

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: SPSO

TA No. and Name TA 3199 – FIJ: Port Asset Management Improvement		Amount Approved: \$150,000	
		Revised Amount: \$250,000	
Executing Agency Ministry of Public Enterprises & Public Sector Reform	Source of Funding: Technical Assistance Special Fund (TASF)	TA Amount Undisbursed \$4,458	TA Amount Utilized \$245,542
Date		Completion Date	
Approval	Signing	Original	Actual
31 May, 1999	Fielding of Consultants July 2002 – Cullen Grummit & Roe June 2003 – Meyrick & Associates	31 August, 1999	31 December, 2004
		Account Closing Date	
		Original	Actual
		31 August, 1999	21 April, 2005
Description			
<p>The Ports Authority of Fiji (PAF) was established under the PAF Act in 1975. Prior to the port sector reorganization in 1997, two agencies governed the ports sector: The Ports Authority of Fiji (PAF) and the Marine Department of the Ministry of Communications, Works and Energy (MCWE). These operated under two Acts: The Ports Authority of Fiji Act of 1975 (PAF Act)¹ and the Marine Act of 1986. In October 1997, the PAF Reorganization Charter was adopted, commencing the Government's port sector reform, aimed at setting the Government entities to operate commercially and in a competitive environment, and making these entities more efficient, productive, accountable, and better organized. In the 1997 reorganization, (i) the Ports Terminal Limited (PTL) was established to undertake stevedoring, cargo handling, storage and pilotage, and management of Suva and Lautoka ports and (ii) the Maritime & Ports Authority of Fiji (MPAF) to regulate and supervise all marine activities within the international ports, including port asset management, maritime sector regulation, and policy formulation then the task of the Marine Department. In addition, further reform was envisaged for MPAF to separate its landlord asset management functions from its regulatory functions.</p> <p>While the reorganization had led to a considerable reduction in redundant labor, the reorganized ports sector remained characterized by weak technical and financial performance. Monitoring performance was exacerbated by the limited alignment of the indicators, databases, and the financial management information systems. The TA was engaged to support the Government's port sector reform with the objective to improve efficiency and effectiveness of service delivery in the ports sector.</p>			
Objectives and Scope			
<p>The TA was designed to assist the Government identify an action plan for the port sector reform and to facilitate efficiency and effectiveness improvement of port operations. The TA was initially approved for \$150,000 in May 1999 to (i) recommend the least cost option to facilitate further reform of the MPAF and (ii) outline a program for improvement of the commercial performance of the port sector. In October 1999, an additional \$100,000 was approved as a minor change in scope to include (i) identification of options for appropriate and financially sound allocation of responsibilities between MPAF and Ports Terminal Limited in undertaking the stevedoring and cargo handling, storage, local wharves and pilotage; and (ii) review of the financial management and information systems of MPAF.</p>			
Evaluation of Inputs			
<p>Although the TA was approved in 1999, due to the political events preceding May 2000 and the implications of the coup d'etat in May 2000, Cullen Grummit & Roe (CGR) was engaged to undertake the terms of reference only in July 2002 and was mobilized in August 2002. CGR submitted an inception, draft midterm and a final report. While the inception report provided a comprehensive workplan, the draft mid-term report fell short in meeting requirements under the terms of reference, leading to delays in the reporting. The final report was submitted in February 2003. The consulting services of CGR were rated satisfactory. Concurrently, however, ADB's partnership with the Government, the Executing Agencies and MPAF was strong and the staff-based policy dialogue supported by the TA outputs led to further progress in the reform implementation. The Government agreed to an engagement of an additional consultant under the TA, i.e. Meyrick & Associates, to support the implementation of reforms. This work provided a comprehensive review of the sector management and developed a consensus among the stakeholders, including through a series of consultations that provided guidance and direction to the diagnosis, formulation of the recommendations, identification of implications, and implementation of the road maps. The final report that formed the basis for the reforms that the Government implemented. Consulting services of Mayrick & Associates were rated highly satisfactory.</p>			

¹ Act No.20 of 1975

Evaluation of Outputs

The CGR draft mid-term report was revised to include a comprehensive sector assessment, analysis of the issues with the stakeholder views, and an outline for the process to upgrade the management systems. The Meyrick & Associates' report resulted in an agreed work plan for implementing the reform process forward, including the further steps for the sector reorganization. The final report received a thorough review by all the stakeholders and contributed substantively to the completion of the reform. The draft reorganization charter prepared with the support of the TA outputs gained widespread support and was approved by the Cabinet in July 2004, providing for (i) the establishment of a new port management company; (ii) the amendment of the Fiji Maritime Safety Authority (FIMSA) Act and repeal of the amended Port Authority of Fiji Act of 1999; and (iii) the retrenchment of surplus staff once the new port entity had been established. As a result, in July 2005, the ports sector saw further rationalization through the amalgamation of the PTL and MPAF into a Government's Commercial Corporation (GCC), the Fiji Ports Corporation Limited. As a GCC, the sector reorganization had achieved its objective of commercializing operations of a statutory authority burdened with large labor contingency and social obligations that challenged sector performance. The CEO of the new organization was appointed in February 2005. The Sea Ports Management Act was adopted in June 2005. The new port management company, Fiji Ports Corporation Ltd (FPCL) was fully established on 1st July 2005. The regulatory functions of MPAF will be transferred to FIMSA. The retrenchment of surplus staff has already commenced and was completed in August 2005.

The TA outputs spearheaded the diagnostic and analytical assessment that led to a confident implementation process of the Government's port sector reform. It supported consensus building on the content of the reform program and helped to retain focus on the improvement of port efficiency and productivity. The TA outputs provided basis for upgrading the financial and operational asset management information system aimed at supporting client orientation and effective port business management, maximizing private sector involvement, and attracting port business in view of developing Fiji as the centre for the region's port services. The TA left a road map for the new sector agencies to introduce competition in the stevedoring operations. This is planned to be implemented as soon as possible, and once the operations of the new ports company are regularized.

The TA design, objectives, terms of reference after the small change in scope were considered highly relevant and the stakeholders participation and ownership, particularly that of the EA and the ports sector agencies was keen, expressed in continuous support, consideration, and adoption of the TA recommendations. The stakeholder agencies considered the TA highly satisfactory, and performance of ADB and the EA are rated highly satisfactory.

Overall Assessment and Rating

Successful. Government has made significant progress in the port sector reform following the coup d'etat 2000 largely based on the outputs of the TA. However, a particularly contentious and challenging action in the reform program, namely the introduction of competition in the stevedoring operations, remains to be implemented and is programmed as soon as possible.

Major Lessons Learned

The political events of May 2000 of the reform led to a need to considerably extend timeframes under the TA, particularly prior to commencement. The TA, however, proved particularly effective having awaited for reemergence of conducive environment in the political economy. However, complex reform processes were only manageable as step-by-step action plans, with adequate quantity expert services implemented with flexibility to incorporate necessary changes in light of the dynamic environment in which reforms are implemented. The process was carefully guided with the support of frequent ADB staff-based policy dialogue and leadership to the consultant team. Reform processes require flexible TA administration that is capable of supporting policy decisions in a dynamic political economy.

Recommendations and Follow-Up Actions

The considerable staff time given to the TA implementation is an example of the way in which the Pacific Subregional Office in Suva can, in the future, support, promote, and monitor the necessary reform process through frequent policy dialogue and leadership in TA implementation as well as to develop Government and stakeholder ownership of reform processes.

Staff-based policy dialogue is required to follow up the introduction of competition in the stevedoring operations.