



Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 08/23/2023 | Report No: ESRSA02922



I. BASIC INFORMATION

A. Basic Operation Data

| | | | |
|--------------------------------|--|--------------------------|----------------------|
| Operation ID | Product | Operation Acronym | Approval Fiscal Year |
| P180723 | Investment Project Financing (IPF) | CAPSA | 2024 |
| Operation Name | Building Capacity in Statistics and Audit in the Solomon Islands | | |
| Country/Region Code | Beneficiary country/countries (borrower, recipient) | Region | Practice Area (Lead) |
| Solomon Islands | Solomon Islands | EAST ASIA AND PACIFIC | Poverty and Equity |
| Borrower(s) | Implementing Agency(ies) | Estimated Appraisal Date | Estimated Board Date |
| Solomon Islands | Office of the Auditor General of the Solomon Islands , Solomon Islands National Statistics office | 11-Sep-2023 | 12-Dec-2023 |
| Estimated Decision Review Date | Total Project Cost | | |
| 31-Aug-2023 | 6,500,000.00 | | |

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Proposed Development Objective

To improve the availability and quality of official statistics and audits in the Solomon Islands

B. Is the operation being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project Activities

This project aims to builds the capacity of the Solomon Islands National Statistics Office (NSO) and the Office of the Auditor General of the Solomon Islands (OAG) to meet their respective mandates in contributing to evidence-based policy-making and improved government accountability. The NSO component will finance 1) the implementation of the Household Income and Expenditure Survey with improved methodologies, 2) improvements to national accounts and economic statistics, and 3) a suite of technical and institutional capacity building activities. The OAG component will



finance 1) strengthening quality assurance practices and improving audit quality, and 2) improving the public impact of audits.

D. Environmental and Social Overview

D.1 Overview of Environmental and Social Project Settings

Solomon Islands is a small island developing state (SIDS) in the south-west Pacific with a population of 707,851 and a total land area of about 28,400 square kilometers. The population of Solomon Islands remains predominantly rural, with formal economic activity mainly limited to the main island of Guadalcanal, especially in the capital, Honiara. The incidence of poverty is high, an estimated 26.5% of Solomon Islanders lived below the global extreme poverty line (US\$2.15 in 2017PPP) based on the 2012/13 Household Income and Expenditure Survey (HIES) and economic opportunity is distributed very unevenly. The country has rich ecosystems and biodiversity, both terrestrial and marine. Plantation, logging and fishery based commercial activities have dominated since Independence in 1978. Opportunities for new and diversified sources of growth are limited, with tourism offering some potential. Youth unemployment and under-employment, as well as economic stagnation in remote areas are enduring challenges. Solomon Islands has made significant progress in restoring stability following a period of civil conflict from 1998 to 2003.

Statistics and audits are crucial inputs for effective governance. The availability and quality of official statistics and audits are major challenges in the Solomon Islands. Statistics on household well-being are limited and severely outdated: the last HIES in the Solomon Islands was completed in 2013, and the last Demographic and Health Survey (DHS) was in 2007. The project will improve the availability and quality of official statistics and audits in the Solomon Islands. The project will finance technical assistance activities to strengthen statistical capacity (Component 1) and audit capacity (Component 2), as well as project management (Component 3).

According to the World Bank's Statistical Performance Indicators (SPI), Solomon Islands has a SPI score of 41.7 in 2019, which has it ranked below the East Asia and Pacific developing country average. In particular, Solomon Islands has a very low score of Data Sources, which measures the availability of surveys and censuses, as well as administrative data and other data sources. Solomon Islands also perform poorly in Data Infrastructure, which assesses hard infrastructure (legislation, governance, standards) and soft infrastructure (skills, partnerships) as well as the financial resources to deliver useful and widely used data products and services. Data deprivation in the Solomon Islands also hinders efforts to track progress on gender inequality over time and design policies to address it.

