Validation Report
September 2018

Solomon Islands: Transport Sector Development Project

Reference Number: PVR-582
Project Number: 41171-022
Grant Number: 0243
ABBREVIATIONS

ADB – Asian Development Bank
ADF – Asian Development Fund
CPIU – central project implementation unit
DMF – design and monitoring framework
JFPR – Japan Fund for Poverty Reduction
LBES – labor based and equipment supported
M&E – monitoring and evaluation
MID – Ministry of Infrastructure Development
MTR – midterm review
NTF – National Transport Fund
NTP – National Transport Plan
PCR – project completion report
STIIP – Sustainable Transport Infrastructure Improvement Program
TA – technical assistance

NOTE

In this report “$” refers to United States dollars.

<table>
<thead>
<tr>
<th>Director General</th>
<th>Marvin Taylor-Dormond, Independent Evaluation Department (IED)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deputy Director General</td>
<td>Veronique Salze-Lozac'h, IED</td>
</tr>
<tr>
<td>Director</td>
<td>Nathan Subramaniam, Sector and Project Division (IESP), IED</td>
</tr>
<tr>
<td>Team Leader</td>
<td>Srinivasan Palle Venkata, Senior Evaluation Specialist, Thematic and Country Division (IETC), IED</td>
</tr>
</tbody>
</table>

The guidelines formally adopted by the Independent Evaluation Department (IED) on avoiding conflict of interest in its independent evaluations were observed in the preparation of this report. To the knowledge of IED management, there were no conflicts of interest of the persons preparing, reviewing, or approving this report. The final ratings are the ratings of IED and may or may not coincide with those originally proposed by the consultants engaged for this report.

In preparing any evaluation report, or by making any designation of or reference to a particular territory or geographic area in this document, IED does not intend to make any judgments as to the legal or other status of any territory or area.
## PROJECT BASIC DATA

<table>
<thead>
<tr>
<th>Project Number</th>
<th>PCR Circulation Date</th>
<th>Grant Number</th>
<th>PCR Validation Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>41171-022</td>
<td>7 September 2017</td>
<td>0243</td>
<td>Sep 2018</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Sector and subsector</th>
<th>Strategic agenda</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport Sector Development Project</td>
<td>Transport</td>
<td>Transport policies and institutional development</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategic agenda</th>
<th>Safeguard categories</th>
<th>Country</th>
<th>Approved ($ million)</th>
<th>Actual ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic growth</td>
<td>Environment</td>
<td>Solomon Islands</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Involuntary resettlement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Indigenous peoples</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ADB Financing ($ million)</th>
<th>Total Project Costs</th>
<th>Grant</th>
<th>Borrower</th>
<th>Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADF: 12.00</td>
<td>84.50</td>
<td>12.00</td>
<td>12.50</td>
<td></td>
</tr>
<tr>
<td>OCR: 0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cofinancier</th>
<th>Total Cofinancing</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governments of Australia and New Zealand</td>
<td>60.00</td>
<td>54.12</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Approval Date</th>
<th>Effectiveness Date</th>
<th>Signing Date</th>
<th>Closing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5 Jul 2011</td>
<td></td>
<td>19 Jul 2017</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Officers</th>
<th>Location</th>
<th>IED Review Director Team Leader</th>
</tr>
</thead>
<tbody>
<tr>
<td>D. Mizusawa</td>
<td>ADB headquarters Pacific Liaison and Coordination Office</td>
<td>N. Subramaniam, IESP</td>
</tr>
<tr>
<td>R. Adhar</td>
<td>Pacific Liaison Office</td>
<td>S. Palle Venkata, Senior Evaluation Specialist, IETC*</td>
</tr>
<tr>
<td>P. Indrawanssa</td>
<td>Pacific Liaison and Coordination Office</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 2010</td>
<td>Feb 2012</td>
</tr>
<tr>
<td>Mar 2012</td>
<td>Aug 2016</td>
</tr>
<tr>
<td>Sep 2016</td>
<td>Sep 2017</td>
</tr>
</tbody>
</table>

*ADB = Asian Development Bank, ADF = Asian Development Fund, IED = Independent Evaluation Department, IESP = Sector and Project Division, IETC = Thematic and Country Division, OCR = ordinary capital resources, PCR = project completion report.

