



In Partnership: Australia, New Zealand and IFC

IN PARTNERSHIP WITH



Creating Markets, Creating Opportunities

About IFC

IFC—a sister organization of the World Bank and member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2019, we invested more than \$19 billion in private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity. For more information, visit www.ifc.org.

Pictured overleaf, from left: Andrea Ruth Ngengere, Marielah Patovaki, and Linda Ramotaka, National Fisheries Developments, Ltd. (NFD) outside their Honiara offices.

Pictured opposite: Market traders in Vanuatu. The Partnerships' innovative work across the Pacific improves people's lives, using fresh approaches to tackle tough development challenges.

© International Finance Corporation 2018. All rights reserved.

Photography by Peter Rae, Jerry Albaniel, Michael Power, John Solok, Robert Taupongi, Ginny Stein, and Hamish Wyatt.

The material in this work is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. IFC does not guarantee the accuracy, reliability or completeness of the content included in this work, or for the conclusions or judgments described herein, and accepts no responsibility or liability for any omissions or errors (including, without limitation, typographical errors and technical errors) in the content whatsoever or for reliance thereon.

Vision Statement

Across the Pacific, IFC works in partnership with the governments of Australia and New Zealand to create opportunities for people: spurring the private sector to boost sustainable growth and jobs, cut poverty, and help island nations tackle their unique development challenges.



Contents

The Pacific in the Time of COVID-19	4
History	4
Working with IFC	5
Partnership Impact: Positive Developments across the Pacific	6
About IFC	8
IFC Today	10
Ambitions for 2030	11
Creating Markets, Creating Opportunities	12
IFC's Value Proposition	13
Partnering to Help Pacific Nations Meet Development Challenges	14
Impact and Innovation	20
Financial Inclusion	24
STORY A Green Bond to Help Fiji Secure a Greener Future	27
STORY For Tongans, a Secure Way to Send Money Home is Priceless	30
STORY IFC Helps Pacific Funds Target Infrastructure Gaps	34
Gender	38
STORY Investing in Fisheries and People in Solomon Islands	41
STORY New Policies Redefine "Women's Work" in Solomon Islands	44
STORY Facing Gender Inequality Head-on Helps SolTuna Succeed	47
STORY Domestic and Sexual Violence in Fiji—How Businesses Can Make a Difference	50
Infrastructure	54
STORY Cleaner, Cheaper Power Fuels a Better Future for Solomon Islanders	56
STORY 300 Days of Sunshine Light Up Papua New Guinea's Future	60
STORY Fiji's Historic Green Bond Fund Delivers	63

RESULTS HIGHLIGHTS

Since July 2012 activities under the Partnerships with Australia and New Zealand in the Pacific have delivered significant results



Over
\$843 million
in investment mobilized

Over
\$232 million

delivered in incremental lending
to 2,485 small and medium
enterprises



2.2 million

Pacific Islanders with extended
access to financial services,
including over 507,000 women

1.9 million

people with improved access
to basic infrastructure



Over
\$45.7 million

achieved in annual private
sector cost savings

The Pacific in the Time of COVID-19

Less than six months into 2020, the Pacific has already felt the impacts of the COVID-19 crisis. While the number of cases across the region has thus far been low—and in some countries non-existent—the economic damage has been deep and widespread. With borders closed, tourism across the Pacific has seen the biggest losses, with a domino effect in countries leading to widespread job losses. Micro, small, and medium enterprises have come under pressure. Infrastructure projects face delays. Agricultural supply chains have been affected and people once involved in the tourism and hospitality industries are moving back to small-scale subsistence farming. Further, holding jobs in troubled sectors and facing an increase in unpaid care work, women especially are likely to experience the ripple effects of the pandemic. This means that there has never been a greater need for the Partnerships in the Pacific. Together, we will help the private sector—the key provider of jobs—tide over this crisis.

Now, the Partnerships' work across the Pacific is focused on recovery, rebuilding, and boosting resilience. We are taking steps to adjust our program in the Pacific, a program which has created great gains for the region, and we expect to continue to deliver for people here.

Given the emerging impacts and uncertain duration of the outbreak and its myriad consequences, we will need to continue to adapt our work over the coming months, if not longer, as we respond to client needs, market dynamics, and government priorities for the private sector. These measures will ensure the Partnerships continue to deliver for the peoples of the Pacific: stimulating private sector investment, promoting sustainable economic growth, and reducing poverty.

In these uncertain times, we would like to underscore our appreciation of IFC's invaluable relationships with the Australia and New Zealand governments.

Thomas J. Jacobs, IFC's Country Manager for Australia, New Zealand, Papua New Guinea and the Pacific Islands

History

A Deepening Relationship

IFC, Australia and New Zealand have been partners in the Pacific since 1990. Over the decades, this relationship has grown from the South Pacific Project Facility to encompass the Pacific Partnership (since December 2012), the PNG Partnership (since March 2015), and the Fiji Partnership (since September 2016).

The Pacific Partnership

The first five-year Pacific Partnership between Australia and IFC was formed in December 2012—with New Zealand joining in June 2013—contributing \$33 million of support. The second five-year Pacific Partnership was signed with Australia and New Zealand in 2017, contributing an additional \$17.6 million.

The Papua New Guinea Partnership

The Papua New Guinea Partnership was established between Australia and IFC in March 2015, with New Zealand joining in June 2017. The PNG Partnership has contributed \$38.4 million.

The Fiji Partnership

The Fiji Partnership was established in September 2016. Initially between Australia and IFC, the partnership was expanded to include New Zealand in October 2019. The Fiji Partnership has contributed \$12.2 million.

Working with IFC



On Solomon Islands' first public-private partnership:

*"The Tina River Hydro is a historic project for Solomon Islands," said **Manasseh Sogavare, Prime Minister of Solomon Islands**. "It will deliver cheaper power to Solomon Islanders and signals to investors that Solomon Islands is ready for large projects and partnerships. This first public-private partnership infrastructure project in Solomon Islands opens the door for more, which will support much-needed development, offering Solomon Islanders a better standard of living and more opportunities."*



On disaster risk insurance in Fiji:

*"We've signed a landmark agreement with the International Finance Corporation to eventually enable families and farmers to access insurance payouts in the event of a severe cyclone. And Fiji is the leading voice on the world stage in advocating for greater finance and financing mechanisms to fund the life-saving work of climate adaptation. All of this work is dedicated to a singular purpose: saving lives and saving us the costs of rebuilding, year after year, cyclone season after cyclone season," said **Fijian Prime Minister, Voreqe Bainimarama***



On supporting plans for funds to invest in Pacific infrastructure:

*"This approach in my view is welcome news as it allows our small countries and economies to invest in each other's industries, services, and infrastructure underpinned by the principle of collectivism—that much more can be done together than individually," said **Samoa Prime Minister, Tuilaepa Sailele Malielegaoi**.*



During a visit to identify development opportunities in the Papua New Guinea Highlands:

*"The World Bank and IFC continue to support PNG with many projects in sectors such as agriculture and road transport," said **Papua New Guinea Prime Minister, James Marape**. "This has been a valuable opportunity to discuss our government's priorities for our partnership."*

Partnership Impact: Positive Developments across the Pacific



Joint Venture: The Partnerships have provided support to around 2,500 small and medium enterprises.

Infrastructure

- **Improving access to basic infrastructure for more than 1.9 million people**, helping one in five people in **Papua New Guinea** access solar lighting, phone charging, and other solar appliances for the first time
- Delivering the first large-scale infrastructure initiative to be developed as a public-private partnership in Solomon Islands—the **Tina River Hydropower Project** will cut **Solomon Islands'** reliance on expensive imported diesel by 70 percent, thereby reducing power costs significantly
- Funding to rebuild 1,200 school buildings; supplying clean water to over 42,000 people and installing over 2,500 cyclone-resilient solar home systems in **Fiji** with **proceeds from the country's first historic green bond** that raised 100 million Fijian dollars to help Fiji adapt to a changing climate
- Working to help provide **affordable, climate-resilient housing** in **Fiji, Papua New Guinea** and expanding to **Timor Leste** to help meet critical housing needs

Financial Inclusion

- **Providing 2.2 million Pacific Islanders access to financial services** by strengthening financial institutions and leveraging payment systems
- **Modernizing financial systems across the Pacific** including developing cashless payment systems for **Samoa, Solomon Islands, and Vanuatu**—a system that allows banks to connect with their central bank and each other for electronic transfer of payments
- **Establishing and strengthening credit bureaus** in countries including **Solomon Islands, Papua New Guinea, Vanuatu** and **Tonga**
- Helping people in **Papua New Guinea** make **better financial decisions** and improve transparency and disclosure on lending and enabling recourse action
- Creating an innovative solution to help **Tonga** deal with de-risking/foreign exchange issues, **bringing down the cost of remittances** for Tongans living in New Zealand
- Helping people in rural and remote areas of **Solomon Islands, Papua New Guinea, and Fiji** use mobile-based banking services—450,000 mobile banking users in four years in Papua New Guinea; over \$10 million in transactions in Solomon Islands, with about 85,000 people trained in financial literacy
- **Supporting close to 2,500 small and medium enterprises**



Building Blocks: The Tina River Hydropower Project is the first public-private partnership infrastructure project in Solomon Islands, signaling to investors the nation is ready for large projects and partnerships.



Better Business: “Before working with IFC, absenteeism was impacting SolTuna’s bottom line,” said Suzy Aquino, Plant Operations Manager.

Gender

- Working to **broaden economic opportunities for women, targeting gender-based violence** and identifying ways in which businesses can save money by **addressing gender-related issues**
- Helping create leadership paths for women in businesses, enabling companies to put more women in jobs traditionally held by men. Addressing domestic violence in the workplace through the **Waka Mere initiative**, with 14 companies completing the two-year initiative
- Cutting absenteeism by a third through **advisory work for SolTuna**, the only processing facility in **Solomon Islands**; training over 1,100 employees in financial literacy; contributing to the rising number of women in leadership positions from zero in 2015 to 107 today
- Making a **business case for workplace responses to domestic and sexual violence** in **Fiji** by demonstrating it costs employers almost 10 days of work per employee each year
- **Working with over 30 companies** in **Fiji, Papua New Guinea, and Solomon Islands** to address workplace bullying and harassment, support employees experiencing domestic and sexual violence, and prevent sexual exploitation. The tools developed in the Pacific are now being used globally including in Haiti, Myanmar, and Nepal

Through the Partnerships, Australia, New Zealand, and IFC are helping to stimulate private sector investment, promote sustainable economic growth, and reduce poverty in the Pacific.



Partners in Papua New Guinea: From left, Michel Kerf, World Bank Country Director for Papua New Guinea and the Pacific Islands; James Marape, Prime Minister of Papua New Guinea; and Thomas J. Jacobs, IFC's Country Manager for Australia, New Zealand, Papua New Guinea and the Pacific Islands.

About IFC

We work with the private sector in developing countries to create markets that open up opportunities for all.

IFC—a sister organization of the World Bank and member of the World Bank Group—is the largest global development institution focused exclusively on the private sector in developing countries.

We apply our financial resources, technical expertise, global experience, and innovative thinking to help our partners overcome financial, operational, and other challenges.

A strong and engaged private sector is indispensable to ending extreme poverty and boosting shared prosperity. That's where IFC comes in—we have more than 60 years of experience in unlocking private investment, creating markets and opportunities where they're needed most. Since 1956, IFC has leveraged \$2.6 billion in capital to deliver more than \$285 billion in financing for businesses in developing countries.



Common Goal: Across the Pacific, IFC works in partnership with the governments of Australia and New Zealand to create opportunities for people: spurring the private sector to boost sustainable growth and jobs, reduce poverty, and help island nations tackle their unique development challenges.



