba.org>

Contact us at: [rbfinfo@gprba.org](mailto:rbfinfo@gprba.org)

All rights reserved

This work is a product of the World Bank's Global Partnership for Results-Based Approaches (GPRBA). GPRBA provides innovative financing solutions that link funding to achieved results. GPRBA's results-based financing (RBF) approaches provide access to basic services like water and sanitation, energy, health and education for low-income families and communities that might otherwise go unserved. By bringing together public and private sector funders to maximize resources and designing effective incentives for service providers to reach underserved low-income communities, GPRBA gives people the chance for a better life.

The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the views of The World Bank, its Board of Executive Directors, or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgement on the part of The World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries. Nothing herein shall constitute or be a limitation upon or waiver of the privileges and immunities of The World Bank, all of which are specifically reserved.

#### Photo Credits:

Cover Image: Robert Taupongi / World Bank

Page 8: Charis Lypiridis / GPRBA

Other Images: Shutterstock

#### Rights and Permissions:

This work is licensed under the Creative Commons Attribution-Non-Commercial No Derivatives 4.0 International License. To view a copy of this license, visit <http://creativecommons.org/licenses/by-nc-nd/4.0/>

#### You are free to:



Share – copy and redistribute the material in any medium or format. The licensor cannot revoke these freedoms as long as you follow the license terms.

#### Under the following terms:

**Attribution** – You must give appropriate credit, provide a link to the license, and indicate if changes were made. You may do so in any reasonable manner, but not in any way that suggests the licensor endorses you or your use.

**NonCommercial** – You may not use the material for commercial purposes.

**NoDerivatives** – If you remix, transform, or build upon the material, you may not distribute the modified material.

**No additional restrictions** – You may not apply legal terms or technological measures that legally restrict others from doing anything the license permits.

All non-Creative Commons images in this publication require permission for reuse. All queries on rights and licenses should be addressed to GPRBA, The World Bank, 1818 H Street NW, Washington, DC 20433, USA; e-mail: [rbfinfo@gprba.org](mailto:rbfinfo@gprba.org).

# Table of Contents

<b>Overview and Acknowledgements</b>	<b>1</b>
<b>Acronym</b>	<b>1</b>
<b>Context</b>	<b>2</b>
<b>WORLD BANK INTERVENTIONS</b>	<b>2</b>
<b>Solomon Islands Electricity Access Expansion Project</b>	<b>4</b>
<b>STAKEHOLDERS</b>	<b>4</b>
Solomon Power (SP)	4
Electrical contractors	4
Independent Verification Agent	4
Low-income households	4
<b>PROJECT FINANCES</b>	<b>5</b>
<b>PROJECT DESIGN</b>	<b>6</b>
Targeting low income households	7
Awareness campaign	7
<b>PROJECT IMPLEMENTATION</b>	<b>7</b>
Addressing lack of valid land titles	7
Addressing inadequate connection capacity	7
Issues identified during verification process	7
Project restructuring	8
<b>PROJECT PERFORMANCE</b>	<b>9</b>
Challenges	9
<b>CONCLUSION</b>	<b>11</b>







## Overview and Acknowledgements

This case study is part of a series prepared by the World Bank's Global Partnership for Results-Based Approaches (GPRBA). The objective is to highlight project components that have enabled GPRBA to successfully deploy results-based finance (RBF) approaches to provide basic services to low-income communities, with efficiency, transparency, and accountability. The present case is focused on the Solomon Islands Electricity Access Expansion Project. The objective of this project was to increase access to electricity services in low-income areas of Solomon Islands. It was implemented between November 2016 and March 2020 and benefited around 14,605 individuals in Solomon Islands.

The findings of the study were informed by project documents and semi-structured interviews conducted with World Bank staff engaged in the project. One-on-one interviews with Renee Berthome, member of the World Bank task team, and Sunita Chikkatur, the main Implementation Completion and Results Report Review (ICR) contributor were particularly helpful in understanding the project context, challenges and key details. Additionally, reports authored by the World Bank and other institutions were also taken into consideration. The report was written by Ibrahim Ali Khan with guidance from Charis Lypiridis and Bakhtiyar Karimov. Daniel Coila provided inputs on reporting the results framework of the project. Amsale Bumbaugh coordinated the production process.