*Team members: F. De Guzman (Senior Evaluation Officer), and H. Hettige, G. Morgan, and R. Brockman (Consultants).

## PROGRAM DESCRIPTION

### A. Rationale

1. The Solomon Islands, an archipelagic nation in the South Pacific, was home to 528,000 people in 2010. With a population growth rate at 2.3% per annum, its population increased to 606,800 in 2016. The country’s land area is about 28,000 square kilometers spread over six large islands, other smaller islands, and many islets and atolls. It is a lower middle-income country...
country with a per capita income of almost $2,026 in 2016.\textsuperscript{1} In 2014, the country ranked sixth in the world for being at risk of extreme natural events.\textsuperscript{2}

2. With its archipelagic composition, a functioning multimodal transport system is crucial for Solomon Islands for trade and passenger travel. At the time of project approval in 2010, about 80% of the population was living in widely dispersed rural villages with a few hundred people each. The weak and poorly maintained transport infrastructure links exacerbated the urban–rural divide between those living in the capital Honiara and people in outer islands. Improved transport infrastructure was expected to strengthen growth, increase access to basic social services in rural areas, promote rural agricultural economies, and increase geographic equity.

3. Following the ethnic conflicts of the early 2000s, the Asian Development Bank (ADB) and other development partners supported the country's Ministry of Infrastructure Development (MID) in rehabilitating transport infrastructure estimated to be about 65% deteriorated. Despite improvements made over the years, about 50% of roads nationwide needed rehabilitation in 2010. Capacity within MID was also weak. That same year, ADB assisted the government in preparing the National Transport Plan (NTP)\textsuperscript{4} that would act as a guide for transport sector investments in new infrastructure and for rehabilitating and maintaining existing assets. The plan also included institutional reform.

4. In December 2010, ADB approved an Asian Development Fund (ADF) grant of $12 million for the Transport Sector Development Project that aimed to improve access to socioeconomic opportunities by rehabilitating and maintaining land, sea, and air transport infrastructure.\textsuperscript{5} (The Solomon Islands’ eligibility for a 100% ADF grant is determined by its risk of debt distress). The governments of Australia and New Zealand offered significant parallel grant cofinancing of $30 million each. The Government of the Solomon Islands was to provide $12.5 million to the National Transport Fund (NTF), which was also supported by development partners’ contributions. NTF was a vehicle for financing transport projects with available resources expected to gradually increase through government allocations and other bilateral grants.

5. ADB was named the lead partner for the project because of its experience in planning and implementing development projects. The ADB grant was oriented towards project implementation. A technical assistance (TA) grant of $0.8 million, financed by the Japan Fund for Poverty Reduction (JFPR) was approved for engaging consultants and supporting the project’s institutional reform and capacity development plan.\textsuperscript{6} There were three project components: civil works (79% of the total project cost) covering the rehabilitation of transport infrastructure (roads, wharves, and airstrips), and periodic and routine maintenance as prioritized in the NTP, 2011–2030; consulting services (16%) to establish a central project implementation unit (CPIU) to support improved implementation of civil works; and capacity development (5%) focused on training MID staff members and national contractors in program management and implementation.

\textsuperscript{1} ADB 2017. Key indicators for the Asia and the Pacific 2017. Manila.
\textsuperscript{5} ADB. 2010. Report and Recommendation of the President to the Board of Directors: Proposed Grant and Administration of Technical Assistance Grant to Solomon Islands for the Transport Sector Development Project. Manila (Grant 0243-SOL).
B. Expected Impact, Outcome, and Outputs

6. The expected impact of the project was improved access to socioeconomic opportunities by the people of Solomon Islands. The project was expected to decrease travel time to markets, schools and health care facilities, and to increase interisland marine and air traffic. The project was to have additional benefits for vulnerable persons, women, children, and the disabled. The expected outcome was for MID to provide sustainable transport infrastructure as prioritized in the NTP. A sector-based approach was adopted for the project to (i) enhance partnerships with other agencies, (ii) boost country ownership, (iii) strengthen links between the sector plan and budget framework, and (iv) improve country systems for project management.