IFC KEY FACTS

More than
\$285 billion
in financing delivered to
companies in developing
countries since 1956

\$59 billion
committed global
investment portfolio

100
country offices

More than
2,000
private sector clients

\$19.1 billion
in financing provided in
fiscal 2019, of which \$10.2
billion was mobilized from
other investment partners

3,744
global staff

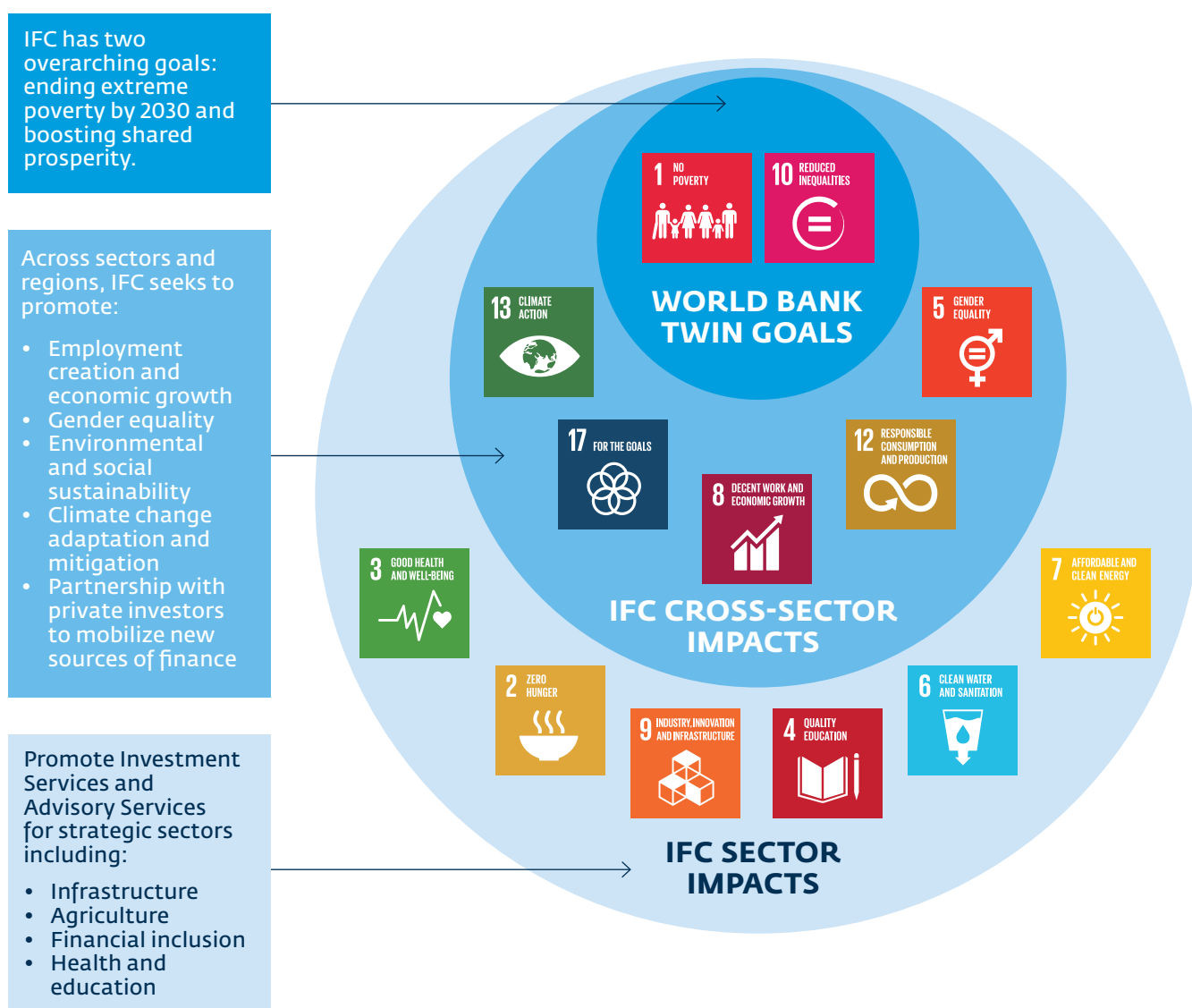
IFC Today

IFC's Strategic Alignment with the SDGs

As the world's largest impact investor, IFC has operations that contribute to several Sustainable Development Goals (SDGs) in many dimensions. Integral to IFC's mandate, and aligned with the World Bank Group's twin goals, are SDGs 1 and 10: "No Poverty" and "Reduced Inequality." IFC also prioritizes partnership with private investors to mobilize new sources of finance—aligned with SDG 17. At the strategic sector level, IFC promotes investment and advisory projects in infrastructure, agriculture, financial inclusion, health, and education—aligned with SDGs 2, 3, 4, 6, 7, and 9.

Across sectors and regions, IFC seeks to promote employment creation and economic growth, gender equality, environmental and social sustainability, and climate change adaptation and mitigation—aligned with SDGs 8, 5, 12, and 13, respectively.

This mapping shows IFC's strategic alignment with 13 SDGs.





Impactful Presence: Advisory work for SolTuna, the only processing facility in Solomon Islands, cut absenteeism by a third. While over 1,100 employees were trained in financial literacy, there was a rise in the number of women in leadership positions from zero in 2015 to 107 today.

Ambitions for 2030

Achieving the SDGs will require up to \$4 trillion a year—far more than donor countries can provide through official development assistance, and far more than debt-burdened developing countries can finance from their own public sector resources. It is essential, therefore, to mobilize private capital at a far greater scale, and in a much wider set of countries, than ever before.

With this in mind, the World Bank Group has redefined its approach to development finance, working in new ways to help countries maximize finance for development by leveraging the private sector and making the most of scarce public resources.

Supporting this vision, shareholders have endorsed a historic **\$13 billion capital increase**, including **\$7.5 billion for the IBRD** and **\$5.5 billion for IFC** in April 2018.

This capital increase more than triples the paid-in capital that IFC has received since inception, allowing it to scale up its impact—by meeting clients' business goals and improving peoples' lives—with these ambitions for 2030:

- **\$48 billion** in annual commitments, including \$25 billion in annual investments for IFC's own account and \$23 billion mobilized from others
- **40 percent** of these investments will be in IDA countries and in fragile and conflict-affected areas—including 15 to 20 percent in low-income and fragile and conflict-affected IDA countries
- **35 percent** of investments for IFC's own account will be climate-related
- **\$2.6 billion** in annual commitments to financial institutions specifically targeting women
- A **fourfold** increase in annual financing dedicated to women and women-led SMEs
- **50 percent** of the directors that IFC nominates to boards of companies where we have a board seat will be women



Creating Markets

A comprehensive approach to tap the power of the private sector by:

- establishing regulatory and policy frameworks that improve public governance and **enable markets to thrive**
- promoting **competition and innovation**
- achieving **demonstration effects** that encourage replication
- introducing **new solutions** driven by improved technology and logistics
- building capacity and skills to **open new markets**

Creating Markets, Creating Opportunities

IFC works to create markets that give new opportunities to people in developing countries. For more than 60 years, IFC has played an important role in developing private markets, making them more competitive, bringing them to scale or creating them anew.

However, addressing the persistent scale of development needs in many parts of the world requires greater private sector participation and channeling more private investment into low- and middle-income countries. To end extreme poverty and reduce inequality, we must create more jobs. Since the private sector creates the majority of the jobs in the world—nine out of every 10—we must find ways to direct more private investment into the countries and communities where the poor live.

To leverage the private sector most effectively and to grow markets in the most difficult places, IFC is pursuing a more deliberate and strategic direction. This strategy will enable IFC to take a more systematic approach to project selection, coordination, and collaboration across the World Bank Group and to engage with governments and private sector clients to address critical barriers to private sector development.

Our aim is to leverage private solutions to address pressing development challenges by creating markets that are competitive, sustainable, inclusive, integrated, and resilient. As markets are created and made to work better, a country's economy can grow, create jobs, and generate income and wealth.

IFC's Value Proposition

- A supranational with fully paid-in capital
- Owned by governments of 185 member countries with more than 50 percent of capital held by AAA/AA sovereigns
- Strong financial profile with substantial capital and high liquidity
- Highly diversified global portfolio with debt and equity exposure in more than 120 countries and over 2,000 companies
- Zero percent risk weighting under Basel Framework
- Consistently rated AAA/Aaa (stable outlook) by S&P and Moody's



Investment

- Debt (loans, bonds, and other fixed income instruments)
- Equity
- Trade and commodity finance
- Derivative and structured finance



Advice

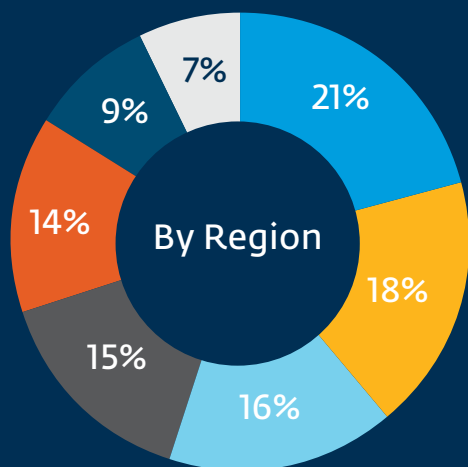
- Companies
- Financial institutions and funds



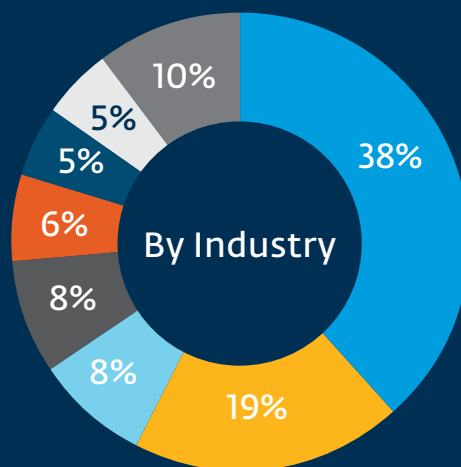
Mobilization

- Third-party investment in debt equity format
- Syndications
- IFC Asset Management Company (AMC)
- Governments

\$58.8 Billion Committed Portfolio (FY2019)



- Latin American & Caribbean
- South Asia
- East Asia & Pacific
- Sub-Saharan Africa
- Europe & Central Asia
- Global
- Middle East & North Africa



- Financial markets
- Infrastructure
- Funds
- Manufacturing
- Agribusiness & Forestry
- Tourism, Retail & Property
- Health & Education
- Other

Partnering to Help Pacific Nations Meet Development Challenges

Impact and Innovation

Pacific nations face a unique combination of significant development challenges: small, remote economies, growing populations with rising unemployment and rapid urbanization, poor infrastructure, and significant gender inequality. These environmentally fragile places are highly exposed to a volatile mix of economic shocks, climate change, and natural disasters.

To combat these challenges, the Partnerships bring innovative and impactful approaches, creating opportunities for people to prosper and thrive.



Women Power: Grace Kikiribatu, engineer at Solomon Power, in a meter testing room. Solomon Power was one of 14 companies that completed the two-year Waka Mere initiative, creating better opportunities for women.

Pacific nations face a unique combination of significant development challenges.

The Remote Pacific

From the biggest country in the region (Papua New Guinea) to the smallest one (Tuvalu), Pacific nations are scattered across 16,000 kilometers of ocean—an area twice the size of continental Europe. The smaller Pacific Island nations are among the 25 smallest independent states in the world.

Besides limiting local opportunities for businesses and economic expansion, remoteness also impacts private investment levels. Slow and inefficient border processes in the Pacific increase trade costs, discouraging exports in a region far away from large markets. In response, IFC—through the Partnerships—is advising businesses and governments on improving the enabling environment for private sector investment and trade.

Geographical Challenges

The economic geography of island nations also adds to the challenges. Solomon Islands, for example, is an archipelago of 997 islands, with a total land area of about 28,400 square kilometers spread over 1.3 million square kilometers of ocean—an area larger than France, Germany, and Poland combined. The country's population is dispersed over 90 inhabited islands and has one of the lowest population densities in the world.



Future Bright: Two-month-old Ratu Simon Natadra is one of the many children in the Pacific region who will benefit from IFC's work. IFC is leading the World Bank Group efforts to work with pension, provident, and sovereign funds in the Pacific region to help spur investments in essential infrastructure, such as telecommunications, water, financial services, transport, sustainable energy, and health.

Across the Pacific, only 24 percent of people are connected to the electricity grid.

Infrastructure Gap

In Solomon Islands, the cost of electricity is one of the world's highest. The country is almost totally reliant on imported diesel and only around 16 percent of the population has access to grid connected power. Limited access to affordable and reliable power in Solomon Islands constrains growth in urban areas and contributes to poverty in rural areas. In response, IFC—through the Pacific Partnership—has worked as the transaction advisor to the government of Solomon Islands to help deliver the landmark Tina River hydroelectric plant. The Tina River hydropower plant will bring down costs, improve power supply reliability, and provide clean renewable energy, thereby reducing reliance on expensive imported diesel.

Across the Pacific, only 24 percent of people are connected to the grid. Over 40 percent of installed capacity is based on diesel and liquid fuels, with many Pacific governments aspiring to switch their energy mix and boost renewables.



IFC has worked through the Papua New Guinea Partnership to boost off-grid solar solutions through Lighting PNG and is working to open up the rooftop solar market in Port Moresby; as well as working on initiatives to help boost renewable energy projects across the Pacific.

People in the Pacific are also feeling the impacts of lack of access to housing. In Fiji, over the past years, a combination of increasing land prices and limited investment in affordable housing projects has seen a growth in informal residential settlements, especially around Nadi and Suva.

An analysis shows an estimated 14 percent of the Fijian population now live in informal settlements, with limited infrastructure and access to essential services such as water and electricity. Under the Fiji Partnership, IFC is working to bring in the private sector to help provide affordable and climate-resilient homes for low- and middle-income families—a move in line with the Fijian government's own development agenda. The Partnerships are also exploring ways to take these innovations elsewhere in the Pacific.



Home Truths: An estimated 14 percent of the Fijian population live in informal settlements, with limited infrastructure and access to essential services such as water and electricity.

The Pacific Partnership developed a safe way for Tongans to send money home from New Zealand, bringing down the costs by at least 5 percent.

Key Financial Developments

People across the Pacific are impacted by limited financial inclusion and weak financial infrastructure. In this context, work on the payment systems aims to make financial services more accessible to people and businesses. Low financial literacy, poor consumer protection, and lack of legal/regulatory framework and infrastructure act as deterrents to promoting a sound and efficient digital friendly payment systems. Work in this area extends across Papua New Guinea, Fiji, Samoa, Solomon Islands, Tonga, and Vanuatu. In Papua New Guinea, IFC is also working on guidelines and practices to boost consumer protection. Further, IFC is working to develop the capital market in both Papua New Guinea and Fiji. Efforts to boost finance for small and medium enterprises and supply chain finance are also underway across Pacific Island nations.

