



Technical Assistance Report

Project Number: 40263
September 2007

Solomon Islands: Preparing the Domestic Maritime Support Project and Technical Support Program (Financed by the Japan Special Fund)

CURRENCY EQUIVALENTS

(as of 4 September 2007)

Currency Unit	–	Solomon Islands dollar (SI\$)
SI\$1.00	=	\$0.1360
\$1.00	=	SI\$7.3544

ABBREVIATIONS

ADB	–	Asian Development Bank
DMSP	–	Domestic Maritime Support Project
EA	–	executing agency
EC	–	European Commission
GDP	–	gross domestic product
MID	–	Ministry of Infrastructure and Development
NTF	–	National Transport Fund
NTFB	–	National Transport Fund Board
NTP	–	National Transport Plan
PDMC	–	Pacific developing member country
SIMA	–	Solomon Islands Maritime Authority
TA	–	technical assistance
TPPU	–	Transport Policy and Planning Unit
TTF	–	Transport Task Force

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sector	–	Transport and communications
Subsector	–	Multimodal transport and sector development
Themes	–	Sustainable economic growth, private sector development
Subthemes	–	Fostering physical infrastructure development, developing rural areas, policy/institutional/legal/regulatory reforms

NOTE

In this report, "\$" refers to US dollars, unless otherwise stated.

Vice President	C. Lawrence Greenwood, Jr., Operations 2
Director General	P. Erquiaga, Pacific Department (PARD)
Director	I. Bhushan, Pacific Operations Division (Area B), PARD
Team leader	R. Guild, Senior Transport Specialist, PARD

I. INTRODUCTION

1. The Government of Solomon Islands has requested the Asian Development Bank (ADB) to provide technical assistance (TA) for preparing the Domestic Maritime Support Project and Technical Support Program. The Project was initially discussed with the Government during the Country Programming Mission¹ in June 2006, and was refined during the Fact-Finding Mission² in February 2007 to assess the proposed project components. The findings of the Missions, in the form of a draft TA paper, have been discussed with the Government. ADB and the Government have reached an understanding on the goals, purpose, scope, implementation arrangements, cost and financing arrangements, and terms of reference.³ The design and monitoring framework is in Appendix 1.

2. The proposed TA was included in ADB's current country strategy and program update⁴ for Solomon Islands, which supports the Government's strategic development plans.⁵ ADB's country assistance strategy aims to achieve rapid, pro-poor, rural-focused development and economic growth led by the private sector by (i) providing transportation infrastructure and services, and (ii) strengthening the enabling environment for private sector development. The proposed TA will directly support both objectives, and is consistent with ADB's Pacific Strategy.⁶ In recognition of ADB's long experience in implementing projects and TA in the transport sector in Solomon Islands, the Government requested, and other partners agreed, that ADB take the lead in implementing and coordinating aid to the transport sector.

II. ISSUES

3. Solomon Islands is one of the least developed among ADB's Pacific developing member countries (PDMC). Measured by the most recent United Nations human development index and human poverty index, Solomon Islands ranks below all but one PDMC, and the country is unlikely to meet the Millennium Development Goals by 2015. Solomon Islands is now recovering from several years of conflict and faces a long period of recovery and rehabilitation of essential infrastructure and services that were destroyed or have become derelict due to lack of maintenance and regulation, and have not been rebuilt because of a lack of commercial opportunities.

4. The national economy relies on forestry, fisheries, and cocoa and copra production, all carried out in the rural areas (Appendix 2). The vast majority of the rural population live on a subsistence basis, and social and economic disparities between the capital Honiara and the provinces are wide. Successive governments have not succeeded in providing adequate infrastructure and services, especially in the rural areas, nor in facilitating private-sector income-generating opportunities outside Honiara.

¹ Comprising W. Wicklein, Senior Private Sector Development Specialist, Pacific Liaison and Coordination Office (mission leader); and R. Guild, Senior Transport Specialist, Pacific Operations Division

² Comprising R. Guild, Senior Transport Specialist, Pacific Operations Division

³ The TA first appeared in *ADB Business Opportunities* on 16 April 2007.

⁴ ADB. 2006. *Country Strategy and Program Update (2007–2009): Solomon Islands*. Manila. Approved by ADB's Board of Directors in September 2006. A country operations business plan for 2008–2010 is under preparation.

⁵ The Government's development strategy is based on the *National Economic Recovery, Reform, and Development Plan 2003–2006*, and the *Policy Translation and Implementation* document published in August 2006. The Government has initiated the formulation of a new development strategy.

⁶ ADB. 2004. *Responding to the Priorities of the Poor: A Pacific Strategy for the Asian Development Bank 2005–2009*. Manila. Approved by ADB's Board of Directors in October 2004.

5. Interisland transport between Solomon Islands' 70 plus inhabited islands covers long distances and is characterized by infrequent and unreliable schedules, and unsafe vessels. The main mode of travel by sea is via small craft in coastal areas and combined passenger and freight vessels for interisland movements. Before the recent civil conflict, formal shipping services called at about 125 small wharves and 86 anchorages, and irregular or chartered vessels reportedly called at over 400 locations. However, these services have deteriorated because of the economic downturn, and the number of usable wharves has decreased because of poor maintenance. At many locations, vessels cannot berth and passengers and cargo are carried ashore in small craft, adding to the costs and threatening the security of passengers and cargo. Safety regulations are outdated, incomplete, and not enforced consistently due to both legislative gaps and capacity constraints. Although major routes are commercially viable, others require some public sector support to provide social services. These limitations to transport services pose considerable barriers to market access and are a disincentive to productive rural activity.