7. The project had three outputs: (i) The CPIU was to provide efficient and effective project implementation and management. The CPIU, to be established in MID will be staffed by existing MID staff and supplemented by expert consultants, was to implement and manage all transport sector activities irrespective of funding source. (ii) Transport infrastructure prioritized under in the NTP is rehabilitated and maintained. This included climate change impacts supporting the socially vulnerable and sustainable maintenance. (iii) MID’s technical and managerial capacity is upgraded. This involved the review of training needs assessments and extensive formal training programs for MID staff as well as key technicians and contractors in the sector. Government personnel were expected to gradually take over from the consultants at completion.

C. Provision of Inputs

8. The project was approved in December 2010. The loan agreement was only signed in April 2011, but became effective in July 2011 as planned. The closing date was extended to July 2017, a year later than envisaged, to coincide with the Sustainable Transport Infrastructure Improvement Program (STIIP). The total project cost was $80.2 million, which was lower than the $84.5 million estimated at appraisal. The $12.0 million ADB grant was fully utilized, with eight minor changes approved within the budget. Of the $30 million expected from the Government of New Zealand, only $17.9 million was provided. This was due to the new government in New Zealand deciding not to channel funding through the NTF and preferring to fund projects directly. The governments of Australia and the Solomon Islands provided additional funds to meet the total project costs, increasing their contributions to $36.3 and $14.1 million, respectively. The project was category B for environment and involuntary resettlement safeguards and relevant requirements were met at approval. The project was not expected to have any effects on indigenous peoples. It was also classified as effective gender mainstreaming and a gender action plan was prepared to guide the implementation.

9. At approval, some 493 person-months of international and 1,596 person-months of national consultants were proposed with the provision that additional consultants would be mobilized as needed. While consulting activities began on time, the high turnover of international

---

8 ADB, 2016. Report and Recommendation of the President to the Board of Directors: Proposed Results-Based Loan and Administration of Technical Assistance Grant in Solomon Islands for the Sustainable Transport Infrastructure Improvement Program. Manila (Loan 3392-SOL).
9 These minor changes supported legislative reform, asset management, geotechnical investigations, a technical audit of civil works, and emergency services. A separate grant of $200,000 was provided to NTF to support emergency works needed after severe flood damage. This is a grant agreement between the Solomon Islands and ADB in April 2014 for the Solomon Islands Flood Disaster Response Project funded by the Asia Pacific Disaster Response Fund in https://www.adb.org/projects/48239-001/main.
10 Footnote 5, Appendix 2, Gender Action Plan.
consultants led to delays which in turn, constrained the performance of CPIU consultants’ team. Consultants were engaged for project management and implementation to design emergency civil works and other activities, such as road condition assessment, road asset management, socioeconomic baseline surveys, and information technology support. The project financed 537 person-months of international consultants and 672 person-months of national consultants at completion. In addition, the Government of Australia financed five individual consultants to support the MID and NTF in procurement and financial management.

D. Implementation Arrangements

10. The executing agency was MID, and the implementing agencies were MID, Ministry of Civil Aviation and Communication, and Ministry of Finance and Treasury. The CPIU had the overall responsibility for project implementation, including financial management, monitoring and evaluation and the preparation and implementation of training programs and activities. It was expected to develop and refine the required government guidelines for project implementation. It used standard ADB bidding documents for procurement and contracting. It also established a project performance monitoring system and provided quarterly reports to ADB.

11. The NTF board, composed of secretaries of government agencies and a representative from one of the development partners, was proposed as the project steering committee and was tasked to approve subprojects according to the selection criteria outlined in the NTP, and where funding was consistent with NTF allocations. As such, cost estimates for intended civil works were not included at appraisal. The year of project approval (2010) was the first operating year of NTF, and the agency required support in establishing a functioning secretariat and developing procedures for its operations. The 2013 midterm review (MTR) identified the needed support, and subsequently, the project consultants’ team increased its’ support to NTF with the help of the two experts hired by the Government of Australia. The NTF board was to act as a coordinator, and provide policy guidance and quality assurance on technical design and tendering.