In a region where some workers move away from their homes for employment, sending money home can be expensive and time consuming. For example, half of the adult population in Tonga work overseas. Until recently, growing costs of remittance services offered by banks forced a substantial number of workers to resort to the gray market. As a result, they faced high fees, unfavorable exchange rates, and even the risk of their money being stolen. To address these issues, the Pacific Partnership has developed a safe and affordable way for Tongans to send money home from New Zealand. This has helped bring down the costs by at least 5 percent—compared to commonly used alternatives—contributing significantly to the Tongan economy. This remittance product is now being rolled out in Australia.



Mobile Labor: Half of the adult population in Tonga works overseas.



Dreaming Big: Despite economic dependence on tourism, most Pacific nations are yet to realize their dreams of attracting more tourists.

Driving Tourism Revenue

Tourism is an area with significant revenue potential for Pacific nations. Despite economic dependence on tourism, most Pacific nations are yet to realize their dreams of attracting more tourists.

In response, IFC—through the Partnerships—has been advising across the Pacific on developing new tourist products, strengthening data to make informed decisions on tourist growth potential, identifying new markets and potential areas of infrastructure development. In Fiji, for example, IFC has also been working to boost farmers' income by encouraging more local produce on the tables of the hotels popular with tourists.

The Gender Opportunity

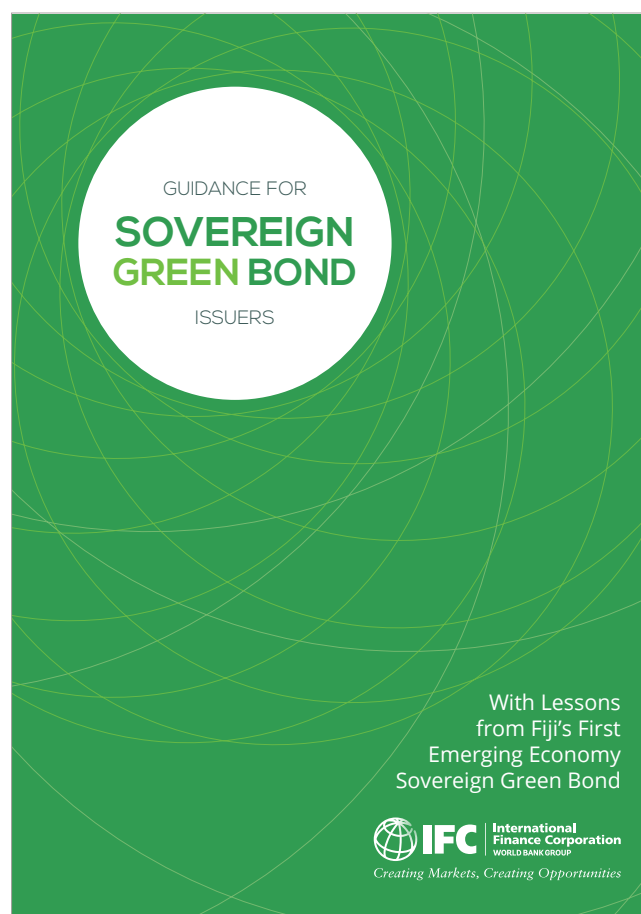
Women in many Pacific nations do not have equal access to productive and economic resources. Female participation in the labor force is consistently lower than that of men—with only 24 percent in Papua New Guinea, 37 percent in Fiji, and 16 percent in Solomon Islands. Limited access to quality childcare also constrains women's employment and reduces these countries' access to skilled workers. IFC has been working to demonstrate the business case and support solutions for employer-supported childcare.

Pacific Island women also face among the highest rates of domestic and family violence in the world. Two-thirds of women experience violence in countries like Papua New Guinea, Fiji, and Solomon Islands. This is why, as part of its work to promote gender equality, IFC's advisory work has been demonstrating the business case for providing support to employees impacted by domestic and family violence.

Climate Innovation

The impact of climate change is seen as one of the biggest threats to Pacific Island nations. Close to 20 percent of the region's 10 million people could be displaced due to climate change by 2050. Home to more than 870,000 people, Fiji's 300 volcanic islands include low-lying atolls that are highly susceptible to cyclones and floods. In 2016, Tropical Cyclone Winston—the most intense tropical cyclone in the Southern Hemisphere on record—passed directly over Fiji, causing economic losses that amounted to almost one third of the country's GDP.

To support climate change adaptation and mitigation, Fiji became the first emerging market to issue a sovereign green bond, raising 100 million Fijian dollars, or \$50 million. Projects financed from the Fiji green bond follow the internationally developed Green Bond Principles and focus primarily on investments that build resilience against the impacts of climate change. Stemming from the Fiji Partnership's work on green bonds, IFC developed a sovereign green bonds guide, *Guidance for Sovereign Green Bond Issuers: With Lessons from Fiji's First Emerging Economy Sovereign Green Bond*. This guide has been drawn on by other developing nations keen to follow Fiji's example, such as Kenya, demonstrating how other countries can learn from the Partnership's innovation in the Pacific.



In Partnership

The Partnerships' important and innovative work across the Pacific is helping to address some of the world's most complex development challenges, providing fresh approaches that can be employed in other regions, reshaping lives and opportunities.

Far Flung: While affecting local opportunities for business and economic expansion, remoteness also impacts private investment levels.

Impact and Innovation

The Partnerships' innovative work across the Pacific improves people's lives, using fresh approaches to tackle tough development challenges.

Fiji's Historic Sovereign Green Bond

Fiji became the first emerging market in the world to issue a **sovereign green bond**, which was also launched on the London Stock Exchange. The green bond raised finance to build resilience against the impacts of climate change and is leading the way for other emerging economies to tap the sovereign green bond market.

Turning an Island Nation from Brown to Green

The Pacific Partnership's **Tina River Hydropower Project** is the first large-scale infrastructure project to be developed as a public-private partnership in the **Solomon Islands**. As transaction adviser for the Tina River project, the Partnership support has demonstrated that it is possible to draw in private sector funding to help meet the need for cleaner and cheaper power.



"Fiji's corporate bond market is full of untapped potential and provides an opportunity to address the capital needs of corporates seeking alternatives to borrowing from a single financial institution," said Ariff Ali, Governor of the Reserve Bank of Fiji. "For this reason, the Reserve Bank continues to support the development of the corporate bond market in Fiji."

Mobilized over \$843 million in investments.



Achieved over \$45.7 million in annual private sector cost savings.



Sunny-Side Up: Water tanks and solar panels have been installed in selected villages in Fiji using proceeds from Fiji's historic first green bond.

Affordable Housing for Low- and Middle-income Fijian Families

Under the **Fiji** Partnership, IFC signed a landmark agreement with the Fijian government last year to bring in the private sector to help provide **affordable, climate-resilient homes**. The Partnership is working to support families who struggle to find housing due to rising land and home prices. This model could be expanded to other countries.

Remittances

The Pacific Partnership has worked to develop **a safe and affordable way for Tongan workers and communities in New Zealand to send money home**, reducing the cost of remittances and contributing to the Tongan economy. The product is now being expanded to Australia.

Mobile Phone Banking

The Partnerships have worked with banks to share global best practice, offering them incentives to **expand their mobile banking platforms** into rural areas and to the unbanked.

Corporate Bond Markets

Helping **Papua New Guinea** and **Fiji develop corporate bond markets** and strengthening financial markets will consequently help improve access to capital, increasing financing for economic growth and development. The Partnerships' work has identified the possibility of creating a modest but functioning corporate bond market in each country, subject to fixing gaps and issues in the countries' legal and regulatory environments.

Demonstrating the Business Case for Gender Equality

According to research findings, companies in the Pacific lose 10-12 days of work per employee annually due to domestic and sexual violence. The Partnerships, in response, have developed a **model policy and training package for companies to help keep employees affected by violence safe and employed**, contributing to improved worker well-being and company productivity. More than 30 major employers across **Papua New Guinea, Solomon Islands, and Fiji** are adopting these approaches. The policies and approaches developed under the Partnerships are being used in other countries beyond the Pacific—for example Kenya, Myanmar, and Nepal—with plans to further scale this approach globally throughout IFC.



Gender Renaissance: *The Partnerships' work has broadened economic opportunities for women.*



Payments Systems

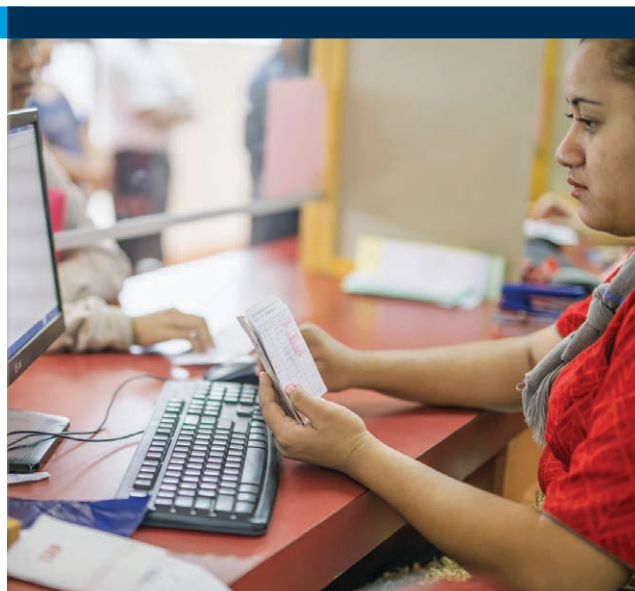
A key building block for innovation, the Partnerships' work in **payments systems**—the 'plumbing' of a nation's financial sector—helps make financial services more accessible to people and businesses throughout the Pacific.

Introducing Best Practice Corporate Governance to the Pacific

The **Fiji** Partnership, with support from the Australian government and endorsed by the Reserve Bank of Fiji, set up the **Pacific Corporate Governance Institute** in November 2017.

Financial Consumer Protection in Papua New Guinea

The Partnership, along with Bank of **Papua New Guinea**, is developing a **consumer protection framework** with a focus on transparency, enabling people to better understand and compare opportunities.



All Inclusive: The Partnerships' initiatives in financial inclusion span areas including innovative financing, reducing costs for consumers, and strengthening financial systems.

Practices generated through this process can potentially be used in other places across the Pacific.

“The planned moves will bring greater security to the financial sector, spur innovation, and hopefully bring new players into the market,” said Maiava Atalina Emma Ainuu-Enari, Governor of the Central Bank of Samoa. “By upgrading the systems, banks will no longer need to manually check their balances. With a digital system, they will be able to operate in real time, a move essential to preventing potential liquidity crises in the system.”



Pacific Money: The Partnerships helped establish and strengthen credit bureaus in countries including Solomon Islands, Papua New Guinea, Vanuatu, and Tonga.

Financial Inclusion

- **Access to financial services for 2.2 million Pacific Islanders** by strengthening financial institutions and leveraging payment systems
- **Modernizing financial systems across the Pacific**—including developing a cashless payment system for **Samoa, Solomon Islands, and Vanuatu**—a system that allows banks to connect with their central bank and each other for electronic transfer of payments
- **Establishing and strengthening credit bureaus** in countries including **Solomon Islands, Papua New Guinea, Vanuatu, and Tonga**
- **Helping people in Papua New Guinea** make better financial decisions and improve transparency and disclosure on lending and enabling recourse
- **Created an innovative solution to help Tonga** deal with de-risking/foreign exchange issues and bring down the cost of remittances for Tongans living in New Zealand
- **Helped people in rural and remote areas of Solomon Islands, Papua New Guinea, and Fiji** use mobile-based banking services—450,000 mobile banking users in four years in Papua New Guinea; over \$10 million in transactions in Solomon Islands, with about 85,000 people trained in financial literacy
- **Support for close to 2,500 small and medium enterprises**

Challenges

- Lack of financial inclusion in the Pacific—across nations, businesses, and individuals
- Poor investment climate, with cross-border trade constraints, weak financial infrastructure, and inadequate capital markets
- Limited competition in the banking sector, with microfinance and non-banking financial institutions significantly underdeveloped
- No access to finance for more than 80 percent of people in the Pacific, apart from Fijians



Dial Tone: With banking sector partners, the Partnerships have helped people in rural and remote areas of Solomon Islands, Papua New Guinea, and Fiji access their bank accounts through mobile phones.

Our Work

The Partnerships' initiatives in financial inclusion span areas including innovative financing, reducing costs for consumers, and strengthening financial systems. This work falls broadly into two areas, which work hand in hand: financial infrastructure and access to financial services.

Financial Infrastructure

The Partnerships' work on financial infrastructure provides foundational financial system building blocks for banks and institutions, such as the modernization of payment systems across the Pacific.

The Partnerships helped establish and strengthen credit bureaus in countries including Solomon Islands, Papua New Guinea, Vanuatu, and Tonga. The focus is now on expanding the range of data they use to reach more customers.

In Papua New Guinea, the PNG Partnership is improving transparency and disclosure on lending, thus helping consumers make better financial decisions, and enabling recourse when things go wrong.

"The aim is to ensure consumers are not only treated fairly, but also that loans and other products are transparent, promoted responsibly, and that data is protected as well as to provide a means for consumers to have a mechanism to seek recourse," said Governor of Bank of Papua New Guinea, Loi Bakani CMG. "We need Papua New Guineans to have access to reputable and affordable credit, so they can borrow money to create opportunity and jobs. The aim is to not only help consumers, but also build trust and competition in the formal financial sector, to help us achieve our financial inclusion goals."