6. With respect to infrastructure, the Ministry of Infrastructure Development (MID) is responsible for all maintenance related to transport via land, sea, and air. However, the poor condition of infrastructure has lowered travel speeds, increased fuel consumption, and raised vehicle and vessel operating costs and reduced their economic lives, thereby suppressing transport demand. Outside Honiara, operator user costs are estimated to be 25% higher and travel speeds are approximately half what they would be if the infrastructure was in good condition. Access to rural areas has therefore declined severely due to deterioration and closures, thus restricting the contribution of transport to economic growth, poverty reduction, and social development. Significant rehabilitation and maintenance projects funded by ADB and other development partners are under way, but local capacity to improve maintenance and sustain investments is still being developed.

7. Major impediments to sustainable shipping in Solomon Islands include the absence of an effective government policy to promote shipping investment and safe operations, and poor management of infrastructure assets. Given the local capacity constraints, it is important to continue building the capacity for analysis, asset management, community participation, and implementation to support investment projects and prevent further loss of the capital stock. MID, which includes the Marine Division, has limited capacity to plan and manage the needed activities, and needs support to restructure and implement reforms to assert control of the planning process and execute its regulatory responsibilities.

8. Related TAs⁷ provided since 2004 have: (i) established a National Transport Fund to enable subsidies to implement a franchise tender scheme and ensure a minimum level of service on prioritized uneconomic routes; (ii) established a Transport Policy and Planning Unit (TPPU); (iii) improved the policy, regulatory, and legislative framework for interisland shipping; and (iv) provided training to private sector contractors and ship operators. Activities by other development partners include provision of rural wharves, ships, and navigation aids by the European Commission (EC), Japan, and Taipei,China. Reforms must be consolidated, capacity developed, and activities coordinated within the Government's processes for development and recurrent budgets, regulation, and policy analysis.

⁷ ADB. 2004. *Technical Assistance to Solomon Islands for Institutional Strengthening in the Ministry of Infrastructure and Development*. Manila (TA 4494-SOL, approved in December); ADB. 2004. *Technical Assistance to Solomon Islands for Diagnostic Assessment of Interisland Transport*. Manila (TA 4527-SOL, approved in December); and ADB. 2005. *Technical Assistance to Solomon Islands for Implementation of Interisland Shipping Reforms*. Manila (TA 4588-SOL, approved in May).

III. THE PROPOSED TECHNICAL ASSISTANCE

A. Impact and Outcomes

9. The impact of the TA will be increased efficiency, safety, and reliability in the transport sector, contributing to economic growth with improved distribution of benefits. Two outcomes are expected from this combined project preparatory and advisory TA. The outcome of the project preparatory component will be consensus on the design of the proposed Domestic Maritime Support Project, programmed for 2008. The outcome of the advisory component will be improved capacity of MID to plan, finance, and manage the implementation of recommendations from previous TA projects (footnote 7).

10. Improved transportation infrastructure and services, which would give rural produce and commodities reliable access to domestic and international markets, will contribute to (i) rebuilding rural economies, (ii) fostering private sector development and rural income opportunities, (iii) reducing migration of people in search of employment, and (iv) restoring basic social services in rural areas to increase achievements in health and education. The focus on improving accessibility of rural areas will enhance poverty reduction.

B. Methodology and Key Activities

1. Preparing the Domestic Maritime Support Project

11. The project preparatory component will build on previous recommendations to improve infrastructure and establish a franchise tendering scheme in support of interisland shipping. It will prepare a project, for approval in 2008, that will include an infrastructure investment component and an institutional development component. Infrastructure investments would include construction and/or rehabilitation of provincial wharves and jetties. Institutional development would create a franchise tendering scheme for support of uneconomic routes, including support and capacity building for the National Transport Fund and its secretariat.

12. Activities under the project preparatory component will include: (i) transport planning and economics, preliminary engineering, and estimation of costs of potential investments; (ii) design of a franchise tendering scheme; (iii) drafting of procedures, regulations, and legislation; and (iv) consultations with the Government, transport operators, and transport users.

13. A long list of potential investments in rural wharves and jetties is available in the National Transport Plan adopted by the Cabinet in late 2006. The TA will refine this list based on economic, social, and technical analyses to determine priority sites. The priority sites will be subjected to detailed analysis to determine the justification for funding under the ensuing project.

14. The design of a minimum-subsidy franchise tendering scheme will follow the recommendations of previous TAs (footnote 7) and the outcomes of an EC-funded project for interisland shipping that will support shipping on uneconomic routes during the second half of 2007. Based on data on demand for and supply of services obtained through those initiatives, and on objective criteria for designating uneconomic routes and determining affordability to users, mechanisms to operate a tender scheme through the National Transport Fund Board will be designed and agreed upon, for possible funding through the ensuing project.

15. Project preparation will also include designing an associated TA for establishing the Solomon Islands Maritime Authority to facilitate market development and safety oversight. Institutional, legislative, and regulatory reforms are required to convert the Marine Division of

MID into an independent corporatized agency. Financial reforms are required to update and harmonize fees and licensing requirements to achieve financial self-sufficiency. Management and technical training is required to build the capacity of senior staff and inspectors to operate commercially.

16. Consultations with a wide range of stakeholders including transport operators, users, and relevant government agencies will be arranged through a project steering committee to ensure broad support for reforms. The Government's Transport Task Force⁸ (TTF), which has oversight responsibility for all modes of transport, will be kept informed to ensure coordination.

2. Technical Support Program

17. The advisory component of the TA will strengthen the ability of MID and its TPPU for analysis, asset management, community participation, and implementation. Activities under this component will include: (i) developing an infrastructure asset management system; (ii) creating a technical resource center to support MID's planning and policy functions; (iii) improving materials testing and quality assurance capability; and (iv) further institutional strengthening, including training for staff and private sector contractors.

18. The development of MID's infrastructure asset management system will build on, and refine, the Solomon Islands Transport National Information System that was initially established under ADB TA (footnote 7). Technical support, training, equipment, and assistance with operational expenses are required to enable newly recruited MID staff to plan and conduct condition surveys and accurately maintain the database.