12. Major changes were made to the project administration memorandum during MTR. The Government of New Zealand decided to directly finance rehabilitation works instead of channeling funds through NTF. A new steering committee was appointed, instead of the NTF Board, comprising key government members and CPIU technical staff, including consultants and Honiara-based representatives of development partners financing the project. Maintenance outputs were combined with capacity development and inputs to further strengthen the NTF secretariat. These appear to have revived the project.

13. The TA grant of $0.8 million from JFPR (footnote 6) supplemented by a $0.2 million government in-kind contribution was used to improve MID’s functioning by establishing well-defined positions and procedures. Expected outcomes of the TA were safeguards implementation, support for the separation of functions of policy, ownership, administration, service provision, and finance through advice and training geared towards NTF. The TA was also expected to strengthen the capability of MID to procure and supervise contractors in the execution of civil works.

14. A total of 27 loan covenants were complied with and two were partially complied with— furnishing ADB information on accounts and financial statements and audits, and providing counterpart support. While the covenant on bidding documents and construction contracts included provisions for equal payment to men and women for work of equal value, this was not complied with.
II. EVALUATION OF PERFORMANCE AND RATINGS

A. Relevance of Design and Formulation

15. The project completion report (PCR) rated the project as relevant. The expected outcomes were aligned with Solomon Islands’ development priorities and ADB’s country and sector strategies. The country’s Medium-Term Development Strategy, 2008–2010 focused on six priorities, one of which was infrastructure development.\(^{11}\) ADB’s Country Partnership Strategy, 2009–2011 targeted improved transport infrastructure and services to drive equitable and private-sector-led economic growth through enhanced transportation and services, as well as a stronger business environment.\(^{12}\) Considering the need to keep the Solomon Islands’ debt at sustainable levels, the use of the ADF grant as the financing modality was appropriate.

16. The supporting TA aimed to boost the capacity of MID, whose weaknesses became apparent during the implementation of previous projects. The PCR acknowledged that, while the project was strongly aligned with sector needs, it did not sufficiently recognize likely barriers to success, including staff shortages, and the lack of capacity and effective functioning of NTF.\(^{13}\) The number of staff positions within NTF did not increase as expected which contributed to the delays in project implementation. These project readiness issues could have been avoided with more upfront discussion with the MID. During implementation, project relevance was enhanced by several adjustments. For example, the additional financing from Australia provided much needed support to NTF (para. 11) covering the establishment of a functioning secretariat, among other things. Allocation of ADB funds for emergency work helped mitigate the impact of flood damage and was relevant in addressing the country’s vulnerability to floods.

17. The project approach was geared towards the improvement of the multimodal transport system, which is essential for the country since it is among the largest maritime exclusive economic zones in the Pacific region. Typically, in remote rural areas where over 80% of the population lives, there is a low population density, with rural communities often isolated from markets. Intermodal connectivity is crucial not only to stimulate the economy but also to provide better access to health and education services. Over half of the road network needed rehabilitation (para. 2). The sector development approach and cofinancing arrangements helped avoid duplication of efforts and the arrangement to finance subprojects through the NTF would ensure the prioritization of transport investment according to the NTP (para. 6). Based on the positive experience of the sector-based approach, the Solomon Islands STIIIP was designed as a results-based lending program and made greater use of national project management systems. Based on the above, this validation assesses the project relevant.

B. Effectiveness in Achieving Project Outcomes and Outputs

18. The PCR rated the project effective indicating that the intended project output and outcome indicators were substantially achieved, and capacity development of MID and private sector in providing transport infrastructure as key achievements. A number of adjustments were made during the MTR to improve project implementation. However, this validation does not support the assessment based on changes made to the indicators in the design and monitoring framework (DMF) at that time (para. 20).