---

## Acronyms

ADB	Asian Development Bank
GPRBA	Global Partnerships for Results-Based Approaches
IDA	International Development Association
IVA	Independent Verification Agent
MFAT	Ministry of Foreign Affairs and Trade, New Zealand
MOFT	Ministry of Finance and Treasure, Solomon Islands
OBA	Output-based Aid
OVR	Output verification report
SIDS	Small Island Developing States
SIEA	Solomon Islands Energy Authority
SISEP	Solomon Islands Sustainable Energy Project
SP	Solomon Power

## Context

Energy poverty “represents a fundamental barrier to progress for a sizeable proportion of the world’s population. It has impacts on a wide range of development indicators, including health, education, food security, gender equality, livelihoods, and poverty reduction.”<sup>1</sup>

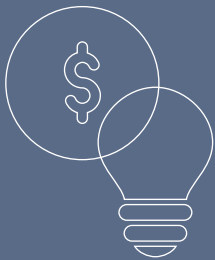
Though usually associated with sub-Saharan Africa and South Asia, energy poverty is also a significant challenge facing Small Island Developing States (SIDS) of the Pacific. An estimated 70 percent of Pacific Islander households do not have access to electricity.<sup>2</sup> Amongst the Pacific’s SIDS, Solomon Islands in particular has a significantly low electrification rate, with stark differences between rural and urban areas. As of 2016, the electrification rate in urban areas was approximately 50 percent, compared to a miserly 5 percent in rural areas.<sup>3</sup>

The factors impeding access to electricity in Solomon Islands are multifold; key amongst them are constraints to service delivery and infrastructure provision caused by the low population density (19 persons/km<sup>2</sup>), further accentuated by the population spread across 90 islands separated by vast stretches of sea. Furthermore, economic growth has been impeded by ethnic conflicts and natural disasters. Between 1998 and 2003, the

Islands witnessed internal ethnic conflicts, referred to locally as “The Tensions,” which killed and displaced hundreds and disrupted commerce. Despite a sustained period of peace, the conflict’s effects on the economy remain evident years later.<sup>4</sup> As of 2016, Solomon Islands remained classified as a fragile country, significantly dependent on foreign aid. Furthermore, poor socio-economic conditions meant that Solomon Islands Energy Authority (SIEA), trading as Solomon Power (SP), the state owned power utility and main supplier of electricity in the country was unable to connect new customers, and customers were unable to pay the costs of electricity. Consequently, SP had difficulty in obtaining fuel for its operations and was close to insolvency.

## WORLD BANK INTERVENTIONS

In 2008, as part of its efforts to improve the Solomon Islands’ energy sector, the World Bank launched the Solomon Islands Sustainable Energy Project (SISEP), funded by the International Development Association (IDA). This project aimed to restore SP’s financial and operational health, enabling it to play a vital role in meeting the country’s energy needs. Strengthening SP’s operational, financial, and service quality areas



### Box 1. Cost of connection and electricity<sup>5</sup>

The initial cost to connect to the power system in Solomon Islands can be divided into the following:

- (i) the cost of the service line and meter to be installed by Solomon Power; and
- (ii) the cost of in-house wiring, which must be installed by a licensed electrician.

Solomon Power shoulders the service line’s cost for customers whose house is within 20 meters from the nearest distribution pole. The customer must pay SBD800 (US\$100) for the meter, and the actual cost of the service line (and auxiliary poles, if required) if the distance exceeds 20 meters. The customer also pays for the in-house wiring, which can cost upwards of SBD10,000 (US\$1,200) for a small house. Given that the average monthly income of the lowest quartile is SBD2,000 (US\$240) in urban areas and only SBD850 (US\$105) in rural areas of the outer islands, the costs of the service line, meter, and in-house wiring are difficult to afford.