The Project-financed activities focus on technical assistance (TA) and procuring office equipment. The project aims to build the capacity of the National Statistics Office (SINSO) and the Office of the Auditor General of the Solomon Islands (OAG) as the key national agencies responsible for quality of statistics and audit activities, respectively.

The mandate of the Office of the Auditor General of the Solomon Islands (OAG) is codified in the constitution. The mandate is comprehensive and requires the OAG to audit the annual public accounts of all government entities, including ministries and provincial governments, and report to the Parliament. The OAG plays a critical role in providing assurance over the accuracy and reliability in the use of public money. In addition to the annual statutory audits of financial statements, the OAG also conducts audits to evaluate the effectiveness and efficiency of government programs on request (referred to as performance audits).

D.2 Overview of Borrower's Institutional Capacity for Managing Environmental and Social Risks and Impacts



The implementation agencies for the project will be the National Statistics Office (SINSO) and the Office of the Auditor General (OAG). While the two offices have worked with the World Bank previously, they are not familiar with the World Bank Environment and Social Framework policy (ESF). The intention is to have a consultant-led Project Support Team (PST) or project management unit that will sit in the central ministry and support both agencies. The two agencies will be heavily reliant on external consultants as they have limited capacity, specifically for the E&S risk management. The consultants will work on project management, procurement, environmental, social, health and safety measures, reporting with the heads of SINSO and OAG only responsible for approvals and monitoring, this includes sharing the task of adopting, implementing and updating the project’s E&S instruments such as the Environmental and Social Commitment Plan (ESCP) and stakeholder engagement plan (SEP), which are further discussed under ESS1 and ESS10. All project workers will be made aware of the relevant E&S requirements in the ESCP and SEP. Capacity building is not expected due to the low E&S risk of the project.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Low

A.1 Environmental Risk Rating

Low

The environmental risk classification is rated as ‘low’ as project typologies solely relate to technical assistance activities that are not expected to have any downstream negligible risks or impacts on the environment. The Project typologies solely focus on technical assistance (TA), including institutional capacity strengthening, which will have positive impacts on strengthening the national statistics office (SINSO) and the Office of the auditor general (OAG). There will be the purchase of office equipment but no infrastructure investments. The TA activities are expected to have largely positive and beneficial impacts, including enhancing the environmental, health and safety risk management awareness of the staff of the implementing agencies. For example, the institutional capacity and leadership training curriculum will include a session or content on enhancing environmental, social, health and safety objectives to improve the awareness of the project staff, as guided in paragraphs 14-18 of the World Bank ESS1. Further, the terms of reference, work plans or output documents of TA activities will be submitted to the World Bank for prior review. The implementing agencies (IAs) agreed to allocate resources (e.g. through the to-be-established PST or PMU) for preparing an Environmental and Social Commitment Plan (ESCP) and stakeholder engagement plan (SEP) during the project preparation. The ESCP and SEP set out measures and actions for the project to achieve compliance with the relevant Environmental and Social Standards (ESSs) over a specified timeframe.

A.2 Social Risk Rating

Low

The social risk rating is low as the project activities include technical assistance and capacity building which will have positive impacts on strengthening the national statistics office (SINSO) and the office of the auditor general (OAG). There will be no infrastructure investments or adverse impacts on people or their livelihood activities. The components under the project have been clearly divided into two (1) statistical capacity strengthening and (2) audit capacity. The development and promotion of an internal data sharing platform will have to have a robust mechanism in place to ensure that confidential data is protected. The task team have had broad discussion on data access and data privacy. Key points include: data that is shared on public platforms should always be anonymized (i.e., stripped of all information that can be used to identify individuals) in accordance with global best practice and national laws,