19. A technical resource center is urgently needed to facilitate access of MID staff and private sector contractors to current specifications, government guidelines and manuals, building codes, maps, aerial photos, and databases. Very little information is available in either electronic or printed form in MID. The TA will permit the purchase, cataloging, and management of technical resources to support MID's role as a planning and contracting agency. The technical resource center would be located within and managed by TPPU.

20. Improved capacity in materials testing and quality assurance are vital to enable MID to perform its contract supervision functions and facilitate the involvement of private sector contractors. The existing testing laboratory was almost completely destroyed during the civil conflict, leaving the Government to rely on either self-testing by contractors, which creates inherent conflicts of interest, or on overseas laboratories, which are expensive and time-consuming. The TA will purchase some new testing equipment, allow renovation and calibration of existing equipment, and provide training in testing procedures.

21. Further training for MID and TPPU staff and institutional strengthening are required in a number of areas to consolidate MID's developing capacity as an asset management and contracting agency. These areas include (i) application of the new procurement guidelines and harmonization across development partners, (ii) capacity development in financial planning and management, consistent with the recently upgraded national systems, (iii) transport planning and economics to enable TPPU to establish an effective role as secretariat to the National Transport Fund Board, and (iv) procurement practices and tender preparation for private sector

⁸ The TTF is chaired by the permanent secretary of the Ministry of National Planning and Aid Coordination and includes the permanent secretaries of MID, Provincial Development, and Finance and Treasury as members. TPPU acts as the secretariat. The governments of Australia and New Zealand are also members by invitation of the Government in recognition of their key role in the sector.

contractors. A combination of training methods will be used to maximize exposure to best practices, including on-the-job training in MID and structured attachments to other public works agencies in the region to gain experience. A “twinning” arrangement that was piloted in 2004–2005 will be reassessed, adjusted, and supported to allow a more developed infrastructure agency from the region to act as an institutional mentor to MID.

C. Cost and Financing

22. The TA cost is estimated at \$2,500,000 equivalent. Of this, \$2,000,000 will be financed on a grant basis by the Japan Special Fund, funded by the Government of Japan. The Government of Solomon Islands will finance \$500,000 equivalent through domestic resources. The cost estimates and financing plan are in Appendix 3. The Government has been informed that approval of the TA does not commit ADB to finance any ensuing project.

D. Implementation Arrangements

23. The Executing Agency (EA) for the TA will be MID. A project steering committee will be established, chaired by the permanent secretary of MID, with membership drawn from relevant ministries and private sector representatives. The committee will oversee detailed activities and will report progress on a regular basis to the TTF to ensure coordination. The undersecretary of MID will be the TA coordinator.

24. The TA will be coordinated in cooperation with the Economic Reform Unit in the Ministry of Finance and Treasury, which has been formed to oversee, coordinate, and implement (i) regulatory reforms, (ii) a policy for infrastructure service provision and regulation, (iii) state-owned enterprise reform, (iv) financial sector reforms, (v) provincial economic development, (vi) statistical collection service reforms, and (viii) specific sector policy reforms to promote investment in potential growth areas.

25. The TA will be closely coordinated with other initiatives by ADB and other development partners. They include the European Commission’s Marine Infrastructure Project, ADB’s Road Improvement Project and Emergency Assistance Project, and Japan’s land transport investments. Outputs from the TA will be disseminated through stakeholder consultations and interim reports during the TA, and through final reports at its completion as described in Supplementary Appendix A (Outlines of the Final Reports).

26. The TA will require 48 person-months of international and 48 person-months of national consulting services, utilized intermittently over 24 months as described in the outline terms of reference in Appendix 4. The TA will be concluded within 24 months, beginning in January 2008 and ending in December 2009. The consultants will be engaged by ADB using the quality-based selection method, following submission of full technical proposals, in accordance with the *Guidelines on the Use of Consultants* (2007, as amended from time to time). Procurement of equipment, materials, and software will use the shopping method in accordance with ADB’s *Procurement Guidelines* (2007, as amended from time to time). Upon TA completion, the equipment will be handed over to MID.

IV. THE PRESIDENT'S RECOMMENDATION

27. The President recommends that the Board approve the provision of technical assistance not exceeding the equivalent of \$2,000,000 on a grant basis to the Government of Solomon Islands for preparing the Domestic Maritime Support Project and Technical Support Program.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators ^a	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact</p> <p>Increased efficiency, safety, and reliability in the transport sector, contributing to economic growth with improved distribution of benefits</p>	<p>By 2010:</p> <p>Maritime transport services operate on more reliable routes and schedules.</p> <p>Access to provinces via all transport modes is improved.</p> <p>Road network is maintained and upgraded.</p> <p>Airfields and provincial wharves are maintained.</p>	<p>Government statistics as compiled in annual update of National Transport Plan</p> <p>MID work program</p> <p>National Economic Recovery, Reform, and Development Plan; and action plans</p> <p>Country programming consultations with communities, the private sector, and agencies</p>	<p>Assumptions</p> <p>Government development and transport sector priorities remain consistent.</p> <p>The Government maintains support for funding the NTF.</p> <p>Risks</p> <p>Political and social stability could deteriorate.</p> <p>Government budget allocations for maintenance could fail to keep up with needs.</p>
<p>Outcome</p> <p>Consensus on a proposed Domestic Maritime Support Project and TA for Establishment of the Solomon Islands Maritime Authority</p> <p>Improved institutional capacity in the Ministry of Infrastructure Development (MID) for infrastructure development</p>	<p>By 2008:</p> <p>Government, operators, users, and ADB agree on approach and components.</p> <p>Annual update to National Transport Plan is produced.</p> <p>By 2010:</p> <p>Private sector and community contracts are implemented, increased from 3/year to 12/year.</p>	<p>Project and TA review missions</p> <p>ADB project and TA completion report</p> <p>Evaluation reports of contracted projects</p>	<p>Assumptions</p> <p>The Government maintains current staff levels.</p> <p>MID implements approved action plans.</p> <p>Risk</p> <p>Stakeholders (operators, users, Government) may disagree on project approach or components.</p>
<p>Outputs</p> <p>1. Completed design for the Domestic Maritime Support Project</p> <p>2. Institutional strengthening in (i) asset management (ii) technical resources (iii) quality assurance (iv) procurement, financial management,</p>	<p>By 2008:</p> <p>1.1 There is a final report suitable for preparing an ADB project proposal.</p> <p>By 2010:</p> <p>2.1 Asset management systems are established.</p>	<p>TA review missions</p> <p>Tripartite meetings and project reports</p> <p>Review of work programs, training plans, and materials</p>	<p>Assumptions</p> <p>Government staff and contractors are available for formal training.</p> <p>A suitable partner agency can be found for secondments.</p> <p>Risks</p> <p>Data may not be adequate</p>