The Pacific Partnership has created an innovative solution to help Tonga deal with de-risking/foreign exchanges issues, bringing down the cost of remittances for Tongans living in New Zealand.

Delivered over \$232 million in incremental lending to 2,485 small and medium enterprises.



Data Check: The Partnerships helped establish and strengthen credit bureaus in countries including Solomon Islands, Papua New Guinea, Vanuatu, and Tonga. The focus is now on expanding the range of data they use to reach more customers.

Access to Financial Services

The Partnerships' work on improving access to financial services helps people and businesses gain access to products including finance and insurance, thus increasing the available options.

The PNG Partnership—by developing small and medium enterprise (SME) banking capacity and funded risk sharing facility with Bank South Pacific (BSP)—helped introduce SME banking in Papua New Guinea. The PNG Partnership also provided technical assistance on banking integration to Kina Bank. This helped the bank grow and provide fully-fledged commercial banking services with a focus on SME borrowers.

With banking sector partners, the Partnerships have helped people in rural and remote areas of Solomon Islands, Papua New Guinea, and Fiji access their bank accounts through mobile phones.

In Vanuatu, the Pacific Partnership's work on interoperability means customers will soon be able to use other banks' ATMs as well as those where they have an account.

Work under the Partnerships is also focusing on helping the financial sector drive the benefits of sustainable energy finance. Besides offering their customers financial services for green business projects, these financial sector companies are reconfiguring their own operations to become more environmentally friendly. In this context, the Partnerships will roll out IFC's innovation—EDGE (Excellence in Design for Greater Efficiencies)—across the Pacific, by helping to make it faster, easier, and more affordable than ever before to build and brand green.

Extended access to financial services for 2.2 million Pacific Islanders, including over 507,000 women.



Go Green: Proceeds from the green bond have helped the Fijian government in its green projects such as rainwater harvesting in Vatani Village, Tailevu.

STORY

A Green Bond to Help Fiji Secure a Greener Future

The people of Fiji are on the front lines when it comes to combating climate change. This is because more than 300 volcanic islands in Fiji—of which 110 are inhabited—include low-lying atolls that are highly susceptible to cyclones and floods.

The damage done by the Tropical Cyclone Winston in 2016—economic losses amounted to almost one-third of the country's GDP—hinted at the potential for even greater damage and displacement in the future. As with all Pacific Island states, close to 20 percent of the region's 10 million people could be displaced due to climate change by 2050.

To protect its 900,000 citizens and their livelihoods, Fiji has developed and launched a sovereign green bond—the first developing nation to do so. IFC and the World Bank supported this effort. The first tranche, which floated 40 million Fijian dollars (about \$20 million), drew unprecedented demand from investors and was oversubscribed by more than double that amount.

The bond helped Fiji create a new way to mobilize finance for development—and a market for private sector capital seeking investment opportunities that support climate resilience and adaptation.

Fiji's sovereign green bond raised a total of 100 million Fijian dollars (\$50 million) to support climate change mitigation and adaption. Some projects likely to be financed with proceeds from the green bond include investments in crop resilience, flood management in sugarcane fields, reforestation, and rebuilding schools to better withstand violent weather. They will all follow the internationally developed Green Bond Principles.

Fiji will also use the bond proceeds for projects supporting its commitment to achieve 100 percent renewable energy and reduce its carbon emissions in the energy sector by 30 percent by 2030.



A Long Drive: *Fiji needed investments of more than 9.3 billion Fijian dollars (over \$4 billion) over a decade to reduce its vulnerability to climate change, according to a 2017 report from the government of Fiji and the World Bank.*

A First for Fiji

Fiji needed investments of more than 9.3 billion Fijian dollars (over \$4 billion) over a decade to reduce its vulnerability to climate change, according to a 2017 report from the government of Fiji and the World Bank. This is urgent because citizens already feel the impact of global warming: more than 25,000 Fijians are pushed into poverty every year due to cyclones and floods, and experts predict this number will rise to over 32,000 by 2050.

Officials in the country are playing a leadership role in creating new solutions to finance climate needs. *"By issuing the first emerging country green bond, we are also sending a clear signal to other nations that we can be creative and innovative in mobilizing funds and create win-win outcomes for countries and investors in adapting to the serious effects of climate change,"* says Voreqe Bainimarama, Fiji's Prime Minister.

Green bonds are a growing market: global issuances were \$257.5 billion last year, but most green bonds are issued by the private sector. Only Poland and France had issued sovereign green bonds before this, and Fiji's sovereign green bond marks the first with a special emphasis on adaptation—building the country's resilience to climate change. To become sovereign green bond issuers, countries must have in place a green bond policy framework that reflects international guidelines for use of proceeds, disclosure, and reporting.

At the request of the Reserve Bank of Fiji, IFC and the World Bank provided technical assistance to the government to develop the sovereign green bond in just four months. This collaboration took place under a broader, three-year Capital Markets Development Project supported by the Australian government. Through this partnership, Australia and IFC are helping to stimulate private sector investment, promote sustainable economic growth, and reduce poverty in the Pacific.

“We are proud that we have been able to set an example to other nations vulnerable to the impact of climate change by issuing this green bond in an amazing short timeframe, because of the close working relationships with IFC and the World Bank,” says Ariff Ali, Governor of the Reserve Bank of Fiji.

Demonstrating Leadership that Inspires Action

Fiji was President of the 23rd UN Climate Change Conference (COP 23), in Germany. The Fijian government hopes its experience can help other countries working on strategies to build resilience against climate change.

“As Fiji has made access to climate finance a key pillar of our COP23 Presidency, we are proud that we have been able to set an example to other nations vulnerable to the impact of climate change by issuing this green bond in an amazing short timeframe, because of the close working relationships with IFC and the World Bank,” says Ariff Ali, Governor of the Reserve Bank of Fiji.

IFC is one of the world's largest financiers of climate-smart projects for developing countries. IFC's involvement in climate business started as early as the 1980s. IFC began to track and monitor its climate business in 2005. At that time, climate business accounted for 4 percent (\$212 million) of IFC's total own account commitments. In FY18, IFC invested \$8.5 billion (own account and mobilization), which was 25 percent of IFC's total investments that year.

IFC was also one of the earliest issuers of green bonds, launching a green bond program in 2010 to help catalyze the market and unlock investment for private sector projects that support renewable energy and energy efficiency. As of September 30, 2019, IFC had issued \$10.065 billion across 157 bonds in 18 currencies.

IFC also plays a leadership role in developing guidelines and procedures for the green bond market as a member of the Green Bond Principles Executive Committee and the IFI (International Financial Institutions) Green Bonds Impact Reporting Harmonization Framework.

In April 2017, IFC partnered with asset management company Amundi to launch the world's largest green bond fund dedicated to emerging markets—a \$2 billion initiative aimed at unlocking private funding for climate related projects.

“Resilience bonds are gaining traction, for example, through the recently launched international Climate Resilience Principles. This Fijian transaction is regarded as a trailblazer for the sector,” said Aaron Levine, IFC's Senior Financial Sector Specialist.



Money Wise: The Partnerships created an innovative solution to help Tonga deal with de-risking/foreign exchange issues, bringing down the cost of remittances.

STORY

For Tongans, a Secure Way to Send Money Home is Priceless

Working overseas is tough. But it can be even tougher for workers trying to send their hard-earned money back home to help relatives.

Sione Tau, a Tongan who has been picking strawberries in New Zealand for eight seasons, knows this all too well. Until recently, he had to navigate the cumbersome process of withdrawing cash from his bank, negotiating with a remittance agent, and paying a high fee before money could be sent to his wife in Tonga.

Like Tau, half of all adults in Tonga work outside their country. Their burdens have grown in recent decades because of regulations related to anti money-laundering policies and countering the financing of terrorism (AML/CTF). Since many banks consider the providers of remittance services to be high risk, prices of remittances have increased. Tau and his peers were sometimes forced to turn to the gray market for a solution, but too often it involved high fees, unfavorable foreign exchange rates, and a greater risk that the money could go missing.

The Ave Pa'Anga Pau ("Send Money Securely") voucher was developed by IFC and the Tonga Development Bank (TDB), with support from the governments of Australia and New Zealand.



Rough Deal: *Since many banks consider the providers of remittance services to be high risk, prices of remittances have increased.*

The Ave Pa'Anga Pau ("Send Money Securely") voucher—a cashless, compliant, and stable remittance product—is an alternative channel that Tau and other Tongans are now using to send money home. It was developed by IFC and the Tonga Development Bank (TDB), with support from the governments of Australia and New Zealand. The low-cost, mobile- and computer-based product *"allows you to move your money from your bank account in New Zealand to your bank account in Tonga and cash it at any of our branches from Monday to Saturday,"* says Leta Havea-Kami, chief executive officer of TDB.

More than 30,000 transactions worth \$11.8 million Australian dollars (about \$7.9 million) have already been made since the launch of Ave Pa'Anga Pau voucher in February 2017. Typically, these remittances are used by Tongans to cover essentials, pay for education and health care, support small businesses, and help the broader community. TDB is also making use of the remittance voucher as part of a new loan program to help migrant workers picking fruit in New Zealand pay for local costs of the seasonal work.



On the Other Side: *Tongan strawberry picker Sione Tau faced an expensive and cumbersome process to send the money he earned in New Zealand to his wife in Tonga.*



Smart Choice: More than 30,000 transactions worth \$7.9 million have already been made since the launch of Ave Pa'Anga Pau voucher in February 2017.

Multiplying the Benefits

The Ave Pa'Anga Pau remittance voucher doesn't require a fee—an important factor for customers who work long hours to save as much as they can. Users benefit from a competitive exchange rate, which helps their money stretch even further.

Receiving the remittance is also streamlined for those back home: for example, Tau's wife, Elizabeth, no longer must drop everything and rush all the way to town to collect the money. *"I can simply walk over to the next village to get the money from the TDB bank branch there, or have it deposited straight into my savings account,"* she says.

The Ave Pa'Anga Pau voucher has also made life easier for Alipate Fihaki, who works as a volunteer teacher at a boarding school in Tonga. His parents send him money from New Zealand to help him with living expenses.

Since the product is accessible via mobile, it's convenient anywhere and anytime. *"I can flip out my smartphone and check if the money is in before heading to one of the branches,"* he says. *"It's challenging to find the time to get out to town just to get money, when I'm trying to do my work."*

The product was geared specifically to the needs of citizens in Tonga, a small island nation in the South Pacific, where remittances comprise more than one-third of the GDP. Remittances are also a major source of foreign exchange.

"The Tongan economy would not have survived without remittances," says Tongan government official Sefita Hao'uli, who represents the interests of Tongan workers in New Zealand. *"We don't have much in the way of natural resources. The most valuable resource we have is our population. We are able to earn foreign currency from people we couldn't afford to give jobs to."*

"The Tongan economy would not have survived without remittances," says Sefita Hao'uli, Tongan government official.

Innovations in technology have helped the Ave Pa'Anga Pau voucher become a valuable resource for the Tongan government, economy, and people.

Technology that Improves Lives

Innovations in technology have helped the Ave Pa'Anga Pau voucher become a valuable resource for the Tongan government, economy, and people. The product's robust back-office system automatically scans every transaction. This mitigates AML/CTF risk and expands the market for foreign exchange in Tonga, which has been traditionally dominated by commercial banks.

Now, TDB is offering Tongan businesses foreign-exchange solutions at a competitive price, which is significant for a country that largely imports from its neighbors.

Apart from the benefits to national institutions, the individuals and communities feel the impact directly. The "trickle-up" effect of these remittances can't be underestimated, according to Hao'uli. *"This is money that goes straight home to Mom, and is spent in the villages,"* he says. *"The entire village benefits from this."*

IFC fosters sustainable economic growth across the Pacific region by financing private sector investment, mobilizing capital, and advising businesses and governments on projects that generate returns for investors and provide lasting benefits to communities. IFC's work in the Pacific is guided by the Pacific Partnership. Australia, New Zealand, and IFC are working together to promote sustainable economic development, reduce poverty, and stimulate private sector investment across the region.

Moving into Australia

Now, the Tongan Development Bank together with IFC is planning to launch the Ave Pa'Anga Pau voucher in Australia. The voucher will benefit some 2000 seasonal workers who come to Australia each year, their families, and the broader Tongan economy.



Gaining Currency: Remittances comprise more than one third of Tongan GDP and are a major source of foreign exchange. Receiving remittances through the Ave Pa'Anga Pau voucher system is streamlined for those back home in Tonga too.



Road Ahead: In recent years, the Pacific Islands Investment Forum has been discussing ways to bridge the infrastructure gap through co-investment.

STORY

IFC Helps Pacific Funds Target Infrastructure Gaps

In 2017, it was estimated that the Pacific needs \$46 billion by 2030 or an average of \$3.1 billion annually to fund its infrastructure gap.

The annual amount is higher than the budgets of most Pacific Island nations except for Fiji and Papua New Guinea.

In recent years, the Pacific Islands Investment Forum (PIIF) has been discussing ways to bridge the infrastructure gap through co-investment.

It makes sense.

The PIIF members—made up of provident funds, pensions funds, and sovereign wealth funds in the Pacific—are also the largest and dominant players in their countries' financial markets.

But as Pauli Prince Suhren, Samoan National Provident Fund (SNPF) CEO and Chairman of the Pacific Islands Investment Forum (PIIF), explains, there is still a common challenge for all funds.