---


\(^{13}\) Footnote 7, para 49.
19. The MTR back-to-office report highlighted several issues and adjustments made during and after the review.\textsuperscript{14} For example, after the MTR, the project focused more on asset maintenance than on feasibility studies for rehabilitation. More attention was also given to capacity development on project planning, management, and budgeting. Consultants’ terms of reference were revised to focus on outputs than on inputs as a means of assessing performance. Arrangements were made to ensure that CPIU had sufficient funding and was able to outsource additional work as needed.

20. The MTR also revisited some DMF performance indicators and changed targets based on project progress and the likelihood that the original targets would not be accomplished (footnote 13, Memorandum of Understanding para. 50). The PCR did not show the original targets set out in the DMF, only the revised ones. Furthermore, one impact indicator—domestic air services operating on time was deleted because the flight times are more linked to factors within the control of the air service operators and not the quality of the infrastructure. This should have been evident at the time of including this as a project performance indicator.

21. All four outcome indicators were maintained in the revised DMF, but some targets were reduced. Outcome 1 target that 80% of the road network is under regular maintenance by 2015, was effectively reduced to 51% because sufficient progress was not made at the time of the MTR. To be consistent with the NTP, in 2013, outcome 1 was broken down to two indicators: 60% of the road network is in maintainable condition and 85% of maintainable roads are under maintenance (0.6 x 0.85 = 0.51). At completion, the PCR indicated that 67% of the roads are in maintainable condition, and 89% of maintainable roads are under maintenance fully meeting the revised targets. This effectively translates to 60% of the road network under regular maintenance (0.67 x 0.89 = 0.6), which is 75% of the original target of 80%.\textsuperscript{15} For outcome 2, compared to the target that 100% of the maintainable wharves are maintained, the achievement was 48%. For outcome 3, the target that all airstrips with scheduled traffic receive routine maintenance was fully met. Outcome 4 target, on the condition of assets rated as poor to be reduced by 30% from 2010 to 2015, was fully met. According to the PCR, the number of roads rated poor was reduced by 53% and the number of wharves rated poor was reduced by 22%, with a weighted average reduction of 37%. Thus, while the targets were fully met for outcomes 3 and 4, the achievement was 74% of the target for outcome 1 and 48% of the target for outcome 2.

22. The target for output 1 was that 100% of the transport infrastructure investment and maintenance outlined in the implementation plan was to be completed by 2015. The PCR reported that 90% of the labor-based road maintenance, 84% machine-based maintenance, and 56% of the wharves were completed by 2015. These showed that there were gaps in meeting output 1 targets. At approval, it was envisaged that, for output 2, about 80% of roads and airstrips in the implementation plan were to be rehabilitated and maintained. The PCR reported that 80% of the labor-based equipment-supported (LBES) road maintenance work, 48% of the machine-based maintenance, and 84% of the wharves were maintained, indicating that not all targets for output 2 were achieved. Another target was 1,000 person-months for LBES maintenance was to be generated, with 30% of the workforce female, was exceeded. About 12,000 person-months (with 60% female) of LBES maintenance were generated at completion.


\textsuperscript{15} There are discrepancies in the figure for the share of maintainable roads at approval. While the PCR indicated only 38% were in maintainable condition in 2011, the report and recommendation of the President (para. 5) indicated that 50% required rehabilitation at that time.
23. The target for the number of MID staffs receiving technician certificate or higher was reduced from 15 to 10. At completion, 29 MID staff received training exceeding the original target. The target for the number of community members attending labor-based maintenance workshops was also reduced from 700 to 400 because of the perceived inability to achieve the target on time. At completion, 545 persons participated in the workshops including 17% women, lower than the original target. In summary, some output targets, particularly on capacity development, were exceeded, but other physical output targets were not achieved.

24. The PCR, which provides a review of services provided by international and national consultants, concluded that the overall improvements to country systems were not commensurate to the $12 million investment for consulting services.\textsuperscript{16} In November 2013, the MTR outlined the areas of poor performance and slow progress in implementation (para. 19). There was a lack of operational planning and programming by the project management and implementation support consulting team, partly because its resources were being diverted to non-NTF activities. The consultants’ terms of reference were input-based and did not focus on outputs and deliverables. In addition, the number of MID staff members were not increased as envisaged.