Design Summary	Performance Targets/Indicators ^a	Data Sources/Reporting Mechanisms	Assumptions and Risks
transport planning	<p>2.2 A technical resource center is established.</p> <p>2.3 The materials testing laboratory is updated and functioning.</p> <p>2.4 At least two MID staff members are trained in each area for institutional strengthening (items 2.(i)–2.(iv) under Outputs)</p> <p>2.5 There is a total of 2 person-months of attachments to a public works agency.</p> <p>2.6 Staff of four local contracting firms are trained in contract procedures</p>		<p>for the required analyses.</p> <p>Government staff may not be released for short-term secondments.</p> <p>National consultant recruitment may be unsuccessful.</p>
Activities with Milestones			Inputs
<p>All: Inception first quarter of 2008, completion last quarter of 2009</p> <p>1.1 Analysis of maritime sector performance (first quarter 2008)</p> <p>1.2 Scoping of potential investments (first quarter 2008)</p> <p>1.3 Drafting of procedures, regulations, legislation (second quarter 2008)</p> <p>1.4 Consultations with Government, operators, users (third quarter 2008)</p> <p>1.5 Development of project proposal (third quarter 2008)</p> <p>2.1 Development of asset management system (first quarter 2009)</p> <p>(i) Modification or acquisition of software</p> <p>(ii) Staff training</p> <p>2.2 Establishment of resource center (first quarter 2009)</p> <p>(i) Acquisition of documentation and equipment</p> <p>2.3 Improvements in quality assurance (third quarter 2009)</p> <p>(i) Acquisition of equipment</p> <p>(ii) Training</p> <p>2.4 Training (third quarter 2009)^b</p> <p>(i) In-country training of staff</p> <p>(ii) In-country training of contractors</p> <p>(iii) Overseas training and secondments of staff</p>			<p>ADB: \$2,000,000^c</p> <p>1.1 48 person-months international consultants: \$1,228,800</p> <p>1.2 48 person-months national consultants: \$144,000</p> <p>1.3 International and domestic travel: \$60,000</p> <p>1.4 Equipment: \$75,000</p> <p>1.5 Training: \$150,000</p> <p>1.6 Technical materials: \$60,000</p> <p>1.7 Surveys: \$50,000</p> <p>1.8 Administration, reports, communications, and contingencies: \$232,200</p> <p>Government: \$500,000</p> <p>1.1 Office accommodation and transport: \$240,000</p> <p>1.2 Remuneration of counterparts: \$72,000</p>

	<p>Inputs</p> <p>1.3 Local travel: \$3,000</p> <p>1.4 Training: \$59,000</p> <p>1.5 Office operation: \$26,000</p> <p>1.6 Equipment and furniture: \$50,000</p> <p>1.7 Contingencies: \$50,000</p> <p>Total Project: \$2,500,000</p>
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MID = Ministry of Infrastructure Development, NTF = National Transport Fund, TA = technical assistance.

^a Values for indicators at the impact level will be refined during implementation to include baselines and measurable targets as there is insufficient information prior to the analytical work that will be done under the TA.

^b Durations to be determined following training needs assessment under the TA.

^c Financed by the Japan Special Fund, funded by the Government of Japan.

INITIAL POVERTY AND SOCIAL ANALYSIS

A. Linkages to the Country Poverty Analysis

Is the sector identified as a national priority in country poverty analysis?	<input checked="" type="checkbox"/> Yes* <input type="checkbox"/> No	Is the sector identified as a national priority in country poverty partnership agreement?	<input checked="" type="checkbox"/> Yes* <input type="checkbox"/> No
<p>Contribution of the sector or subsector to reduce poverty in Solomon Islands:</p> <p>The national economy relies on forestry, fisheries, and cocoa and copra production, all conducted in rural areas. The vast majority of the rural population live on a subsistence level, and social and economic disparities between the capital of Honiara and the provinces are wide. Limited transport services pose considerable barriers to market access and are a disincentive to productive rural activity. Improved transportation infrastructure and services, which would provide reliable access to domestic and international markets for rural produce and commodities, are critical to (i) restarting and building rural economies through access to domestic and international markets, (ii) fostering rural income opportunities, (iii) reducing migration of people in search of employment, and (iv) restoring basic social services in rural areas to increase achievements in health and education. The focus on improving rural accessibility will enhance poverty reduction.</p> <p>*Although there is no formal country poverty analysis or country poverty partnership agreement, the sector is identified as a priority in the Government's national development plan and ADB's country strategy and program update.</p>			

B. Poverty Analysis

Targeting Classification: General intervention

<p>What type of poverty analysis is needed?</p> <p>Analysis should assess the potential for enhanced income and food security resulting from improved accessibility and increased economic activities. Analysis should assess how improved transport services would improve access to education, health services, and administrative centers. Analysis should be disaggregated by geographic area, gender, and age to the extent possible.</p>

C. Participation Process

Is there a stakeholder analysis?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No*
Is there a participation strategy?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No*
<p>*These aspects should be developed during the technical assistance (TA).</p>		