IFC is leading World Bank Group efforts to work with pension, provident, and sovereign funds in the Pacific region to help spur investments in essential infrastructure, such as telecommunications, water, financial services, transport, sustainable energy, and health.

"For example, Samoa is a very small country with a population of about 195,000. Our geographical areas are very small when compared to other countries and with limited investment opportunities," Suhren says. "The possible solution is to invest offshore. Our offshore investments are about 10-15 percent of our total portfolio, but we are looking to increase our offshore investments."

The major challenge for SNPF and other Pacific Islands funds is that investing offshore, and in lucrative projects, requires a lot of capital, which some cannot afford at an individual level.

"The SNPF (Samoa National Provident Fund) may be big in Samoa, but we are still a very small player in the Pacific and the world for that matter. We therefore need to consolidate our efforts with other Pacific Islands funds who are PIIF (Pacific Islands Investment Forum) members. Between us we have \$45 billion worth of assets. Together, we can take on projects that are lucrative, which we otherwise could not have done alone," Suhren says.

The IFC is leading World Bank Group efforts to work with pension, provident, and sovereign funds in the Pacific region to help spur investments in essential infrastructure, such as telecommunications, water, financial services, transport, sustainable energy, and health.



"The SNPF (Samoa National Provident Fund) may be big in Samoa, but we are still a very small player in the Pacific and the world for that matter. So, we have to consolidate our efforts with other Pacific Islands funds who are PIIF (Pacific Islands Investment Forum) members. Together we can take on projects that are lucrative, which we otherwise could not have done alone," **said Pauli Prince Suhren, Samoa National Provident Fund CEO and Chairman of the Pacific Islands Investment Forum.**



Capital Quest: *The major challenge for Samoan National Provident Fund and other Pacific Islands funds is that investing offshore, and in lucrative projects, requires a lot of capital, which some cannot afford at an individual level.*



"While the infrastructure demand is huge, how the PIIF members organize themselves is critical," Suhren says.

"That is why we need the assistance of International Finance Corporation and the World Bank Group, to provide expert advice on how to (proceed.)"

"We are 17 members of different sizes and priorities but with the same interests. We could create a company that would invest on our behalf or we could have a coalition of the willing project by project. For example, we could have seven funds willing to invest in a certain project—that is a coalition of the willing."

"We can have a mix and match and that's where we need expert advice."

The Samoan government has already declared its support. *"This approach in my view is welcome news as it allows our small countries and economies to invest in each other's industries, services, and infrastructure underpinned by the principle of collectivism—that much more can be done together than individually,"* says Samoan Prime Minister, Tuilaepa Sailele Malielegaoi.

IFC and the World Bank have been approached by the PIIF to provide technical support in developing options to access co-investment opportunities.



Infrastructure Gap: *Poor infrastructure holds back people and growth across the region.*



The Pacific needs \$46 billion by 2030 to fund its infrastructure gap.



Working Together: The Forum Economic Ministers Meeting welcomed the Pacific Islands Investment Forum initiative in Fiji last year.

"We believe there is a clear opportunity for developing a mechanism that will allow the Pacific region's pension, provident, superannuation, and sovereign wealth funds to co-invest to help deliver much-needed infrastructure in the Pacific," said Deva De Silva, IFC Resident Representative for Fiji, Kiribati, Samoa, Tonga and Tuvalu. "IFC and the World Bank were approached by the PIIF to offer technical resources and global expertise based on our experience of working on similar projects in the past."

The Forum Economic Ministers Meeting (FEMM) welcomed the PIIF initiative in Fiji last year and expects a report on the progress of the initiative at this year's meeting.



Building Up: Hatanga Construction Ltd Human Resources Manager, Janet Inito, took part in the Waka Mere initiative. As part of the initiative, businesses sent women employees to take certificate courses in areas such as business management and leadership. At the end of the program, employees' perception of equal opportunity in hiring and promotion had jumped.

Gender

- **Worked to broaden economic opportunities for women**, target gender-based violence and identify ways in which businesses can save money by addressing gender-related issues
- **Helped create leadership paths for women in businesses**, enabled companies to put more women in jobs traditionally held by men and to address domestic violence in the workplace through the **Waka Mere initiative**. Fourteen companies completed the two-year commitment
- **Advisory work for SolTuna**, the only processing facility in **Solomon Islands**, cut absenteeism by a third; over 1,100 employees were trained in financial literacy; and there was a rise in the number of women in leadership positions from zero in 2015 to 107 today
- **Making the business case for workplace responses to domestic and sexual violence in Fiji**, demonstrating domestic and sexual violence costs employers in Fiji almost 10 days of work per employee each year
- **Worked with over 30 companies in Fiji, Papua New Guinea, and Solomon Islands** to address workplace bullying and harassment, support employees experiencing domestic and sexual violence, and prevent sexual exploitation. The tools developed in the Pacific are now being used globally including in Haiti, Myanmar, and Nepal

Challenges

- Across the Pacific, the Partnerships are addressing problems faced by many women both at work and in life
- Jobs are scarce. Solomon Islands, for example, has only 16 percent female participation in formal sector employment
- Two-thirds of women experience domestic and family violence across Papua New Guinea, Fiji, and Solomon Islands
- Limited access to quality childcare constrains women's employment and reduces access to skilled workers
- In Fiji, businesses and the public sector lose an average of 12.7 days of work per employee annually due to working parents' responsibilities

"We (government) are the single largest employer in Solomon Islands but we are still a long way from gender equity in many of our leadership positions. The Waka Mere model is something we will be looking to learn from the role model companies here today," **said Manasseh Sogavare, Solomon Islands' Prime Minister.**



Our Work

The Partnerships' work in gender has broadened economic opportunities for women, targeted gender-based violence and identified ways in which businesses can save money by addressing gender-related issues.

In Solomon Islands, the Pacific Partnership helped create leadership paths for women in businesses, enabled companies to put more women in jobs traditionally held by men and helped them address domestic violence.

Through the Waka Mere Commitment to Action, a two-year initiative, companies signed onto specific commitments to promote gender equality in the private sector in Solomon Islands. The initiative was led by IFC and the Solomon Islands Chamber of Commerce and Industry (SICCI) with support from the Australian and New Zealand governments. Manasseh Sogavare, Prime Minister of Solomon Islands, believes that the national government can learn from the Waka Mere model to improve gender equality in leadership roles in the country's public service.

The Partnerships' work in gender has broadened economic opportunities for women, targeted gender-based violence and identified ways in which businesses can save money by addressing gender-related issues.



For Women: Across the Pacific, the Partnerships are addressing problems faced by many women both at work and in life.

For IFC client SolTuna, IFC's investments in the business were backed by advisory services helping the company cut costs and reduce absenteeism.

The Fiji Partnership identified key barriers preventing women from fully participating in the national economy—at great costs to businesses and society—and is working with companies and the government on a way forward.

Research under the Fiji Partnership found that lack of quality, affordable, and reliable childcare services is costing businesses, spurring the Fijian government to create a taskforce.

"This study clearly demonstrates that lack of access to affordable and reliable childcare not only affects early childhood development but also hurts the private and public sector employers, who depend on acquiring and retaining a skilled workforce," said John Feakes, Australia's High Commissioner to Fiji.

The Fiji Partnership—working with 30 large employers in Fiji—has also commenced the Rakorako initiative to scale up solutions for these issues.





Big Fish: IFC has been working to help Solomon Islands retain more revenue from its tuna and create jobs.

STORY

Investing in Fisheries and People in Solomon Islands

In Solomon Islands in the Pacific Ocean, where it's estimated only 16 percent of women have a formal paying job, three young women—all in their early 20s—count themselves lucky.

Nella Qurusu, Zilla Pasemaly Pitu, and Alice Andriana Muaki are the first female cadets working for the country's only domestic based fishing company, National Fisheries Developments, Ltd. (NFD). It supplies fish for its sister company, the country's only tuna processor facility, SolTuna, based in Noro, Western Province. The NFD has been certified "Fair Trade," which helps in important export markets like Europe and the United States.

A small, remote archipelago in the South Pacific, Solomon Islands faces unique development challenges. With a population of about 600,000 people spread thinly over about 90 islands, this postconflict country has been heavily reliant on logging in the past, facing pressing needs for other sources of economic growth.

With one of the world's largest and most plentiful fishing grounds, Solomon Islands relies on the tuna in its waters for revenue, food security, and exports.

Revenue from tuna accounts for about 18 percent of the country's GDP. IFC has been working to help the country retain more revenue from its tuna and create jobs.

For Nella from Choiseul Province in Solomon Islands, joining the NFD as a female cadet has allowed her to see new provinces and learn new skills.

"It's great," she said. "We keep lookout in the fishing zones, tie the ropes, clean the decks and chip the rust from the ship's deck." And while all three young women admitted it took a lot of courage to apply for and decide to take up a cadetship, they hope to be viewed as role models.

"First I told my mum and she was like 'oh in the ships?' They are expecting boys, not girls. But then I asked her if I could try it and she kind of agreed with it," Nella said. "Most of the women nowadays mostly stay at home. So, we are thinking that if we do this, maybe some of the young girls will see us and think they should work like this and be like us."

IFC first began supporting the fishing industry in Solomon Islands with a \$10 million loan to help SolTuna expand its tuna processing facility, marking IFC's first investment in wild-catch fisheries in 15 years.

Only last year, IFC and the private sector window of the Global Agriculture and Food Security Program (GAFSP) approved its first investment for the NFD, a \$10 million loan for the purchase of a new fishing vessel. Now that's been followed up with another \$10 million loan to the company—again from IFC and the GAFSP's private sector window for another vessel.

It all signals IFC's moves to maximize development finance by working with the GAFSP as well as the World Bank, and with the support of the Australian and New Zealand governments, to bolster sustainable fisheries and jobs in Solomon Islands.

The investments have been strengthened by IFC's advisory services working with SolTuna's management on solutions for women, labor, and occupational health and safety, helping the company significantly cut costs and reduce absenteeism—from about 18 percent to 12 percent. IFC has also worked with the NFD on environmental and social standards, including improved working conditions

Loans to the NFD have allowed the company to buy two more purse seiner vessels—the large fishing vessels with nets used to catch tuna. With the latest loan, the NFD now has seven purse seiners and three pole and line vessels.

Frank Wickham, Managing Director of the NFD, said, with the loans, the NFD is creating more direct new jobs, while each large purse seiner will add at least an additional 7,000 metric tons to the fleet's annual catch, most of it for processing at SolTuna.

Increased catch means more fish from the NFD—SolTuna's only supplier of tuna—and more jobs at SolTuna for processing the tuna for the domestic and export markets.

It's estimated that the loans to NFD have resulted in about 150 new jobs at SolTuna and about 50 jobs at the NFD.



Taking Charge: Tanny Saepio, the first female captain in Solomon Islands, now works as a manager for NFD.

“Expansion of the NFD’s fleet will increase our capacity substantially and enable us to create more local jobs, directly in fishing, shore handling, provision of supplies and services, and indirectly in tuna processing,” said Frank Wickham, Managing Director of NFD.

“That’s the main rationale why we went for the big boats,” Wickham said. “One is overall to increase our catch for SolTuna. Secondly, the catch is seasonal in different parts of the Pacific, so when fishing is low here, the big boats can go further out and catch and bring the fish back here. We can then maintain a good consistent supply of raw material for the cannery.”

The NFD, with a workforce of about 300 men, now has 22 full-time female workers, with about another 50 women working part time. Its full-time female staff hold managerial positions including assistant operations manager, HR manager, ships agency manager, warehouse manager, and compliance manager.

Wickham said the decision to hire female cadets was based on the NFD’s equal opportunity recruitment policy and in response to applications from young women.

In 2017, IFC and the private sector window of the GAFSP approved its first investment for the NFD, a \$10 million loan for the purchase of a new fishing vessel. Now that’s been followed up with another \$10 million loan to the company—again from IFC and the GAFSP’s private sector window for another vessel.





Behind the Wheel: Linda Randeh, pictured with colleagues, was promoted after a leadership course and training provided as part of the Waka Mere initiative.

STORY

New Policies Redefine “Women’s Work” in Solomon Islands

Simply by going to work every day, Linda Randeh—a woman who leads a team comprising mostly men at a food retailer in Solomon Islands—is changing the culture.

That’s because gender inequality has always been pronounced in this remote archipelago in the South Pacific. Women are less likely to have a chance to earn an income—and more likely to be affected by violence—than almost anywhere else in the world.

But after a leadership course and training in the Waka Mere program, a two-year IFC-led initiative to improve gender equality, Randeh was promoted from warehouse supervisor to warehouse and logistics manager at her company, Bulk Shop.

Waka Mere, which means “She Works” in the local language, was launched by IFC in 2017 in collaboration

with the Solomon Islands Chamber of Commerce and Industry (SICCI), and is supported by the governments of Australia and New Zealand. The program was groundbreaking for this male-dominated culture.

“In Solomon Islands culture, men don’t listen to women,” Randeh says. “A man is always the head and women listen to men. But for me, going through this training... helped me build the confidence to lead my team.”

Randeh is among over 2,000 women to benefit from the Waka Mere initiative. Fourteen of the island nation’s biggest companies completed the program, working toward at least one of three goals: enhancing opportunities for women in leadership, promoting respectful and supportive workplaces for women and men, and increasing opportunities for women in jobs traditionally held by men.