25. The performance of the national consultants was considered satisfactory, although the quality of supervision by the consultants was not uniformly good. In contrast, the international consulting firm’s performance was considered unsatisfactory for several reasons. First, project management was poor—the result of the mismatch between the mobilization of consultants and the work program. Second, there was lack of continuity of leadership and staff changes resulted in lost momentum. Third, there was ineffective relationship management between the consultants and counterpart government staff and development partners. Fourth, the delays in the NTF board approval of key rehabilitation projects led to inefficient subproject development. Finally, the consulting company’s change of ownership reduced its commitment to the project.

26. The PCR reported that, during implementation, the covenants related to safeguards were all complied with in accordance with the requirements of its safeguard categories (para. 8). Environmental assessment and resettlement screening were undertaken for the subprojects, the necessary environment management and resettlement plans were prepared, and due diligence was carried out. In 2014, safeguards workshops were held, covering gender sensitization, financial literacy, market opportunities, environment, health, road safety and children’s rights. A total of 122 people (with 30 female) attended four safeguards training workshops. The safeguard requirements were clearly laid out in the Environmental Assessment Review Framework and Resettlement Planning Framework prepared by the client, which guided the preparation of subprojects. The project preparation team identified staffing and TA needs, employed consultants, and allocated adequate budgetary resources to counter the weak borrower capacity and limited experience on safeguards. A TA project that strengthened MID and CPIU capacity for safeguards and country safeguard systems produced several useful review templates, guidance notes and other standardized contract products.\textsuperscript{17} Access to project land through negotiated arrangements became standard practice. The memoranda of understanding/agreement process was routinely used in the acquisition of land.

\textsuperscript{16} Footnote 7. Accessible from the linked documents in the Supplementary Appendix. For example, the 3-year action plan updates for the NTP, the annual work plan for the NTF and the Asset Valuation Manual were not developed as expected.

\textsuperscript{17} ADB, 2015. Technical Assistance Completion Report: Strengthening Country Safeguard Systems in the Transport Sector in Solomon Islands. Manila. (This capacity development TA 8217-SOL was approved on 16 November 2012 with a total amount of $0.6 million).
27. The project was classified as effective gender mainstreaming (para. 8). The PCR reported that the gender action plan was implemented successfully, with 17 out of 20 activities fully achieved, and one partially achieved. Women participated in LBES works training and were employed for sealing works and operated machinery, making up 58% of workforce. Gender inclusive designs were used in wharves and rehabilitated roads. For example, new access ladders were included in the design of all wharves in the contract to improve access for women and children. About 24% of the CPIU team was composed of women, including in technical and managerial roles compared to the target of 20%. In MID, women were employed in different posts including as engineers, safeguards manager and an asset manager.

28. The expected outcome of the project was for MID to provide a sustainable transport infrastructure as prioritized in the NTP. Although the output targets were achieved reasonably well, there was a clear shortfall in the achievement of the main outcome targets. This validation, thus, assesses the project less than effective.\(^{18}\)

C. Efficiency of Resource Use

29. The PCR rated the project less than efficient. This rating was an aggregate of efficiency ratings for rehabilitation civil works (37% of overall civil works),\(^ {19}\) less than efficient maintenance (50% of civil works), and less than efficient project implementation of consulting services (PCR, para. 53). The St. Martin Road subproject was considered the sample subproject at appraisal for rehabilitation civil works and it was reevaluated at completion. The planned original length of 8.5 kilometers (km) was shortened to 7.5 km after consultation with the local community. The revised economic internal rate of return for this road at completion was 15.9% compared to 14.2% at appraisal, mainly due to the higher-than-expected travel time savings that offset the 28% increase in the capital cost incurred. Appendix 8 of the PCR noted the limitations of this calculation. ADB conducted economic reevaluation over a short period of time based on limited secondary information available from MID and other stakeholders, which were not checked for accuracy. This validation considers the economic reevaluation assumptions to be reasonable and the methodology provided in the PCR appropriate.