D. Gender Development

<p>Strategy to maximize impacts on women:</p> <p>A strategy should be developed based on the poverty and social analysis conducted during the TA although there are no reasons yet to expect that specific measures are needed to address differential gender requirements</p>		
Has an output been prepared?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

E. Social Safeguards and Other Social Risks

Item	Significant/ Not Significant/ None	Strategy to Address Issues	Plan Required
Resettlement	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	Minor resettlement and land acquisition may be required under the ensuing project. The TA will prepare a resettlement framework to guide further assessment and preparation of a resettlement plan, if required.	<input type="checkbox"/> Full <input type="checkbox"/> Short <input checked="" type="checkbox"/> None
Affordability	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	Social and poverty analysis should assess whether the ensuing project would be likely to lower fares and increase transport reliability in marginalized areas. Adverse impacts are not expected.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Labor	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Indigenous Peoples	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Other Risks and/or Vulnerabilities	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	Environmental impacts are possible and will be assessed. The TA will prepare an initial environmental examination and environmental impact assessment and review procedures to guide the preparation of impact assessments if required. The potential additional risk of HIV/AIDS transmission will be assessed in the social and poverty analysis.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
A. Asian Development Bank Financing^a	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	1,228.80
ii. National Consultants	144.00
b. International and Local Travel	60.00
c. Reports and Communications	10.00
2. Equipment ^b	75.00
3. Training, Seminars, and Conferences	
a. Facilitators	50.00
b. Training Program	100.00
4. Resource Materials and Software ^b	60.00
5. Surveys	50.00
6. Miscellaneous Administration and Support Costs	24.00
7. Representative for Contract Negotiations	5.00
8. Contingencies	193.20
Subtotal (A)	2,000.00
B. Government Financing	
1. Office Accommodation and Transport	240.00
2. Remuneration and Per Diem of Counterpart Staff	72.00
3. Local Transport	3.00
4. Local Training	10.00
5. Overseas Training	49.00
6. Office Operational Expenses	26.00
7. Equipment and Furniture ^c	50.00
8. Contingency	50.00
Subtotal (B)	500.00
Total	2,500.00

^a Financed by the Japan Special Fund, funded by the Government of Japan

^b The exact equipment, materials, and software will be determined during the technical assistance based on needs assessments. Procurement will use the shopping method in accordance with the Asian Development Bank's *Procurement Guidelines* (2007, as amended from time to time) and will conform to the eligibility guidelines in the *Japan Special Fund Policy Guidelines* (2007). Upon completion of the TA all equipment, materials, and software will be handed over to the Executing Agency.

^c Includes computers, office equipment, desks, and cabinets for the Transport Planning and Planning Unit; and operational/repairable testing equipment for the materials testing laboratory.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Objectives and Scope

1. The expected impact of the technical assistance (TA) is increased efficiency, safety, and reliability in the transport sector, contributing to economic growth with improved distribution of benefits. The expected outcomes and outputs will come from two components.
2. The project preparatory component (component 1) will prepare an ensuing project that is expected to include an infrastructure investment component and an institutional development component. The outcome of component 1 is consensus on a proposed domestic maritime support project (DMSP). The outputs of component 1 will be a completed project design for the DMSP.
3. The advisory component (component 2) will strengthen the capability of the Ministry of Infrastructure Development (MID) and the Transport Planning and Policy Unit (TPPU) for analysis, asset management, community participation, and implementation. The outcome of component 2 is improved institutional capacity in MID for infrastructure development. The outputs will include an asset management system, a technical resource center, an improved quality assurance function, and training for staff and private sector stakeholders.

B. Consulting Services

4. A team of international and national consultants will be engaged through a firm using the quality-based selection method of the Asian Development Bank (ADB), following submission of full technical proposals. A total of 48 person-months of international and 48 person-months of national of consulting services will be required for transport planning and economics; maritime operations; engineering; asset management; financial management; environmental and social assessment; quality assurance; legal and financial analyses and management; and training.
5. The team is expected to work closely with other teams providing technical assistance at approximately the same time, including (i) the Project Management and Capacity Building Unit at MID that is implementing ongoing ADB transport projects, (ii) the project management unit of the Marine Infrastructure Project funded by the European Community, and (iii) project formulation and implementation teams that are implementing Japanese-funded civil works projects.

1. **Transport Planner/Economist/Team Leader** (international, 12 person-months intermittently)

6. The consultant will design and manage the detailed work program for all aspects of the TA, supervise and/or conduct the required analyses and consultations, and develop and implement recommendations and an action plan. He/she will have (i) an advanced degree in transport planning/economics; (ii) at least 10 years experience in designing and analyzing development projects in general, and transport projects in particular; and (iii) relevant work experience in Pacific developing member countries (PDMC) or similar environments. The outline terms of reference (TOR) include the following tasks.

- a. **Component 1**

- (i) Plan and supervise, in cooperation with TPPU, all necessary institutional, technical, economic, financial, social, and environmental analyses required to prepare a proposal for the DMSP.
 - (ii) Conduct the economic and institutional analyses with the assistance of TPPU. Develop criteria for selecting subprojects that are economically justified, simple, and

efficient. Calculate economic rates of return for selected subprojects and for the overall project.

- (iii) Assist the Transport Task Force (TTF), National Transport Fund Board (NTFB), and TPPU in conducting consultations with all stakeholders in Government, transport operators, and users to develop consensus on the proposed DMSP.
- (iv) Jointly with the other consultants, prepare final reports for both the project preparatory and advisory components of the TA according to the outlines provided in Supplementary Appendix A.

b. Component 2

- (i) Jointly with the other consultants, prepare guidelines for project appraisal covering institutional, technical, economic, social, and environmental issues; and assist TPPU staff in implementing them.
- (ii) Assist the Government's TTF and TPPU in reviewing, updating, and conducting consultations on the National Transport Plan (NTP) for all transport modes.
- (iii) Prepare a 3-year action plan including indicative cost estimates for maintenance, rehabilitation, and capital investment. Develop and apply a prioritization methodology based on technical, economic, and social criteria.
- (iv) Assist the TTF, NTFB, and TPPU in developing procedures for implementing the NTP through the National Transport Fund (NTF).
- (v) Provide on-the-job training to staff of TPPU and other divisions of MID, as required, to develop sustainable planning and analytical skills.