“It is exciting to see talented new leaders emerging and ready to serve the community in so many different ways,” said Solomon Islands’ Prime Minister, Manasseh Sogavare.

Waka Mere, which means “She Works” in the local language, was launched by IFC in 2017 in collaboration with the Solomon Islands Chamber of Commerce and Industry (SICCI), and is supported by the governments of Australia and New Zealand. The program was groundbreaking for this male-dominated culture.

An Opportunity to Do Better

For Randeh and her two women colleagues who were also promoted at Bulk Shop, Waka Mere has already made a significant difference. *“A lot of females in Solomon Islands, they seem to be holding back: not really feeling able to be in the front. But these three ladies, when they finished [the leadership] training, they just became very confident,”* says David Upwe, Bulk Shop’s human resources manager. Now, *“They feel like they can talk and they can plan, they can delegate tasks to men.”*



Fair and Equal: More than 2000 women have benefited from the Waka Mere initiative.

Such comments illustrate the extent to which the male dominated traditions of Solomon Islands have limited women’s professional lives, severely curtailing their opportunities and earning potential.

For example, only one in four private sector jobs there is held by a woman. IFC research shows that in 2017, for most companies participating in the program, women were underrepresented at all workforce levels, particularly in leadership. While some company policies addressed nondiscrimination or fairness, a third of employees believed men and women’s chances for promotion were unequal.

Businesses that joined the Waka Mere initiative wanted to change that. They sent women employees to take certificate courses in areas such as business management and leadership. At the end of the program, employees’ perception of equal opportunity in hiring and promotion had jumped. All companies that committed to respectful and supportive workplaces now have equal opportunity or non-discrimination policies in place, as well as policies to counter domestic violence.

Those companies have welcomed the chance to take a detailed look at these areas. *“We’ve been able to review our policies, which all have an impact on gender equality in the workplace,”* says Jay Bartlett, Managing Director of Hatanga Ltd. and Chair of Solomon Islands Chamber of Commerce & Industry.

A More Supportive Workplace

The change to human resource policies and practices related to domestic violence has been especially significant because two out of three women in Solomon Islands experience domestic and family violence. The Waka Mere program helped companies recognize the ways that domestic violence affects their bottom line and implement processes to make their workplaces more respectful and supportive. At the start of the program, one in four employees said they didn't feel safe at work; by the end, this number had fallen to one in 10.

The issue of domestic violence, including emotional or financial abuse, is now part of a wider conversation about how the private sector can perform better. Moreover, attitudes have begun to shift.

"We want to have a role in also making sure that our staff and our crew don't use the umbrella of privacy to perpetuate domestic violence," says Frank Wickham, Managing Director at National Fisheries Developments, Ltd. (NFD), an IFC client. *"It's not [someone's] private business, it's company business as well."*



Waka Mere Commitment to Action

Improving business outcomes in Solomon Islands
through advancing workplace gender equality

November 2019

AN INITIATIVE OF THE PACIFIC PARTNERSHIP



International
Finance Corporation
WORLD BANK GROUP



NEW ZEALAND
2019-2023
2019-2023

IN COLLABORATION WITH



SOLOMON ISLANDS CHAMBER
OF COMMERCE AND INDUSTRY



Business Commitments: Fourteen of Solomon Islands' biggest companies completed the program.

Companies are seeing other benefits from the program, too. Through training, more women have moved into non-traditional jobs, such as driving vehicles—a significant advancement in a country where most women are unable to drive.

Women also feel newly empowered to innovate. When the NFD Immigrations Officer Marielah Patovaki saw staff was claiming too much for travel expenses when they went home for the holidays, she shared her thoughts on how the company could bring the costs down. She credits the Waka Mere program for showing her the benefits of speaking up.

"I have more confidence in what I'm doing now," Patovaki says. *"If I see something that needs to improve, I suggest it."*



Lost Days: Alison Anawe, a line supervisor at SolTuna, used to feel ill-equipped to deal with the issues surrounding absenteeism.

STORY

Facing Gender Inequality Head-on Helps SolTuna Succeed

Prudence Tekurade is a woman on a mission. The 28-year-old mother of three saved enough from her job at SolTuna, the Solomon Islands' only tuna processing plant, to buy a plot of land. Now she's putting money away to build a house that she plans to rent for extra income.

But Tekurade wasn't always so thrifty. Spending, not saving, was her habit. *"When I got my pay, I just took the money,"* she says. *"I finished all the money. I never had any savings. Now I keep my savings in the bank."*

Tekurade's former attitude toward her earnings used to be common among the women who work at SolTuna, one of the island's largest private employers. Women comprise two-thirds of the workforce and, until recently, many had already spent their money by the time payday came around. Some would skip their shifts at SolTuna and head to the market to sell fish, produce, or other goods to earn quick cash and put food on the table.

SolTuna's high rate of absenteeism—18 percent—took a toll, says the company's plant operations manager, Suzy Aquino. *"On Mondays it was a very poor turnout,"* she says. *"On Tuesdays, it was better, and then on Wednesdays and Thursdays we were at our peak. The numbers went down again on Fridays."*

The fewer women showed up to work, the less fish SolTuna could process. Production targets were nearly impossible to hit. This, combined with high energy and shipping costs, made it hard for the company to compete with tuna processors in Thailand and the Philippines. That was impacting the company's bottom line.

After providing a \$10 million loan to SolTuna—to help it upgrade and expand its processing capacity—IFC worked with the company to raise its environmental and social standards. IFC also worked with SolTuna to help tackle the absenteeism issue.



Money Management: With support from the Pacific Partnership, Solomon Islands' only tuna processing plant is helping women workers like Prudence Tekurade better control their finances and participate in the workforce.

Addressing the Roots of the Problem

As IFC worked with SolTuna, it became clear that there were many factors contributing to women's absenteeism.

In addition to skipping work to earn additional income at the market, many women were balancing their jobs with the needs of sick children or elderly family members.

Others were missing work because of violence at home. In Solomon Islands, an estimated two out of three women experience domestic and family violence in their lifetime.

SolTuna then adopted a structured approach to supporting workers who faced domestic and family violence. It trained a team of first responders on how to handle disclosures of violence at work and strengthened the procedure for reporting and resolving grievances. The company is also implementing a respectful workplace policy, to address sexual harassment and bullying.

Alison Anawe, a line supervisor at SolTuna for 15 years, says she and her colleagues used to feel ill-equipped to deal with these issues.



High Standards: After providing a \$10 million loan to SolTuna—to help it upgrade and expand its processing capacity—IFC worked with the company to raise its environmental and social standards.



Financial Strain: Women comprise two-thirds of SolTuna's workforce. Until recently, many had already spent their money by the time payday came around.

"Before, I didn't really understand that domestic violence is a crime," Anawe says. "Sometimes we used to just ignore the workers because we didn't really understand their problems, but now we understand, and we can help."

Working with IFC, SolTuna has now achieved gender balance in senior leadership, up from a 20 percent female share of senior leadership when work began. The company has also opened up career pathways and jobs to women, increasing the number of women in jobs traditionally held by men from nine to 22.

With IFC's support, SolTuna also rolled out a financial literacy training program. IFC trained SolTuna's trainers, who integrated their new learnings into their work with the full workforce.

It has helped employees learn to budget, save, and understand their pay slips—as well as the company's bonus program, which incentivizes good attendance.

There's no shortage of women now willing to speak about the benefits of financial literacy. Mary Geri, who works on the production line, has saved enough to set up a small trade store in a nearby village, selling rice, biscuits, and other goods. The mother of three—her eldest is also an employee at SolTuna—says her husband now works "for her" in the store. Geri continues to save, keeping the money in a locked box at home. She's thrown away the key and plans to break the box open at year's end.

Working with IFC, SolTuna has now achieved gender balance in senior leadership. The company has also opened up career pathways and jobs to women.



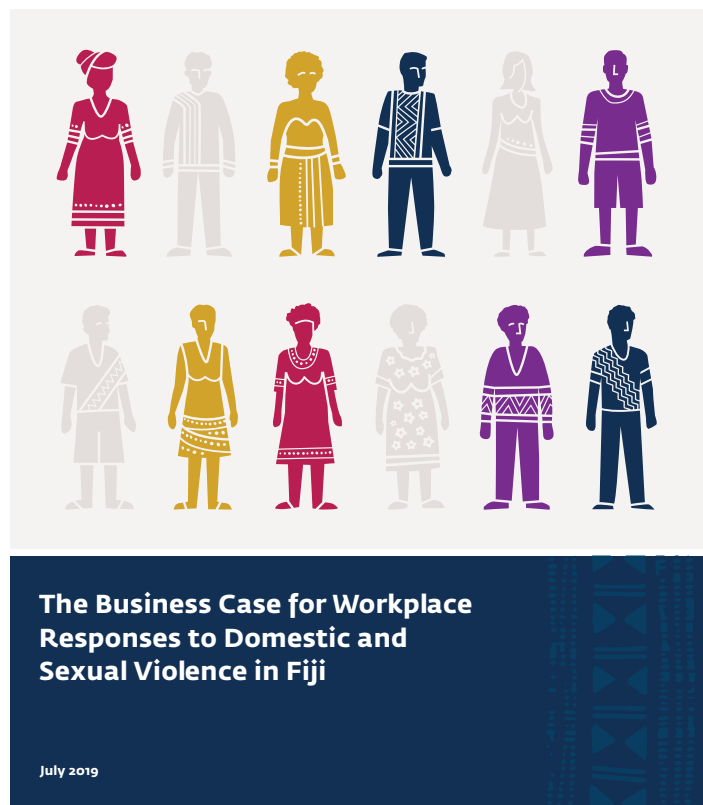
Business Wise: There are many things employers can do to help, leading to better outcomes for their staff as well as their businesses.

STORY

Domestic and Sexual Violence in Fiji—How Businesses Can Make a Difference

"It does affect a number of people [at work]—especially friends who may be aware of it and are supporting them," said one male staff member interviewed as part of the IFC's new report on domestic and sexual violence in the workplace in Fiji.

"It also affects the person sitting next to them because of the negative effect they have on that other person... on the productivity and delivery... If the team is not reaching its target, it affects the whole team," he said.



AN INITIATIVE OF THE FIJI PARTNERSHIP

Australian Aid

IFC International Finance Corporation
WORLD BANK GROUP
Creating Markets, Creating Opportunities

Average days lost per employee
(whether they have experienced domestic or sexual violence or not) **per year, due to:**

Feeling tired, distracted or unwell



4
days

Being late or absent from work



1.8
days

Supporting colleagues who are experiencing domestic or sexual violence



4.1
days

Widespread domestic and sexual violence in Fiji has a huge impact on the workplace, reveals a new IFC report: *The Business Case for Workplace Responses to Domestic and Sexual Violence in Fiji*. This report demonstrates that domestic and sexual violence is costing Fijian employers almost 10 days of work per employee each year.

When domestic and sexual violence occurs, people suffer, as does their work. IFC's report found that three quarters of the surveyed participants with direct experience of domestic or sexual violence acknowledged some impact on work.

"If I am a victim of domestic violence at home, I may miss work, or even if I come to work, I will still be missing. I may be in the bathroom crying my eyes out," a female staff member said.

"Everybody will be saying: don't worry about it, we are here for you, but it still affects the general flow of work, and when that happens too often it has consequences... [team] productivity gets low because whatever [I am] supposed to do, [I] cannot because they are trying to cover for me. So, it has an impact on the workplace, not only on the person who is suffering but also those who come to know," she said.

Many Injuries

"Maybe 20 years ago, back in school, we would have said domestic violence is just physical. Now we are seeing the psychological impacts, not just physical injury. It is broader than that," said a male staff member interviewed for the report.

Domestic violence includes emotional, sexual, and financial abuse, as well as physical violence. Non-physical forms of abuse can be just as damaging as physical violence: participants in the group interviews recognized how belittling, shaming, and threats can erode a person's self-worth and self-confidence. Those affected can experience mental and physical health impacts, including anxiety, depression, and shame.

Fijian companies can support employees affected by domestic and sexual violence, remove barriers to help employees achieve their full potential, mitigate productivity losses, reduce turnover costs, position themselves as employers of choice, and contribute to their social corporate responsibility, all of which make great business sense.

The report is based on IFC's survey of three companies in the Fijian private sector with a total of 1,701 employees. Thirty-three percent of employees in these companies completed the survey and of those surveyed, 21 percent of women and nine percent of men had experienced violence in the last 12 months. For women and men, the most common form of violence was emotional abuse, harassment or intimidation by a family or household member, followed by physical violence.

Abusers often try to damage peoples' employment and get them fired from work; to make them financially dependent on the abuser. Employees may even be constrained from going to work or have their work issued uniforms or ID cards destroyed.



Employees can also be harassed at work by phone calls, emails or social media messages. Their abuser might also turn up at their workplace.

Abuse also impacts others in the workplace. Colleagues, supervisors, and clients may be targeted, and company property may be damaged. As a result, impacts of domestic and sexual violence on individuals have ripple effects across teams. Colleagues may initially be understanding, but resentment can grow, affecting morale and further impacting the affected person. This can discourage people from asking for help.

"Shame stops people from coming forward, there is also a fear of being picked on or stigmatized. This happens generally in our culture. Everyone is talking about everyone else. People might stay in violent relationships because it is in the best interest of their children. There is also a lack of understanding on what will be provided if they do ask for help," said one interviewee.