<sup>1</sup> Access to Energy is at the Heart of Development, World Bank, 2018

<sup>2</sup> Access to electricity in Small Island Developing States of the Pacific: Issues and challenges, Mathew Dornan, 2014

<sup>3</sup> Project commitment paper, World Bank, 2016

<sup>4</sup> Supporting Vulnerable Youth to Build a Stable Future in Solomon Islands, World Bank, 2016

<sup>5</sup> As per information provided at time of project implementation



was critically important for performing the power utility's essential functions. The project objective was to strengthen SP and enable it to transition from a high-cost, oil-based system primarily centering only on Honiara, to a more balanced, less costly, and stable sector providing energy services throughout Solomon Islands. At completion, the project had achieved the following outcomes:

- Improved operational efficiency
- Improved system reliability
- Improved financial sustainability

Building on these outcomes and in keeping with its central objective of providing targeted subsidies so that low-income consumers can access basic infrastructure services, the Global Partnerships for Results-Based Approaches' (GPRBA) (formerly Global Partnership on Output-Based Aid) proposed a grant to provide targeted output-based aid (OBA) subsidies to low-income households. These subsidies addressed poor households' ability to pay the up-front connection cost and the in-house wiring cost.

The support was especially important because the high initial cost to connect to the grid was a major obstacle for poor households. They could not attain the income-producing benefits and improved welfare from grid electrification and were forced to spend more money on expensive, low-quality electricity supplies, such as car batteries or small solar home systems.

The Grant Agreement for US\$2.25 million was signed between the World Bank and the Government of Solomon Islands on August 15, 2016, and the project was declared effective on November 2, 2016.

#### **Box 2. Output-based aid definition**

**Output-based aid** is a form of results-based financing in which subsidies are paid to service providers based on verification of pre-agreed project targets (outputs) defined during project design, thereby offering strong incentive for the delivery of services.



# Solomon Islands Electricity Access Expansion Project

The project development objective of the Solomon Islands Electricity Access Expansion project was to increase access to electricity services in low-income areas of Solomon Islands. The US\$2.25 million project sought to subsidize the cost of electricity service connections and in-house wiring for 2,565 households<sup>6</sup> within Honiara and other outstation areas, such as Seghe, Taro, Auki, and Noro.

The OBA subsidy covered the cost of the following two outputs:

- (i) service line: connecting a household to the utility network, including cables, fittings, fuses, auxiliary poles, pre-paid meter, and labor; and
- (ii) in-house wiring: including protection devices, earthing, wiring, a double power outlet, LED lamps, and labor.

The OBA subsidy was designed to account for 72 percent of the total cost of a household connection and wiring in Honiara, and 79 percent in outstation areas. Solomon Power self-financed SBD1,700 (US\$213) for the first 20 meters, and eligible low-income consumers in Honiara had to pay a fixed amount of SBD800 (US\$100), similar to existing practices. Considering the lower income levels, the user contribution in outstation areas was set at SBD400 (US\$50).

## STAKEHOLDERS

### Solomon Power (SP)

The Ministry of Finance and Treasure (MOFT), representing the Government of Solomon Islands, signed the Grant Agreement with the World Bank. However, SP was a signatory to both the Project Agreement and the Subsidiary Grant Agreement with the government, and was the designated implementing agency for the project. As the implementing agency, SP was responsible for:

- (i) purchasing household connection and in-house wiring materials;
- (ii) installing the household connection service lines;
- (iii) recruiting electrical contractors to install the in-house wiring; and
- (iv) undertaking informational campaigns to raise awareness in project areas.

### Electrical contractors

Under the Electricity Act in Solomon Islands, in-house wiring can only be installed by licensed electricians. Licenses are issued by SP, which also certifies the wiring before it connects the service line to a new customer. To reduce the cost of in-house wiring, it was decided that SP would tender out the installation of in-house wiring to licensed electricians in large batches; this was expected to increase competition among licensed electricians and reduce unit costs.

After identifying licensed electrical contractors through the competitive selection process, a service contract between SP and each licensed electrical contractor was signed. They were responsible for installing the in-house wiring, following national standards, and using the materials provided by SP.

### Independent Verification Agent

The Independent Verification Agent (IVA) was tasked with verifying the delivered outputs through a documental verification of all claimed connections and random physical inspection of at least 30 percent of the claimed subsidized connections. The subsidy disbursements were based on the Output Verification Reports (OVR) produced quarterly by the IVA.