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and data that has been sufficiently anonymized should be made openly accessible to the public (i.e., not gatekept by SINSO approval) so that it can have broad public benefits (academic research, policy dialogue, general public interest). This is consistent with data sharing and privacy elsewhere in the region. There will be no civil works involved so the office improvement risks will only be limited to ensuring that installation of computers, printers, workstations, and VC equipment are done in a safe manner. For other activities that include capacity building and training, they will take place mostly in Honiara (the capital) with limited travel to the provinces. The key social risk management consideration would be to ensure that under the project there is an awareness of community health and safety. The OAG will at times, send officers to nearby provinces to undertake audits or the SINSO will undertake surveys, in this case the project will have to ensure that first aid kits, safety at sea measures are in place (including first aid training for all staff/project officers). The collection, analysis, storage and sharing of anonymized data is unlikely to result in any significant E&S risks. Hence, no demand is expected for the Borrower’s staff and capacity to assess, manage and mitigate ES impacts. The IAs agreed to prepare an Environmental and Social Commitment Plan (ESCP) and stakeholder engagement plan (SEP) to set out measures and actions for the project to achieve compliance with the relevant Environmental and Social Standards (ESSs) over a specified timeframe. Community consultation across the two components will be critical and this will be reflected in the SEP to ensure that all the stakeholders have been identified.

B. Environment and Social Standards (ESS) that Apply to the Activities Being Considered

B.1 Relevance of Environmental and Social Standards

ESS1 - Assessment and Management of Environmental and Social Risks and Impacts

Relevant

The project will finance activities to strengthen statistical capacity (Component 1) and audit capacity (Component 2), as well as project management (Component 3). The project activities can be clustered as: (i) data collection, development and promotion of an internal data-sharing platform; (ii) ICT and office improvements through procuring and installing computers, printers, workstations; and VC equipment; (iii) production of business statistics and publications; and (iv) development of capacity building strategy for strengthening the technical capacity to deliver high-quality audits (v) Training on leadership, data analysis, and visualization skills. The project activities can enhance positive environmental and social outcomes. The project does not anticipate causing any adverse environmental impacts as the project typologies of technical assistance (TA) and office equipment improvements are beneficial to enhance the quality of services of the implementing agencies. No potential downstream E&S impacts are anticipated from the implementation of outputs from these technical assistance activities. The terms of reference, work plans, and output documents of TA activities will comply with national, World Bank ESF and good international industry practice (GIIP) requirements and will be submitted to the World Bank for ‘no objection’. The implementing agencies prepare the ESCP, including the labor health and safety commitments, and the SEP, including the GRM, during the project preparation. The ESCP and SEP aim to promote transparency through broad stakeholder engagement and participation at all critical phases of the TA to align well with the ESS10 and with the ESS1 paragraphs 14-18. Furthermore, the institutional capacity and leadership training curriculum will include a session or content on enhancing environmental, social, health and safety objectives to improve the awareness of the project staff, as guided in the ESS1 paragraphs.

ESS10 - Stakeholder Engagement and Information Disclosure

Relevant

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ESS10 is relevant. The project will have to identify various stakeholders for the two components (audit and statistics). As the activities have been fashioned in a way, where stakeholder involvement is high – the project will prepare a robust SEP to ensure that it captures all the stakeholders under each component, including the stocktaking, capacity building, training and community consultations. A stakeholder identification, mapping and characterization would be an important tool to understand the scope of potential beneficiaries, as well as the influence, attitude and interests of key stakeholders. The consultations will most likely take place in Honiara, however it may also include some travel to provinces. The stakeholder engagement plan will have to include all stakeholders not only in Honiara but cover potential parties in the provinces. Regular consultations and clear information disclosure is important as data under the data-sharing platform may be confidential. It is important that the project have in place clear processes of confidentiality around data sharing and that data generated by the project is disclosed to stakeholders in a transparent while protecting individual data privacy. The project implementing agencies prepare and adopt a SEP and a GRM that can best fit the structure of the to-be-established PST or PMU. The management of the GRM will be discussed and agreed between SINSO and OAG.