2. Maritime Operations Specialist (international, 6 person-months intermittently)

7. The specialist will provide technical inputs for the proposed DMSP and the associated TA for establishing the Solomon Islands maritime authority (SIMA), and will assist with the recommended reforms. He/she will have (i) an advanced degree in transport planning or a closely related field, (ii) at least 10 years experience in an operational role in the maritime sector, and (iii) relevant work experience in PDMCs or similar environments. The TOR include the following tasks.

a. Component 1

- (i) Review and update existing maritime transport sector analyses that identify issues, opportunities, constraints, and recommendations for improving domestic maritime transport services.
- (ii) Determine objective criteria for designating uneconomic routes, affordability to users, and required service standards.
- (iii) Finalize the design of a franchise tendering scheme for support to services on designated uneconomic routes. Assist NTFB in preparing recommended guidelines, procedures, and regulations for operation.
- (iv) Project the financing required to implement the scheme and prepare a 5-year financial analysis.
- (v) Conduct the necessary institutional and technical assessments, including analysis of Government policies, regulations, and legislation, to develop a proposal for TA to establish SIMA.

b. Component 2

- (i) Organize and conduct policy dialogue with the Government and consultations with transport operators and users. Solicit feedback on the assessments, analyses, recommendations, proposals, and action plans. Prepare and circulate a report of the consultations, and incorporate comments in the final report.

- (ii) Assist the Marine Division of MID in implementing institutional reforms recommended by previous TA.

3. Civil Engineer (international, 6 person-months)

8. An international consultant will be engaged as a civil engineer to provide technical inputs for the proposal for a domestic maritime support project. He/she will have (i) a tertiary degree in civil or transport engineering, (ii) at least 10 years experience in designing and analyzing development projects, and (iii) relevant work experience in PDMCs or similar environments. The TOR include the following tasks.

a. Component 1

- (i) Using the NTP, review and validate a long list of potential subprojects for domestic maritime infrastructure.
- (ii) Identify the requirements for field surveys and carry out the required engineering investigations, incorporating all necessary aspects for preliminary design.
- (iii) Prepare preliminary engineering designs and specifications for maintenance, rehabilitation, and capital investment for wharves, jetties, and land-side infrastructure to support domestic maritime services.
- (iv) Prepare cost estimates for subprojects and for the overall project. Conduct least-cost and full life cycle cost estimates, and recommend the optimal combinations of future capital and recurrent expenditures.

b. Component 2

- (i) Assist MID staff in reviewing and updating existing manuals for civil works, procurement, and contract administration.
- (ii) Organize and handle training for MID staff and private sector contractors on the Government's procedures for designing, contracting, and administering maintenance and civil works.

4. Asset Management Specialist (international, 6 person-months)

9. The specialist will improve MID's systems for planning and maintaining infrastructure. He/she will have (i) a tertiary degree in civil engineering or a closely related field, (ii) at least 5 years experience in an operational role in managing infrastructure assets, and (iii) have relevant work experience in PDMCs or similar environments. The TOR include the following tasks, all under component 2 only.

- (i) Review the existing data, software, and documentation of the Solomon Islands Transport National Information System (SITNIS). Recommend and implement improvements to ensure the system can be maintained by TPPU staff.
- (ii) Prepare guidelines and templates for field surveys of infrastructure so that TPPU staff can conduct accurate condition surveys and update the SITNIS for all modes of transport.
- (iii) Assist MID staff in reviewing and updating existing specifications for civil works.
- (iv) Assess the need for publications, technical materials, software, and equipment required to establish a resource center for MID staff. Assist TPPU in preparing a development, acquisition, and management plan.
- (v) Review existing MID capability in materials testing and quality assurance. Assess the need for equipment and procedures required to reestablish the necessary capability for MID to supervise civil works and maintenance contracts. Assist TPPU in preparing a development, acquisition, and management plan.

- (vi) Organize and handle training for MID staff and private sector contractors on the Government's procedures for asset management.

5. Training Specialist (international, 3 person-months intermittently)

10. The training specialist will assess the needs for both on-the-job and external training and design a training program. He/she will have (i) a tertiary degree in education, human resources, or a closely related field; (ii) at least 5 years experience in development projects; and (iii) relevant work experience in PDMCs or similar environments. The TOR include the following tasks, all under component 2 only.

- (i) Review and validate existing training needs analyses.
- (ii) Develop a capacity development framework for MID that incorporates all capacity development activities expected under initiatives by ADB and other partners.
- (iii) Prepare recommendations and TOR for capacity development to be undertaken by the ensuing project and the associated TA.
- (iv) Jointly with the other consultants, and teams working on related TAs, develop individual training plans for staff of TPPU and other divisions of MID.
- (v) Identify a suitable partner agency in the region to be a professional mentor and develop recommendations to effectively utilize it for technical backup, including short-term secondments to the partner agency and consulting visits to Solomon Islands if required.
- (vi) Identify suitable external training opportunities for staff to increase their skills and qualifications and make necessary arrangements for participation within the TA implementation period.
- (vii) Evaluate progress at about midpoint of the TA and recommend adjustments, as required, to facilitate sustainable skills transfer.