In most GPRBA projects, the IVA is contracted by the implementing agency; However, because of the limited local capacity and the extensive role of SP in project implementation, it was considered appropriate for the IVA to be contracted by the World Bank instead.

### Low-income households

Low-income households were the beneficiaries of the scheme. They signed an electricity supply contract with SP and paid their share of the connection cost to SP, either in full or in staggered payments, upon signing the service contract.

<sup>6</sup> Through project restructuring was later reduced to 2,477 households.



## PROJECT FINANCES

The total cost of the project was US\$3.05 million. GPRBA, funded by the Australian Department of Foreign Affairs and Trade, contributed US\$2.225 million, SP contributed US\$545,000, with the

remaining US\$235,000 coming from beneficiary contributions. A breakdown of the project cost is given below.

**Table 1. Summary of project costs and stakeholder contribution (in US\$ million)**

Component	GPRBA	Solomon Power	Beneficiaries	Total
<b>OBA subsidies</b>	2.125	0.545	0.235	2.905
<b>Project management</b>	0.1	0	0	0.1
<b>Total</b>	2.225	0.545	0.235	3.005





## PROJECT DESIGN

A key aspect of the project design was ensuring the seamless integration of the OBA scheme into SP's existing work, primarily by keeping the application process similar to preexisting practices.

A customer, for a standard connection, was required to pay SBD800 (US\$100) for a pre-paid meter, and the actual cost of the service line (and auxiliary poles, if needed) if the distance from the service line exceeded 20 meters. SP shouldered the cost of the service line for customers whose house was within 20 meters from the nearest distribution pole. Through the project, SP continued to bear the expenses for the first 20 meters, along with eligible beneficiaries who continued to contribute SBD800 (US\$100) in Honiara. However, there was an additional subsidy for beneficiaries in outstation areas where the customer contribution was reduced to SBD400 (US\$50). The OBA program subsidized each connection's remaining amount, limited to a service line length of up to 80 meters, one auxiliary pole, and in-house wiring.

The major difference between a standard connection and a connection through the OBA project was the in-house wiring. Previously, due to the small size of the country and scale of its operations, SP also oversaw the enforcement of in-house wiring regulations. The responsibility meant that SP was unable to install in-house wiring using its resources. However, because connections were financed through a grant in this project, SP was able to undertake the responsibility of the in-house wiring for eligible households by contracting services in bulk to licensed electricians. This approach was expected to reduce labor costs. Also, to bring about efficiencies in procurement, SP agreed to purchase

the in-house wiring materials in bulk. SP pre-financed the service connection costs and in-house wiring and was later reimbursed by the World Bank after verification was complete.

To receive a connection, a prospective beneficiary applied to SP and completed the necessary application forms and agreements. SP evaluated if all requirements were met, arranged inspection of the site and premises, and agreed on the scope of work with the beneficiary. If the household was deemed not eligible – due to their location, requested connection capacity, unsafe house construction, lack of property ownership, etc. – SP directed the prospective consumer to the application track for standard consumers, or informed them of their inability to connect the customer. For eligible applications, beneficiaries were required to pay an upfront amount of SBD200 (US\$25). The remaining amount – SBD600 (US\$75) for Honiara consumers and SBD200 (US\$25) for outstations – was paid through 20 percent deductions from the pre-paid meter charge amounts.

### Targeting low-income households

In furthering the projects' effort to benefit low-income households, a combination of geographic and self-selection targeting was used to identify households that qualified for the subsidized electricity connections. Only households with no formal or individual connection to the electricity grid were eligible to receive a subsidized connection under the project. Through the geographic eligibility criteria, the OBA program targeted all households in outstation areas. The segregation of households – rural outstation areas versus urban and peri-urban areas of Honiara – was based on data that revealed that households in outstation areas had, on average, 50 percent or less income than households located in Honiara.

