

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: PAHQ

TA No. and Name TA 4588-SOL: Implementation of Interisland Transport Reforms		Amount Approved:	\$495,000
		Revised Amount:	\$402,022
Executing Agency: Ministry of Finance	Source of Funding: Technical Assistance Special Fund (TASF)	Amount Undisbursed \$57,726.57	Amount Utilized \$344,295.43
TA Approval 20 May 2005	TA Signing 22 Feb 2006	Fielding of Consultants 29 May 2006	TA Completion Date Original 30 Apr 2006 Account Closing Date Original 30 April 2006
			Actual 31 Mar 2008 Actual 12 September 2008

Description

ADB's country program in Solomon Islands aims to support rapid, pro-poor, private sector-led economic growth by providing transport infrastructure and services, and by strengthening the enabling environment for the private sector. The national economy relies on forestry, fisheries, and cocoa and copra production, all conducted in rural areas and mostly transported by sea. However, interisland transport is characterized by long distances, infrequent and unreliable schedules, and unsafe vessels. In addition, private sector participation is impeded by non-commercial services operated by national and provincial governments. Improved efficiency requires institutional reform, strengthened safety regulation, support for private sector development, and training of stakeholders.

Expected Impact, Outcome, and Outputs

The expected impact of the technical assistance (TA) was to increase the efficiency and effectiveness of interisland sea transport services in Solomon Islands, while minimizing the fiscal burden and exposure to risk to public institutions and finances. The expected outcomes were (i) assess the status of interisland transport services, (ii) determine constraints to their development, (iii) develop strategies for improvement, (iv) build consensus on the necessary reforms, and (v) implement them. The output was intended to be a final report documenting the status of interisland transport services, constraints to their development, and strategies for their improvement, under four components (i) institutional reforms, (ii) financial reforms, (iii) private sector development, and (iv) training.

Delivery of Inputs and Conduct of Activities

The TA was intended to be conducted over a period of 12 months, through 15 person-months of individual international consulting services provided intermittently. Shortly after approval however, the government requested that inception be delayed to focus on a separate (and in its view, higher-priority) study for reform of the aviation sector. Inception was therefore delayed by 9 months, and the completion date extended by one year, in light of the government's restricted capacity to provide counterpart staff.

Activities proceeded much more slowly than anticipated, due to three factors: (i) a shortage of qualified counterpart staff to assist the TA team, (ii) outdated and incomplete data on the maritime sector, and (iii) initial disarray and less than enthusiastic cooperation on the part of the shipping industry. Consequently the TA team spent more time than planned on preparatory activities with insufficient support from government staff and industry stakeholders.

By the end of 2006 (7 months after inception) the TA had conducted nearly all activities as planned. Institutional, financial, and sector analyses had been undertaken. Training of government staff and private sector operators had been conducted through a series of workshops and one-on-one mentoring, through an innovative partnership with the Papua New Guinea Maritime College. The Solomon Islands Shipowners' Association, which had been moribund for years, was revived and holding regular meetings and planning events with support from the TA team.

At this point however, the TA team broke down. The team leader abandoned the project for a more lucrative assignment elsewhere. Although other team members had provided their inputs, the team leader refused to cooperate in synthesizing the information and producing the necessary reports, and other team members did not have the necessary specializations or overview of all components to complete the work. ADB attempted to salvage useful outputs for over 4 months, before finally terminating the team leader with the concurrence of the government.

A new team leader was recruited to revive the TA, and a further extension granted at the request of government. The replacement team leader was much more successful in gaining cooperation from government, industry stakeholders, and other team members. In doing so, the work of the TA was extended in productive directions. A high-quality and comprehensive final report was produced documenting all analyses and recommendations, and accepted by the government.

Dissemination of results was accomplished through consultation meetings and workshops with both government staff and private sector ship operators, and through the final report which has been widely distributed.

ADB conducted an average of two review missions a year, as well as special consultation missions in conjunction with country programming and other project preparatory work. These missions confirmed the conduct of activities, but they did not closely monitor the ongoing preparation of final outputs until those reports were due.

Evaluation of Outputs and Achievement of Outcome

Despite the delays and difficulties, all outputs were eventually produced at high quality and gained consensus among government and stakeholders. In the initial phase of the TA, key outputs included updates to the Shipping Act and related regulations, a modernized national ship register, assistance with legal drafting to implement the reforms, and training. In the final phase, the TA produced a design of a franchise-tendering scheme for uneconomic routes, provided supply and demand data to assist ship operators with commercial planning, and produced a detailed proposal for restructuring of the Marine Division to improve institutional sustainability.

The outputs of the TA convinced the government to continue with implementation of reforms, by proceeding with project preparation for a franchise shipping scheme and the proposed institutional restructuring, to be funded through an ADF grant project.

Four of the five outcomes (status assessment, constraint identification, strategy development, consensus) were fully achieved. The fifth outcome (implementation) was partially achieved through updates to some legislation and regulations that were long overdue, and drafts of additional reforms that are under consideration. There is also anecdotal evidence that training and provision of data are also facilitating increased private sector activity in the sector. Although not yet fully implemented, the recommendations for reform have also been incorporated in the government's National Transport Plan and in the Medium Term Development Strategy, both of which have achieved Cabinet approval.

Overall Assessment and Rating

Successful. The sector operating environment has already increased in efficiency and effectiveness and consensus has been achieved on remaining reforms that are being incorporated in project preparation for approval in 2008.

Major Lessons

Government readiness must be more carefully assessed, particularly for advisory TAs that involve major institutional and policy implications. The government has limited absorptive capacity for such activities, and competing priorities for counterpart staff, which slowed implementation.

ADB review missions should more carefully assess progress on final outputs. In this case activities were clearly progressing, but not being documented, so that problems did not come to light until the draft final report was due. Quarterly reports should have required more complete documentation. ADB should also be firmer with consultants and government when TA implementation falters, and be ready to recommend and take quicker remedial action.

Training and workshops were well received, eventually well documented, and assessed by participants as of high value. However in the course of a relatively short TA, without frequent follow up and reinforcement, the sustainability is less than it should be. Future capacity development TA should be undertaken over a longer term and include more follow-up activities.

Recommendations and Follow-Up Actions

The recommendations of the TA relating to implementation of the franchise-tendering scheme and for institutional restructuring have already been incorporated into project preparatory work. The eventual project design will use conservative estimates for implementation time and resources, bearing in mind the relatively slow pace of reforms that was demonstrated in the TA. Additional capacity development and implementation assistance will also be required, and should be addressed in a piggybacked TA focused on institutional strengthening.

Prepared by Robert Guild Designation Senior Transport Specialist