Power to Drive Change

While domestic and sexual violence is a big problem, employers can help in many ways, leading to better outcomes for their staff and for their businesses.

34% of survey participants experienced domestic or sexual violence in their lifetime



Fijian companies—with a formal and structured workplace response to domestic and sexual violence—can support affected employees, remove barriers to help employees achieve their full potential, mitigate productivity losses, reduce turnover costs, position themselves as employers of choice, and contribute to their social corporate responsibility, all of which makes great business sense.

"Leaders of any organization play a big role in this. Gone are the days when managers told staff to leave their problems at the door. We need to have understanding and willingness to care, to put the workers first. Every leader, every manager in the modern day needs to be caring to identify what staff is facing because if they don't, it will affect the performance," said a male staff member.

The report urges companies to show compassion and humanity to those who are affected, avoid blaming them, and to respond to founded allegations of violence being perpetrated by employees.

This approach would help Fijian companies align themselves with the global drive to eliminate domestic and sexual violence from people's lives.

There are many things companies can do to make a difference. One company has started an anti-gossiping campaign, where staff are taught skills to recognize and avoid engaging in workplace gossip. This is important because employees are unlikely to seek support for domestic and sexual violence from the company if they believe that colleagues would gossip about them.

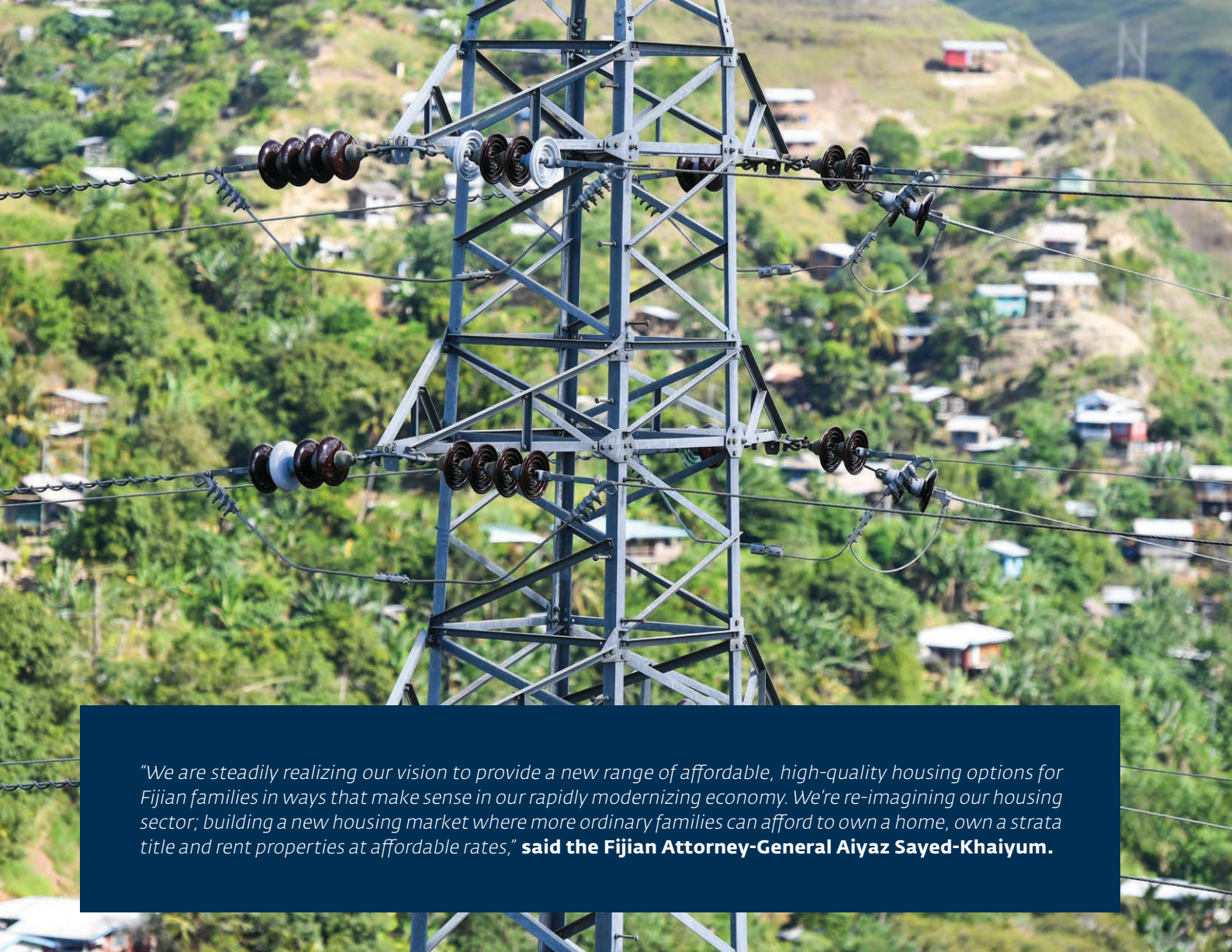
Companies can also introduce a workplace policy and program, so that employees know how the company can support them and who to ask for help. Staff responding to those impacted by domestic and sexual violence need help too—if key staff are not adequately prepared, it can get stressful.

"We have had no training except for on-the-job training. I had never dealt with these situations, but the HR department took us through some workshops about what to do in certain situations... We were just doing counseling how we thought it was [done] right. Sometimes counseling turned into advising, but with counseling you should coach people into finding a solution," a female staff member said.

A key recommendation of the report is that companies put together small teams of men and women, from across the business, and train and support them, to help employees affected by domestic and sexual violence.

Thanks to the findings of the report, IFC has initiated a groundbreaking program to train trainers to help businesses across the Pacific better support staff affected by domestic and sexual violence.

IFC has started a groundbreaking program to train trainers to help businesses across the Pacific better support staff affected by domestic and sexual violence.



"We are steadily realizing our vision to provide a new range of affordable, high-quality housing options for Fijian families in ways that make sense in our rapidly modernizing economy. We're re-imagining our housing sector; building a new housing market where more ordinary families can afford to own a home, own a strata title and rent properties at affordable rates," **said the Fijian Attorney-General Aiyaz Sayed-Khaiyum.**

Green Power: In Solomon Islands, the Pacific Partnership's Tina River Hydropower Project will deliver cheaper power and help the nation shift to majority renewable energy rather than imported diesel.

Infrastructure

- **Improved access to basic infrastructure for more than 1.9 million people**, helping one in five people in **Papua New Guinea** access solar lighting, phone charging, and other solar appliances for the first time
- **Delivering the first large-scale infrastructure project to be developed as a public-private partnership in Solomon Islands**—the **Tina River Hydropower Project** will cut Solomon Islands' reliance on expensive imported diesel by 70 percent and bring down power costs
- **Funding for rebuilding 1,200 school buildings; supplying clean water to over 42,000 people and installing over 2,500 cyclone-resilient solar home systems in Fiji** with proceeds from the country's first historic green bond, raising \$100 million Fijian dollars to help Fiji adapt to a changing climate
- **Working to help provide affordable, climate-resilient housing in Fiji, Papua New Guinea, and expanding to Timor Leste** to help meet critical needs for housing

Challenges

- Poor infrastructure holds back people and growth across the region
- Access to energy is limited, with only 24 percent of the population connected to the grid
- Energy costs are high, with heavy dependence on diesel and liquid fuels
- Lack of quality health care and services, good transport infrastructure, and affordable housing
- Many who cannot afford housing, fuel growth of informal settlements with scant provision of utilities and services and high vulnerability to climate-related damage



Power Deficit: Only 24 percent of the Pacific's population has access to electricity grids.

From structuring transactions and advising companies and governments, to introducing public-private partnerships and helping refine regulations, the Partnerships are using our expertise to address the Pacific's infrastructure gaps.

Our Work

From structuring transactions and advising companies and governments, to introducing public-private partnerships and helping refine regulations, the Partnerships are using our expertise to address the Pacific's infrastructure gaps.

Solar PNG

The PNG Partnership worked with the government of Papua New Guinea to introduce new legislation to permit installation of grid-connected solar projects on rooftops, enabling people to benefit from cheaper, greener power. It also played a critical role in getting lighting to 25 percent of Papua New Guinea's population.

Tina River Hydropower Project

In Solomon Islands, the Pacific Partnership's Tina River Hydropower Project will deliver cheaper power and help the nation shift to majority renewable energy rather than imported diesel. The Fiji Partnership is also working to support families struggling to find housing amid rising land and home prices, with a landmark agreement with the Fijian government to bring in the private sector to help provide affordable and climate-resilient homes.



At a Price: Nesta Nelo, a print shop accounts officer in Honiara, says it's too expensive to use power at home.

STORY

Cleaner, Cheaper Power Fuels a Better Future for Solomon Islanders

Nesta Nelo, a 36-year-old Solomon Islander who works as an accounts officer at a busy print shop in Honiara, the capital, is resigned to paying a high price for electricity to keep the presses running. *"We can't stop the business,"* she says. But at home, it's a different story. The cost of power is out of her family's reach. *"Currently, we don't use power,"* she says. *"We just use candles, torches, and lamps."*

Nelo's story is shared by many in this South Pacific Island nation. The Solomon Islands depends almost entirely on imported diesel for its energy needs—and citizens pay among the highest prices in the world for electricity.

"Everything in Solomons relies on fuel," says service station owner Toata Molea. The cost of electricity is his biggest overhead. In just one month, he spends the equivalent of \$6,400 on electricity—more than what most people on the islands earn in a year.



Burden for Business: Electricity is Honiara service station owner Toata Molea's biggest overhead.

High energy costs are directly affecting the bottom line of many businesses.

Jay Bartlett, the chairman of the Solomon Islands Chamber of Commerce and Industry, believes that high energy costs are directly affecting the bottom line of many businesses. *"It slows down our ability to grow because we're paying so much on our operational costs," he says. "There's less availability of finances to put into capital expenditure. It stagnates the private sector."*

But now, with a pioneering public-private partnership (PPP) worth over \$200 million, there's a renewable-powered light at the end of the tunnel. IFC acted as the lead transaction advisor to the government of the Solomon Islands and helped put in place the PPP with project preparation, investor selection process, negotiation of project agreements, and the final financing agreement package.

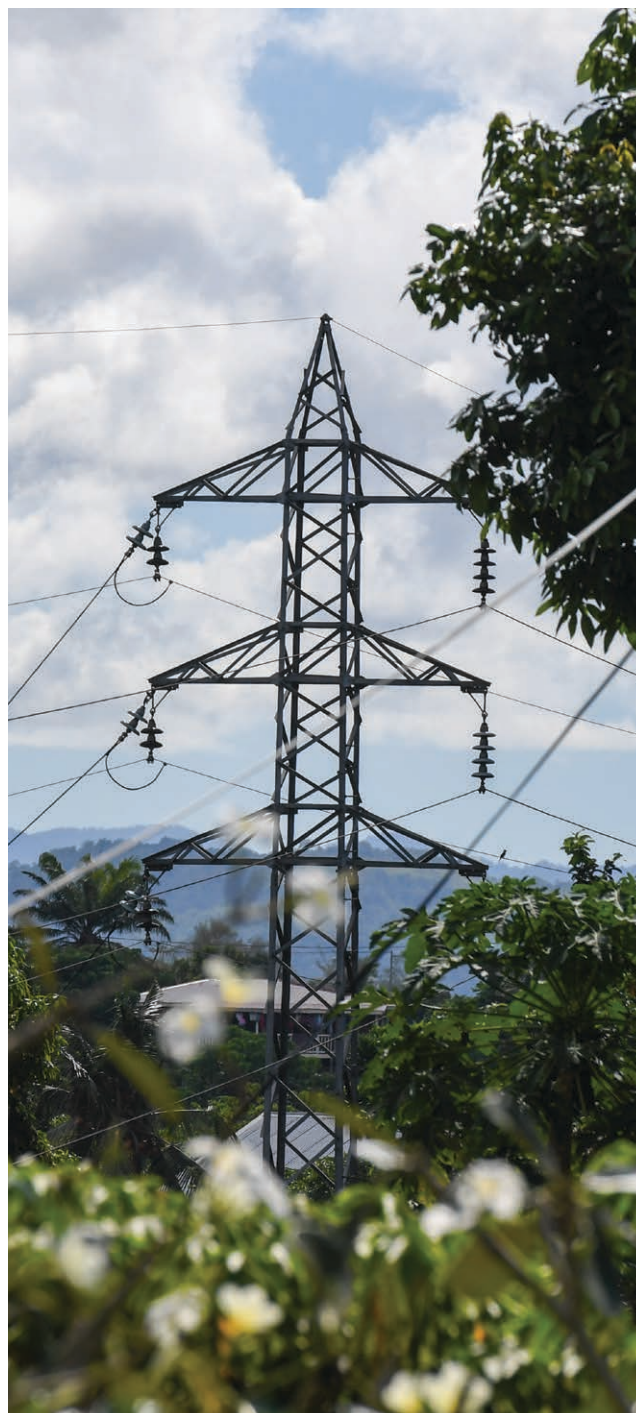
When completed and operational in 2024, the 15-megawatt Tina River Hydropower Project is expected to curb the island nation's reliance on imported diesel by almost 70 percent. In addition, it will significantly reduce greenhouse gas emissions, and deliver cheaper, cleaner power for Solomon Islanders like Nelo and Molea.