To identify households that needed support within the urban and peri-urban areas of Honiara, the subsidy only covered connections of maximum 5 Amp capacity<sup>7</sup>, the lowest offered by SP. The self-selection ensured that wealthier households requiring a larger connection capacity would not opt for the low capacity connection. To further ensure that the system could not be gamed, subsidized 5 Amp connections were locked-in for a 12-month

<sup>7</sup> The connection capacity offered was later increased to 10 Amp



period. Households that increased the maximum load capacity before 12 months had to pay back the subsidy and penalties. This self-selection mechanism was consistent with SP practices and avoided the need for more administratively complex and costly alternatives, such as income surveys.

### **Awareness campaign**

The Customer Service and Public Relations department of SP was responsible for creating

awareness and promoting the subsidized electricity connections amongst eligible low-income households. Prospective beneficiaries were informed of the program's objectives and structure and given encouragement to apply for the subsidy. The awareness campaign consisted of several coordinated actions, including focus group discussions with the targeted communities, informative posters, and radio advertisements.

---

## **PROJECT IMPLEMENTATION**

The project commenced in November 2016 and was planned to be completed within 18 months. However, it faced significant delays and by February 2018 had only energized, verified, and subsidized 217 out of the 2,565 targeted households, corresponding to only 8.5 percent disbursement of the project funds.

The delays in the initial period were mainly attributed to:

- difficulty for applicants to show valid land titles as part of their application for obtaining an electricity connection, a requirement for SP;
- lack of demand for the 5 Amp connection;
- delays in the recruitment of the program management team; and
- delays in the procurement and delivery of materials.

### **Addressing lack of valid land titles**

Many applicants had difficulty obtaining valid land titles, which was a necessary component of the application for the electricity connection. As part of SP's standard application process for a connection, households were required to provide evidence of legal rights to reside on the land they occupied, as well as an agreement from their neighbors (if the connection pole must be placed on their property). It quickly became apparent that households, particularly in Honiara, were having difficulty presenting the required documentation. The issue applied to applicants living under Perpetual and Fixed Term Estate regimes who did not have a valid land title. Initially, while working with the government's relevant counterparts to find a viable solution to the issue, SP increased

the number of planned connections in outstations that did not face such constraints. Subsequently, following consultations with the Solicitor General and the relevant Commissioner of Lands, the Ministry of Lands and Housing Survey issued a support letter in early 2018 allowing all potential applicants living in Perpetual Estate Land to apply for an electricity connection. Additionally, a project manager was hired and material procurement sped up, leading to a significant improvement in project performance.

### **Addressing inadequate connection capacity**

Initially, SP only offered a connection capacity of 5 Amp under the project. However, through awareness events organized to increase the number of connections, the project team learned that the 5 Amp capacity was one of the reasons for the lack of enthusiasm amongst the beneficiaries regarding the project. Taking this feedback into account, in March 2017, the connection capacity offered was raised to 10 Amp.

### **Issues identified during verification process**

Through the verification process, the IVA raised safety concerns regarding the configuration for the subsidized connections i.e., two bulbs, one switch and one power plug. Since the configuration allowed only one switch, households were unable to turn each light on and off separately and hence had to unscrew bulbs in case they wanted to use only one. Addressing these concerns and increasing the connections' capability, the configuration was changed to three bulbs, three switches, and two power points. SP absorbed the costs of approximately US\$60-65 higher per connection without a change in the subsidy level. Households with the previous configuration were also retrofitted.

## Project restructuring

Recognizing the challenges and delays in project implementation, the project restructuring was undertaken in February 2018. The major changes made were as follows:

**Extension of Implementation Period.** Considering the implementation progress, completing the project by the closing date of June 30, 2018 was impossible. Therefore, in consultations with SP, the World Bank task team extended the project by 21 months; 18 months to complete the requisite connections and 3 months to rectify technical issues (faulty connections) and prepare final claims and operational reports.

**Inclusion of connections for micro-enterprises and community infrastructure services.** During the initial implementation period, there was interest amongst the community to extend the project to micro-enterprises and community infrastructure services. Since this could be done without altering the program's development objective, they were included as eligible beneficiaries. The results framework was subsequently altered, and 10 percent of the connection targets were assigned to micro-enterprises and community infrastructure services. This could be achieved at no additional cost.