ESS2 - Labor and Working Conditions

Relevant

ESS2 is relevant. The project will involve Direct Workers, including the staff of the PST to be arranged for the two implementing agencies. Some consultants will also be hired by the PMU as Contracted Workers to carry out some analytical work and training and facilitate training and data sharing platform. Their labor risks are deemed low since they will be hired following the Bank’s procurement guidelines under written contracts; and no vulnerable workers, such as migrant workers or low-wage workers are expected to be hired. Worker conditions for data collectors, Governments and other agencies and contractors will be assessed to ensure alignment with ESS2. All project workers will be made aware of and commit to following a code of conduct including provisions on the prohibition of sexual exploitation and abuse (SEA) and sexual harassment (SH) behaviors. All project workers will be provided with a clear and accessible mechanism by which to share workplace-related grievances, including confidential mechanism for sharing SEA/SH related complaints. ESS2 requirements on labor commitments will be outlined in the project ESCP.

ESS3 - Resource Efficiency and Pollution Prevention and Management

Not Currently Relevant

ESS3 is not considered relevant as environmental risks associated with the Project are expected to be negligible and solely associated with usual office activities (e.g., the generation of negligible small volumes of e-waste and general waste, which can be disposed according to the national requirements).

ESS4 - Community Health and Safety

Not Currently Relevant

ESS4 is not relevant. The provision of information by the community may present some minor issues in terms of data confidentiality. This will be assessed as part of the ESA process but is expected to be readily manageable within the methodology being developed for data collection, storage, management and processing. Data security may be an aspect to emphasize in project design and follow-up with the Borrowers. No community health and safety issues are expected through project activities; nor will activities affect ecosystem services. The project typologies are anticipated to enhance positive environmental and social outcomes and not cause potential downstream community health and safety impacts from the outputs of the technical assistance. All relevant provisions can be covered under ESS1, ESS2 and ESS10

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ESS5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Not Currently Relevant

ESS5 is not relevant. The project activities will not require access to land or engage in land use or involuntary resettlement matters. Land impacts are not anticipated, and involuntary acquisition of land or assets is not anticipated.

ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources

Not Currently Relevant

ESS6 is not relevant. The project will solely finance TA activities with no expected downstream impacts to biodiversity. The ESCP will prohibit the funding or implementation of any physical works.

ESS7 - Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

Relevant

ESS7 is relevant. The vast majority of the country’s population (95%) are indigenous melanesians, and as such the majority of the project beneficiaries would also be indigenous according to the criteria of ESS7. Given that the standard is relevant to the majority of project beneficiaries, a self-standing Indigenous People Policy Framework or sub-project Indigenous Peoples Plans will not be required. Instead, the key requirements of ESS7 (e.g., culturally appropriate mechanisms of engagement), will be incorporated into project design and all project activities, and incorporated into relevant sections of the SEP and ESCP

ESS8 - Cultural Heritage

Not Currently Relevant

ESS8 is not relevant. The project activities focus on technical assistance (TA) and procuring office equipment, which will not come across cultural heritage resources. The Project will not fund any infrastructure investments but only finance the purchase of office assets such as computers and printers.

ESS9 - Financial Intermediaries

Not Currently Relevant

ESS9 is not relevant. The project will not use other Financial Intermediaries.

B.2 Legal Operational Policies that Apply

OP 7.50 Operations on International Waterways

No

OP 7.60 Operations in Disputed Areas

No

B.3 Other Salient Features

Use of Borrower Framework

No

Does not apply.

Use of Common Approach

No

No other financing partners

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C. Overview of Required Environmental and Social Risk Management Activities

C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required by implementation?

III. CONTACT POINT

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IV. FOR MORE INFORMATION CONTACT

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V. APPROVAL

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Practice Manager (ENR/Social) Ann Jeannette Glauber Cleared on 23-Aug-2023 at 06:50:15 EDT
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