6. Legal Specialist (international, 6 person-months)

11. The specialist will assist in updating the Government's regulations and legislation as required for implementation of the DMSP and the associated TA. He/she will have (i) an advanced law degree; (ii) at least 10 years experience in development projects in general, and 5 years experience in the maritime sector in particular; and (iii) relevant work experience in PDMCs or similar environments. The TOR include the following tasks.

a. Component 1

- (i) Analyze government policies, regulations, and legislation affecting the maritime sector. Review recommendations for reform from previous TA. Identify legal and regulatory constraints to implementing reforms.
- (ii) Assist the maritime operations specialist in preparing recommendations for regulatory and legislative improvements to facilitate improved safety and service delivery and establish SIMA.

b. Component 2

- (i) Assist MID, the Marine Division, and the attorney general's office in drafting necessary updates to facilitate implementation of the DMSP and the associated TA.
- (ii) Review the framework establishing the NTF and the NTFB
- (iii) Jointly with the other consultants, assist MID and TPPU in drafting guidelines for NTF operations.

7. Legal Adviser (national, 6 person-months)

12. The legal adviser will assist the legal specialist in formulating recommendations consistent with Solomon Islands law. The adviser will have (i) a tertiary qualification in law, and (ii) relevant work experience in Solomon Islands. The TOR include the following tasks.

a. Component 1

- (i) Assist in reviewing the current status of relevant regulations and legislation affecting the maritime sector, and the recommendations for reform from previous TA.

b. Component 2

- (i) Assist in drafting necessary updates to facilitate implementation of the DMSP and the associated TA.
- (ii) Assist in reviewing the framework establishing the NTF and the NTFB.
- (iii) Jointly with the other consultants, assist in drafting guidelines for NTF operations.

8. Environment Specialist (international, 3 person-months)

13. The specialist will prepare the required environmental assessment for an ensuing project and assist counterpart staff in documenting procedures. He/she will have (i) a tertiary degree in environmental science or a closely related field, (ii) at least 5 years experience in development projects, and (iii) relevant work experience in PDMCs or similar environments. The TOR include the following tasks.

a. Component 1

- (i) Prepare the initial environmental examination (IEE), environmental impact assessment (EIA), environmental assessment and review procedures, and environmental management and monitoring plan for the proposed civil works under the ensuing project in accordance with ADB's *Environment Policy* (2002) and *Environmental Assessment Guidelines* (2003).
- (ii) Assist the Executing Agency (EA) in conducting community consultations regarding environmental assessments undertaken during project preparation.

b. Component 2

- (i) Assist counterpart staff in reviewing national requirements and guidelines of ADB and other development partners to determine the requirements for environmental assessment and review of all relevant activities conducted by MID.
- (ii) Assist counterpart staff in preparing guidelines and templates for IEEs, EIAs, environmental assessment and review procedures, and environmental management plans.

9. Environmental Analyst (national, 6 person-months)

14. The environmental analyst will institutionalize environmental assessment in the operations of MID. He/she will have (i) a tertiary qualification in environmental science or a related field, and (ii) relevant work experience in Solomon Islands. The TOR include the following tasks.

a. Component 1

- (i) Assist the environment specialist in preparing all required environmental documentation for proposed civil works under the ensuing project.
- (ii) Assist the EA in conducting community consultations regarding environmental assessments undertaken during project preparation.

b. Component 2

- (i) Review existing national requirements and guidelines of ADB and other development partners to determine requirements for environmental assessment and review all relevant activities conducted by MID.
- (ii) Prepare guidelines and templates for IEEs, EIAs, environmental assessment and review procedures, and environmental management plans.

10. Social and Poverty Specialist (international, 3 person-months)

15. The specialist will institutionalize social and poverty assessment in the operations of MID. He/she will have (i) a tertiary degree in the social sciences, (ii) at least 5 years experience in development projects, and (iii) relevant work experience in PDMCs or similar environments. The TOR include the following tasks.

a. Component 1

- (i) Conduct field surveys and desk analysis to identify key social and poverty issues. Assess whether and how improved transport services would improve access to education, health services. Analyze the affordability of the service.
- (ii) Assess social and institutional issues affecting participation, ownership, and acceptance of proposed activities. Recommend options to address these issues including involvement of nongovernment organizations or civil society groups, if appropriate.
- (iii) Identify potential socioeconomic impacts as a result of land acquisition, changes in land use, or restricted access to assets and common property resources.
- (iv) Prepare the social and poverty assessment, poverty reduction and social strategy, indigenous people's plan, and resettlement framework for the proposed civil works for the ensuing project.
- (v) Assist the EA in conducting community consultations regarding social and poverty assessments undertaken during project preparation.

b. Component 2

- (i) Assist counterpart staff in reviewing national requirements and guidelines of ADB and other development partners to determine the requirements for social and poverty assessment, and review all relevant activities conducted by MID.
- (ii) Assist counterpart staff in preparing guidelines and templates for social and poverty assessments, indigenous people's assessments, and resettlement frameworks.

11. Social and Poverty Analyst (national, 6 person-months)

16. The analyst will institutionalize social and poverty assessment in the operations of MID. He/she will have (i) a tertiary qualification in the social sciences, and (ii) relevant work experience in Solomon Islands. The TOR include the following tasks.

a. Component 1

- (i) Assist the social and poverty specialist in preparing all required social and poverty documentation for the proposed civil works under the ensuing project.
- (ii) Assist the EA in conducting community consultations regarding social and poverty assessments undertaken during project preparation.

b. Component 2

- (i) Review existing national requirements and guidelines of ADB and other development partners to determine the requirements for social and poverty assessments in all relevant activities conducted by MID.
- (ii) Prepare guidelines and templates for initial social and poverty assessments, poverty reduction and social strategies, resettlement frameworks and plans, and indigenous people's plans.