- (i) Micro-enterprises: these were primarily identified as small family-managed shops outside of the Honiara city center and in outstations called canteens.
- (ii) Community infrastructure services: these primarily included health clinics, community centers, and schools. It was believed that the standard configuration covered by the project would allow schools and clinics to enhance their basic operations, allowing connections to photocopying machines in schools and fridges in clinics. Furthermore, these facilities were permitted to further expand the internal wiring at their own cost, if needed.

**Amendment to the Results Framework.** Reflecting the increase in the number of outstation connections due to the land title issues and the addition of a new type of connections, the number of planned connections was decreased from 2,565 to 2,477, which included 124 micro-enterprises and 124 community infrastructure services connections. The decrease was primarily because the subsidy for outstation connections was higher than that for Honiara.





## PROJECT PERFORMANCE

Addressing the bottlenecks led to significant improvement in the project performance. At the close of the project, a total of 2,403 households were electrified, representing 127.28 percent of the households targeted. However, the number of connections to micro-enterprises and community services remained significantly below expectations, with only 44 microenterprises and 41 community infrastructure services receiving an electricity connection through the project.

The project was also able to meet its budgeted target for the level of subsidy in Honiara but slightly exceeded them for outstation connections due to higher-than-expected transportation and labor costs. The average cost per service connection was approximately US\$994 in Honiara and US\$1,257 for connections in outstations.

As a result of the electricity connection, targeted low-income communities saw an increase in economic activity, with a significant number of households starting microenterprises. Out of 70 households that were surveyed, 53 indicated beginning some economic activity (32 canteens, 12 tailoring, 2 provision stores, and 7 others). There were also ancillary benefits that the project modality brought to the energy sector in Solomon Islands. The modality associated with OBA projects highlighted the importance of establishing feedback loops through the verification process, along with enabling SP to streamline their application process and improve operations related to setting up a connection. For instance, the bulk purchase of materials illustrated ways in which SP could

significantly reduce the costs associated with an energy connection. The GPS tagging of beneficiary households, an initiative under the project, made it easier to locate beneficiary households and will benefit future interventions.

### Challenges

**Lack of valid land titles.** As previously mentioned, the lack of valid land titles was the primary reason for the slow project progress. However, an effective resolution to the issue demonstrated the flexibility promoted by the OBA mechanism.

**Incorporating micro-enterprises and community infrastructure services in the project.** Though the low number of connections established for microenterprises and community infrastructure services was in large part due to their late inclusion in the project, another significant reason was the lack of awareness about their eligibility. At the start, the project was marketed solely for households, and initial interest from microenterprises and community services was rebuffed. Post inclusion, there was also a demand for higher capacity connections. The difference in needs and awareness emphasized the importance for a separate connection configuration and awareness campaign for microenterprises and community infrastructure services. Furthermore, through their project completion report, SP highlighted that the number of prospective connections was limited since most target areas only had one community hall or school. Delays in Low Voltage (LV) line extensions for community services also impacted the ability to connect them.

**Table 2. Project result indicators**

Indicator	Target	Result
Number of direct project beneficiaries	15,498 <sup>8</sup>	14,605 <sup>9</sup>
Number of households connected	2,229	2,403
Number of micro- enterprises connected	124	44
Number of community infrastructure services connected	124	41

<sup>8</sup> Calculated based on 5.7 people per connected household, 2 per micro-enterprise and 20 per community service connected

<sup>9</sup> Below targets because of the number of connections for micro enterprises and community services



#### **Awareness regarding connection capacity.**

Households, along with microenterprises and community-services, found it difficult to comprehend the number of appliances they could utilize under the 10 Amp connections. The limited awareness led to underutilization of the connection, as households feared exceeding the load. Ideally, information about the number and type of appliances each connection could handle should have been made available.

**The cartelization of electricians.** SP's rationale for tendering out the installation of in-house wiring to licensed electricians in large batches (500 households) was to increase competition and overcome market distortions caused by possible cartel practices. However, the reality remained that due to a limited number of licensed electricians, adequate competition between them could not be generated. The tenders were limited to 30–40 households at a time, and electricians continued to exert control over the costs associated with in-house wiring. Nevertheless, SP avoided the high mark-ups

applied by suppliers and reaped the benefits of economies of scale by importing the material related to in-house wiring in bulk.