Opening the Door to Investment

The Tina River Hydropower Project is the first large-scale infrastructure project to be developed as a PPP in the Solomon Islands. The Prime Minister of the Solomon Islands, Manasseh Sogavare, describes it as "historic."

"It will deliver cheaper power to the people of Solomon Islands and signals to investors that Solomon Islands is ready for large projects and partnerships. This first public-private partnership infrastructure project in Solomon Islands opens the door for more, which will support much-needed development, offering our people a better standard of living and more opportunities," Sogavare says.

Under the terms of the PPP, Tina Hydropower Limited (THL), the Tina River Hydropower Development Project company, formed by Korea Water Resources Corporation (K-water) and Hyundai Engineering Co. (HEC), will build, own, and operate the hydropower plant on the Tina River, 20 kilometers southeast of Honiara.



Creating Ripples: When completed and operational in 2024, the 15-megawatt Tina River Hydropower Project is expected to curb the island nation's reliance on imported diesel by almost 70 percent.

Mobilizing Finance for Development

The World Bank Group applies a “Cascade” approach to ensure that private sector is maximized in development efforts. Under this approach, teams first seek sustainable private sector solutions to achieve development goals, while using scarce public resources only when other options are suboptimal.



The financial package for the Tina River Hydropower Project includes funding from the World Bank's International Development Association (IDA), the Green Climate Fund, the Republic of Korea's Economic Development Cooperation Fund (EDCF), the Asian Development Bank (ADB), the Abu Dhabi Fund for Development (ADFD), and the Australian government. With construction starting in early 2020, the total project cost is estimated to reach \$240 million over the next five years.

The backing from the six entities was sought after the original plan to set up a hydropower project financed solely by the private sector was reconsidered. At that time (2014-2015), a steep drop in global oil prices made power generation by hydro a less competitive proposition to the private sector, says the project's Chief Investment Officer, Shobana Venkataraman, who led IFC's work.

That strategy shift was one of the many changes that took effect since the project was first conceived more than 10 years ago. For example, the planned location of the hydropower plant changed three times until its current spot was finalized.

The World Bank has been actively supporting the Tina River Hydropower Development Project since 2008.

Work included identification of potential renewable energy sources, feasibility studies for potential project locations, helping the government to secure funding for the project, and facilitating agreements that will ensure the project can deliver power to the electricity grid. IFC signed the mandate to advise the government in 2009. The Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank Group, is providing risk insurance.

The World Bank also helped set up a landowner participation arrangement—the first of its kind in the country—which will see the sharing of royalties through cooperatives. This will benefit more than 4,000 people from communities around Tina River, including women and children. The arrangement is expected to lead to the establishment of new community development funds and investments to improve community water and electricity infrastructure.



Power to the People: Imported diesel at the Honiara docks. The Tina River Hydropower Project will bring down energy costs, improve power supply reliability, and provide clean renewable energy, reducing the nation's reliance on expensive imported diesel.

Better Prices, Better Quality of Life

As the Tina River Hydropower Project moves ahead, Venkataraman believes Solomon Islanders can look forward to a more reliable, cheaper, and cleaner electricity as well as a steady price for power, unaffected by global economic swings.

For Eva Citro, affordable electricity will mean a better quality of life and an enhanced offering for customers. The 36-year-old logistics manager at Ideka Furniture & Decoration Company in Honiara is already looking forward to cheaper power prices. Electricity is a significant operating expense and she believes that if the cost falls, the company could invest the savings in its business.

"Probably we would spend it raising the wages," she says. "Then we're going to use some, maybe, for air conditioning because it's hot over here, and customers complain."

IFC's transaction advisory work with the government was implemented in partnership with the governments of Australia and New Zealand under the Pacific Partnership. Australia, New Zealand, and IFC are working together through the Partnership to stimulate private sector investment and reduce poverty in the Pacific. Additional partnership support was also received from DevCo, a multidonor facility affiliated with the Private Infrastructure Development Group (PIDG), with additional funding from the Netherlands and Sweden.

IFC acted as the lead transaction advisor to the government of the Solomon Islands and helped put in place the public-private partnership with project preparation, the investor selection process, negotiation of project agreements, and the final financing agreement package.



A Dark Image: An estimated seven million people in Papua New Guinea do not have access to the grid.

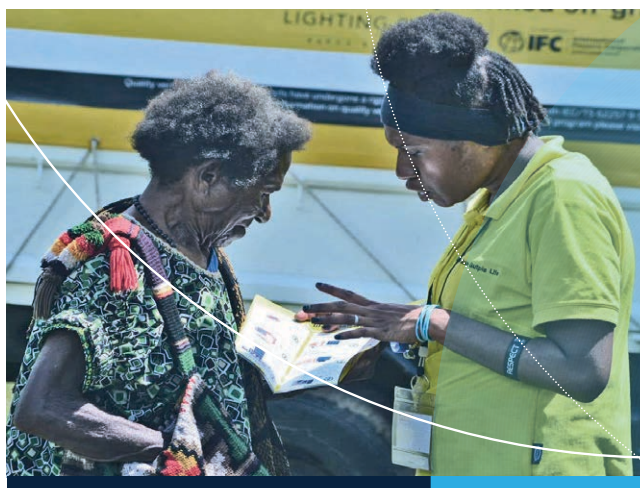
STORY

300 Days of Sunshine Light Up Papua New Guinea's Future

Until recently, Angela Sinai's four children couldn't do their homework at night. When darkness fell on their village of Kupiano, a few hours down the coast from the capital of Port Moresby, the family had only a dim kerosene lamp to read and cook by.

Sinai and her neighbors are among an estimated 7 million people in Papua New Guinea who don't have access to the country's electric power grid. In fact, just a fraction of the population—less than 15 percent—is connected to the grid. And those who do have electricity pay high prices while contending with frequent blackouts, even in urban centers.

That's one of the many reasons the Lighting Papua New Guinea program is creating markets for, and promoting the use of, modern, off-grid lighting products. With 300 days of sunshine in many parts of the country, there's great potential to harness solar power for businesses and households.



Going the Distance: Off-Grid Lighting Market Dynamics in Papua New Guinea

LIGHTING PACIFIC
Creating markets for modern off-grid energy
PAPUA NEW GUINEA

IN PARTNERSHIP WITH
IFC
International
Finance Corporation
World Bank Group

IN PARTNERSHIP WITH

**Australian
Aid**

**NEW ZEALAND
AUSTRALIA OFFICE & TRADE
and Program**

As of March 2020, the program has helped about 1.9 million people in Papua New Guinea light their homes and charge their cell phones using solar power—the first time this has been possible.

The program, supported by the governments of Australia and New Zealand, has helped Sinai and, as of March 2020, about 1.9 million other people on this island nation light their homes and charge their cell phones using solar power—the first time this has been possible.

It has provided solar energy to one-fourth of the country's population, mainly in remote villages and rugged highlands, helping to boost small businesses and cut household costs.

Boosting Small Businesses

In markets outside Port Moresby, vendors selling fish and other foods now string solar lights along their stalls—a vast improvement from the lamps they used in the past.

"Solar is really portable and it gives me light every time I need it," said Kero Mita, who lives in Wanigela village. "It is more advanced than the kerosene lamps, which I was using for years. It has given me a standard of living."

Subrata Barman, who leads IFC's energy advisory program in the Pacific, has seen strong interest from the private sector to provide off-grid energy solutions in Papua New Guinea. *"The Lighting PNG program has helped unlock this market by generating awareness about high-quality products and creating a platform for global manufacturers to partner with local distributors to take these products to rural communities," Barman says.*



Catch the Sun: With 300 days of sunshine in many parts of Papua New Guinea, there's great potential to harness solar power for businesses and households.



A Light Story: Customers explore a range of lights at a solar light sales tent in Papua New Guinea. Solar power often replaces kerosene, which is expensive, potentially hazardous, and causes pollution.

Growing the Off-Grid Market

Lighting Papua New Guinea's affiliate Lighting Global is the World Bank Group's initiative to rapidly increase access to off-grid solar energy for the one billion people living without grid electricity worldwide. IFC draws on its experience in Africa and Asia to help 12 global and local companies in Papua New Guinea—mostly solar manufacturers and distributors from other emerging markets—grow the local off-grid solar market.

As in other locations, solar power often replaces kerosene, which is expensive, potentially hazardous, and causes pollution. By substituting kerosene lamps with solar power, the program is reducing greenhouse gas emissions by 39,000 metric tons a year—roughly the equivalent of taking 9,000 cars off the road.

IFC is now working with Origin Energy PNG Ltd, a subsidiary of Origin Energy Australia, to connect customers with a pay-as-you-go business model. This allows them to pay on a monthly basis for solar systems, like lights, a cell phone charger, and a radio powered by a rooftop panel. This is new for many customers, who have never had access to banking or credit services. IFC hopes that this new business model will be adopted and scaled by other players operating in Papua New Guinea.

"The whole idea behind pay-as-you-go was to make it affordable," says IFC's Barman. "We realized people would not be able to pay for larger solar systems upfront. So, we broke down the payments, which in some cases are lower than what they would pay for flashlight batteries."

That's what Luid Ronnie emphasizes to customers as he rides his bike from village to village, signing up citizens for solar kits. He grew up in this part of Papua New Guinea, and Origin Energy hired him to help with the Lighting PNG program. As he explains to potential customers, a standard home kit costs about \$250. Under the pay-as-you-go system, customers provide a 20-percent deposit and pay the rest over 12 months.

It's a formula that appeals to many who hope to improve their quality of life. *"The payment structure is very simple," Ronnie says. "People are really happy to have solar. Having a good lighting system makes the home feel comfortable."*



Development Funds: Proceeds from the \$50 million sovereign green bond were also used for forest conservation, rehabilitation of schools and roads damaged by Tropical Cyclone Winston in 2016, as well as enabling access to clean water supply, green energy projects, and sustainable waste management.

Fiji made history by becoming the world's first developing nation to issue a sovereign green bond, with IFC leading the World Bank Group support.

STORY

Fiji's Historic Green Bond Fund Delivers



Watermark: Coastal village Vatani has been supplied with water tanks.

A first-time traveler would be struck by the scenic beauty and peaceful environment of Vatani Village, accessed through a long winding road that snakes its way to the village by the sea.

Located in the province of Tailevu in the Pacific Island nation of Fiji, villagers will make you feel immediately at home with their warm greetings of "Bula" and smiles and some would even insist on sharing a drink or meal in their homes.

Their warmth belies the challenges they have endured until the last two years.

About 30 minutes' drive from the nearest urban center of Nausori Town, the village of Vatani has no electricity, but they have more things to be happy about like the new road and the access to water supply.

"We had a tank in the village that was only enough for drinking water," Vatani village head man Watisoni Bole said. "We had someone policing the tank and he would blow his whistle at a certain time in the day, villagers would come with their two buckets for their daily allocation."

They bathed in a nearby spring. Washing of clothes would usually be done on Saturdays when all members of the family lent a hand as it is a three-mile walk in the forests to another water source.

"Sometimes we had to spend \$50 to hire a boat to get water from nearby Nakelo Landing," Bole said. "We used to get water from a nearby island and in return we had to do chores such as climbing for coconuts. One of our young men died when he fell from the coconut tree in our search for water."

In 2018, Vatani's water woes were eased by the Fijian government with the construction of a 90-million-gallon water tank in the village.

Financing for the project came through proceeds from Fiji's green bond. Fiji made history by becoming the world's first emerging market to issue a sovereign green bond, with IFC leading the World Bank Group support.

Proceeds from the \$50 million sovereign green bond were also used for forest conservation, rehabilitation of schools and roads damaged by Tropical Cyclone Winston in 2016; as well as enabling access to clean water supply, green energy projects, and sustainable waste management.

The impact of these projects, as reported in the government's annual impact report, was set to benefit 129,300 Fijians (about 16 percent of the population) and 33,209 students.



Braving the Storm: The people of Fiji are on the front lines when it comes to combating climate change

The Fijian government, as stated in the report, expects the green energy projects to produce an additional 1.39 million kilowatt hours and access to an additional 20,000 liters of clean water a day.

The bond helped Fiji create a new way to mobilize finance for development—and a market for private sector capital seeking investment opportunities that support climate resilience and adaptation.

"Developing nations are always in need of funds to develop their countries and improve the livelihood of their people," IFC country representative to Fiji, Samoa, Tonga, Kiribati and Tuvalu, Deva De Silva said. "Tropical Winston devastated Fiji in 2016, but the Fijian government was able to rehabilitate public buildings as well as undertake other green projects through the historic green bond. More importantly, the focus was on building back better."

IFC's work in Fiji for this project was funded under a broader Capital Markets Development Project through the Fiji Partnership—a partnership with the Australian government, and now with the New Zealand government—aimed at stimulating private sector investment, promoting sustainable economic growth, and boosting shared prosperity in Fiji.

As village head, Bole said people were now happy that they have water and a road to their village. *"We used to plant for our own subsistence, but now that we do not have to spend most of our resources searching for water, we can also sell our produce. Life is much better now,"* Bole said.



Life Lessons: Queen Victoria Boarding School, in north of Suva, Fiji's capital. The school was hit by Tropical Cyclone Winston in 2016.

Contact

International Finance Corporation
Level 18, CML Building
14 Martin Place
Sydney, NSW 2000

Tel: (+61) 2 9235 6519

Stay Connected

 www.ifc.org/eastasia

 www.twitter.com/IFC_EAP

 www.facebook.com/IFCeap

