

# Australian Government Response to the Independent Review of the ADB Sustainable Transport Infrastructure Improvement Project/National Transport Fund

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## Background

Australia and the Asian Development Bank (ADB) jointly designed and funded the Sustainable Transport Infrastructure Improvement Project (STIIP, 2016-2022). Australia's total contribution to STIIP was AUD19.2 million.

The goal of STIIP was to improve transport system efficiency and sustainability. There were three expected outcomes:

- 1) Transport infrastructure rehabilitated and maintained with improved access for all users (through improved safety, gender responsiveness, and climate and disaster resilience).
- 2) Country systems strengthened to finance and implement the NTP.
- 3) MID's management and supervision capacity strengthened.

In early 2022, MID and development partners agreed to undertake a review (the Review) of the approach to infrastructure maintenance implemented under STIIP through the NTF. The review team was tasked with:

- a) assessing the extent to which the STIIP goal and outcomes were achieved.
- b) identifying NTF system improvements attributed to STIIP, and constraints that impacted the performance of STIIP.
- c) identifying lessons learned for improved performance of the NTF for consideration by SIG and development partners.

The Review found that STIIP was partially successful. Twelve of the 22 targets were achieved. While budget availability limited success, human capacity was also a major constraint combined with system-related impediments. The Review also found that the ADB as the lead development partner and/or the Solomon Islands Government (SIG) did not act on early reviews and audits identifying issues and constraints.

The Review outlined 76 lessons learned for SIG and development partners considering support to the transport infrastructure sector in Solomon Islands.

## Management Response

The Australian Government welcomes the findings of the STIIP/NTF Review, which provides insight and detailed suggestions for all development partners (including Australia) when considering budget support programs to deliver infrastructure in Solomon Islands.

As noted in the Review, many of the findings were identified previously. The Government of Australia decided in 2020 to cease funding to the NTF due to the delays in procurement that led to high uncommitted cash balances and lower-than-expected contributions from SIG – a core element of the STIIP design which sought to ensure that development partner funding did not displace SIG's recurrent budget to MID. Importantly, insufficient emphasis was given to quality outcomes through STIIP.

In response to the lessons learned from this Review, and flagged in STIIP review missions, Australia like other development partners (noted in the Review) determined that the NTF was not yet adequately resourced to be an effective mechanism for delivering high quality sustainable transport infrastructure asset management.

Australia launched the Solomon Islands Infrastructure Program (SIIP) in 2021 in response to the need for Australia to see better quality infrastructure outcomes alongside a sophisticated capacity development program to support SIG to better manage its infrastructure assets.

Through SIIP, Australia is engaging differently with the Ministry of Infrastructure Development (MID). For example, the Permanent Secretary is a SIIP Board member. The SIIP Policy and Technical Assistance Adviser has consultant MID on its asset management capability gaps and shared a report with MID, marking the beginning of SIIP's relationship with MID, which it will look to build over its ten-year life.

This reflects an understanding that capacity development is generational. Small gains have been made to build capacity within MID with support from the ADB and Australia over ten years under the two phases of the Solomon Islands Transport Sector-Based Approach (STIIP was Phase II). However, SIG may need to consider institutional reform to enable the efficient and effective delivery of sustainable infrastructure assets across the country.

Through SIIP, Australia is also providing support to SIG through the Ministry of National Planning and Development Coordination for strategic economic infrastructure planning across the country.

Australia is also providing support to MID to deliver much-needed small infrastructure that may otherwise be unfunded through the recurrent budget. The World Bank Community Access and Urban Services Enhancement Project (CAUSE) is widely seen to be a very successful model delivering employment opportunities and good quality road maintenance outcomes on the outskirts of Honiara and in provincial urban centres.

Lessons from STIIP and CAUSE have informed SIIP's transport sector analysis for Solomon Islands. Combined with an economic drivers analysis, Australia through SIIP will continue to contribute to transport infrastructure improvements in Solomon Islands over the next ten years to 2031.