12. Financial Management Specialist (international, 3 person-months)

17. The specialist will prepare financial assessments for the proposed project and strengthen financial management in MID. He/she will have (i) a tertiary degree in management, finance, accounting, or a closely related field; (ii) at least 5 years experience in development projects; and (iii) relevant work experience in PDMCs or similar environments. The TOR include the following tasks.

a. Component 1

- (i) Prepare financial impact assessments of subprojects and the overall project to determine the financial rates of return in accordance with ADB's guidelines for *Financial Management and Analysis of Projects* (2005). Identify all risks to project revenue and costs, and conduct relevant sensitivity analysis.
- (ii) Jointly with the other consultants, prepare the project cost estimates, including construction and implementation costs and physical and price contingencies.
- (iii) Prepare a financing plan for the project, including the proposed ADB lending, prospective cofinancing, and appropriate counterpart funds.
- (iv) Assist the maritime operations specialist in analyzing and finalizing the design of a franchise tendering scheme.
- (v) Conduct the necessary financial and financial management assessments to develop a proposal for a TA to establish the SIMA.

b. Component 2

- (i) Review the Government's Financial Instructions, MID's procurement and contract procedures manuals, and the recommendations of previous TAs as they pertain to the management of maintenance and civil works contracts. Make recommendations for appropriate institutional strengthening.
- (ii) Review existing practices for financial management of projects funded from domestic and external sources. Prepare recommendations to align all types of projects with the Government's standard financial management systems. Design appropriate fund flow mechanisms based on existing project disbursement procedures and EA financial management capacity.
- (iii) Propose revisions to relevant instructions and procedures to facilitate increased use of community contracts for infrastructure maintenance.

13. Financial Management Adviser (national, 6 person-months)

18. The financial management adviser will strengthen financial management in MID. He/she will have (i) a tertiary qualification in management, finance, accounting or a closely related field; and (ii) relevant work experience in Solomon Islands. The TOR include the following tasks.

a. Component 1

- (i) Assist in preparing financial impact assessments, cost estimates, and financial analyses related to the proposed project.

- (ii) Prepare an assessment of MID financial management in accordance with the ADB Financial Management Assessment questionnaire, including assessments of budgeting systems, corporate planning, financial and management accounting, cost accounting, internal controls and audit systems, and data processing.

b. Component 2

- (i) Review the Government's Financial Instructions, MID's procurement and contract procedures manuals, and the recommendations of previous TAs as they pertain to the management of maintenance and civil works contracts.
- (ii) Propose revisions to relevant instructions and procedures to facilitate increased use of community contracts for infrastructure maintenance.
- (iii) Review existing practices for financial management of projects funded from domestic and external sources. Prepare recommendations to align all types of projects with the Government's standard financial management systems.
- (iv) In cooperation with the offices of the accountant general and the auditor general, review the chart of accounts and financial reporting systems used by MID. Prepare recommendations to ensure consistency with the Government's systems.
- (v) Assist MID staff in implementing recommendations for institutional strengthening to improve financial management systems.

14. Project Coordinator (national, 24 person-months)

19. The project coordinator will coordinate TA implementation. He/she will have (i) a tertiary qualification in management or engineering or a closely related field, and (ii) relevant work experience in Solomon Islands. The TOR include the following tasks, which apply to both components equally.

- (i) Assist the team leader in managing all aspects of the TA. Act as deputy team leader, when required, to ensure efficient execution of the work program.
- (ii) Take primary responsibility for administrative matters, including organization of meetings and consultations, acquisition of materials and equipment, budget management, and production and circulation of documentation.
- (iii) Assist TPPU in organizing meetings of the TTF and NTFB and in recording and circulating summaries of the discussions and outcomes.
- (iv) Organize field surveys, visiting missions, domestic and external training activities, and secondments of staff.
- (v) Act as liaison to other ministries and development partners to ensure coordination of TA activities with other initiatives in relevant sectors.
- (vi) Assist TPPU in managing the technical resource center and prepare a transition plan for TPPU staff to take full responsibility at the completion of the TA.

C. Reports

20. The consultants will submit reports in English, in both hard copy and electronic form, to ADB for distribution (three copies for the Government and three for ADB). Except as noted otherwise, each report will cover activities and findings under both the advisory and project preparatory components of the TA. The following are the required reports.

- (i) **Inception report.** This brief report will be submitted within 4 weeks of the start of the TA. It will outline, in accordance with the TOR, the consultants' approach, methodology, and work plan, as well as cost implications for consulting services. The report will provide activity and personnel schedules and recommend changes to

the implementation arrangements, if required. It will also present an initial background of the sector and identify any problems or required decisions to facilitate progress.

- (ii) **Quarterly progress reports.** These brief reports will be submitted each quarter during TA implementation. They will summarize activities undertaken during the reporting period and highlight key activities forthcoming in the next quarter, as well as identify any problems or decisions required to facilitate progress.
- (iii) **Midterm progress report.** This report will be submitted at midpoint in TA implementation. The report will summarize recommendations and concepts being developed under the TOR. It will also present a detailed background of the TA and identify any problems or decisions required to facilitate progress.
- (iv) **Draft final reports.** Separate draft final reports are required for each of the advisory and project preparatory components of the TA, following the outlines given in Supplementary Appendix A. The draft final report for the project preparatory component will be due approximately 6 months after inception. The draft final report for the advisory component will be due approximately 22 months after inception.
- (v) **Final report.** Separate final reports are required for each of the advisory and project preparatory components of the TA, following the outlines given in Supplementary Appendix A. The consultants will submit the final report 1 month after receipt of the comments on the respective draft final reports from the Government and ADB.

21. In addition to formal reporting, the consultants will organize consultation meetings with the Government and ADB during inception and review missions regarding TA administration, outputs, deliverables, and achievements; and with stakeholders on all activities under the TA as documented in the reports. In connection with these meetings, the consultants will also arrange meetings with other development partners operating in the sector. The consultants will prepare and circulate minutes of these meetings, and incorporate comments in the reports and activities, as appropriate.

D. Other Matters

22. Office accommodation will be provided for the consultants within MID.

23. The consultants will manage the procurement and budget for equipment; training, seminars, and conferences; resource materials and software; and surveys in the course of normal TA administration. Procurement will follow ADB's *Procurement Guidelines* (2007, as amended from time to time). Upon completion of the TA, all equipment, materials, and data will be handed over to the EA.

24. The consultants are expected to provide their own equipment and services for computers, telephone, facsimile machine, and internet communications for the duration of their services.