#### **Finding human resources for project management.**

Considering the project was SP's first attempt at implementing an energy access project, the utility lacked the expertise needed to implement the project. Identifying a project manager to lead the OBA team was critical. However, attracting talent in the island nation was a challenge, as a result of which there was no dedicated OBA team to implement the project. A full-time project manager could only be appointed by May 2019, after which there was significant improvement in the utility's performance.

**Data management.** Even though SP had easily integrated the OBA project within their operations, the fact that all documents continued to be stored physically (paper-based records) caused significant delays, especially for the IVA.



## CONCLUSION

Despite being implemented in a low-resource and fragile environment, the project successfully achieved its objective of increasing access to electricity services in low-income areas, allowing households to access reliable power supply for the first time. The results are even more commendable when considering this was Solomon Islands' first endeavor in implementing an OBA project. Reasons for the project's success can be attributed to aligning the project modality to existing practices and continuously addressing bottlenecks through feedback loops. Other key factors include SP's early buy-in and commitment towards energy access in Solomon Islands, as well as the flexibility illustrated by GPRBA through their willingness to make changes to the project timeline, design and results framework.

The recently concluded SISEP also played a significant role in enabling SP to integrate the project within their operations seamlessly. SP had both the technical and financial capacity to undertake an OBA project. World Bank-contributed prepaid meters, for instance, allowed low-income households to become customers without the risk of accumulated costly late-payment penalties and reconnection fees, thereby giving them control over the usage and budgeting for electricity.

The benefits of the project will also extend beyond the targeted outputs. The resultant increase in connections will give SP the ability to improve its revenue collection. All in all, an increase in revenue is expected to contribute to improvements in SP's economics and financial returns, which is further expected to improve service provision and increase access to electricity in Solomon Islands.

Furthermore, considering that increasing access to electricity in Solomon Islands without the support of subsidies seems implausible, the project's significant contribution lies in establishing an OBA program management structure that can be easily utilized by other projects and donors. It can also be the basis of energy access projects in

countries that face challenges similar to that of Solomon Islands. It specifically highlights the need to develop an ecosystem that can support project implementation, including electricians and suppliers, the extensive supervision and support needed by the utility in the initial stages of implementation, and the willingness and ability to quickly amend plans when the need arises. As of now, the project has mobilized additional funding within the energy sector in Solomon Islands. The Solomon Islands Electricity Access and Renewable Energy Expansion Project, for instance, is already in the process of continuing the OBA project, starting by extending the subsidy to households that could not be accommodated because targets had already been achieved<sup>10</sup>. Bilateral and multilateral donor organizations like the Asian Development Bank (ADB) and New Zealand's Ministry of Foreign Affairs and Trade (MFAT) will continue to implement similar OBA projects within the Solomon Islands' energy sector and other Pacific Island nations. MFAT has already provided US\$1.23 million for SP to continue connecting low-income households under the OBA subsidy approach, while ADB remains in discussion with the government.

Lastly, though outside the project's scope, it is also important to note that high electricity tariffs will continue to be an impediment for Solomon Islands to achieve universal energy access.<sup>11</sup> An immediate remedy would be to transition to a progressive tariff structure that cross-subsidizes low consumption users from higher ones. In the long run, transitioning to renewable energy will play a key role in lowering the cost of supply and enabling a reduction in the tariff level. The World Bank, through the previously mentioned Solomon Islands Electricity Access and Renewable Energy Expansion Project, is currently supporting efforts to increase the annual electricity output from renewable energy in Solomon Islands, which will reduce reliance on diesel generation and lower the blended cost of generation.

<sup>10</sup> Approximately 1,300 eligible applications which were not connected by the project closing date and were transferred to the Solomon Islands Electricity Access and Renewable Energy Expansion Project

<sup>11</sup> During project implementation the average retail electricity tariff of approximately US\$0.65/kWh was the highest in the Pacific and amongst the highest in the world



[www.gprba.org](http://www.gprba.org)



SUPPORTED BY  
**WORLD BANK GROUP**

[www.worldbank.org](http://www.worldbank.org)