30. Cost-effectiveness of maintenance work was analyzed by benchmarking the unit cost of maintenance subprojects against industry data, focusing on LBES contracts.\(^ {20}\) It showed that the average rate for LBES routine maintenance work for the project was $5,800 per km compared to $1,000–2,000 per km in the industry.\(^ {21}\) Provision of consulting services was inefficient due to initial delays, inappropriate performance incentives and development of subprojects that were not approved by NTF (para. 10). The project also had several implementation inefficiencies. Early on, the high turnover of international consultants stalled its momentum. Delays in government staff recruitment and preparation of reference manuals, and the weak capacity of staff in MID and NTF Secretariat and Board contributed to implementation delays. In view of these issues, this validation assesses the efficiency of resource use less than efficient.

\(^{18}\) As per the guidelines on project evaluation, a project can be rated effective if (i) at least 80% of the targets are fully met or (ii) at least 80% of each target is met. If we consider the original DMF targets, (i) two out of four outcome targets are fully met, which is 50% (less than 80%) and (ii) there is less than 80% achievement for two of the targets. Similarly, (i) 10 out of 13 output targets are fully met, which is 77% (less than the required 80% to be rated effective) and (ii) there is less than 80% achievement in three of the output targets. Hence, the project is rated less than effective.

\(^{19}\) Emergency civil works were also undertaken.

\(^{20}\) Unit costs for machine-based maintenance contracts were not calculated as the work bundled into each contract varied widely making it difficult to define the scope of standard machine-based contracts (PCR, para. 40).

\(^{21}\) Footnote 7, para. 55.
D. Preliminary Assessment of Sustainability

31. The PCR rated the project likely sustainable based on the government’s commitment to the overall sector-based approach, institutional strengthening, and significant work undertaken on asset management. The NTF and CPIU were established and funding contributions to NTF gradually increased. Senior government staff were assigned to the NTF board. CPIU staff members were extensively trained and most of the consultant teams’ functions were taken over by CPIU at completion (para.7).

32. Before the approval of the STIIP grant agreement, NTF regulations were revised to strengthen government ownership (footnote 7). A financial sustainability assessment prepared at project completion concluded that funding from STIIP would be adequate to support the investments required for maintenance and capacity building. Furthermore, it is expected that the needed asset management information for decision-making process will be developed under follow-up projects and TAs.22 A $0.6 million TA financed by JFPR supported the follow-up project on the sustainability of social and environmental safeguards measures.23 The TA was expected to train staff of government agencies, including MID, and develop sector guidelines for environmental assessment, land acquisition, and resettlement. In view of the above, this validation assesses the project likely sustainable.

III. OTHER PERFORMANCE ASSESSMENTS

A. Preliminary Assessment of Development Impact

33. The project was expected to improve access to socioeconomic opportunities for Solomon Islanders. The PCR documented the project’s socioeconomic, gender and environmental impacts, but did not provide a rating for the overall development impact. It noted the project’s contributions to improvements in travel time and the volume of cargo and passengers carried by aircraft and sea vessels. The frequency of public transportation increased by 50% to 60%, and average transport costs for a single trip was reduced from SBD25 to SBD10, due to an increase in the number and frequency of pick-up trucks and buses now travelling to the villages. This helped improve access to health services and reduce student absenteeism and dropouts. Due to the project, the civil contracting industry expanded from two local machine-based contractors to 10–15 capable contractors, and over 100 domestic LBES contractors, thereby increasing private sector capacity.

34. Improved affordability of transport services resulted in more women accessing transportation services in the community, which helped them diversify their economic activities. The women could expand agricultural production and had better access to health services. Increased number of road users made women feel safer in using the roads. Women became more empowered economically by participating in civil works contracts. On the whole, the PCR noted a positive impact on rural communities through a near-fourfold increase in the road maintenance subproject (from 255 km to 887 km) and a substantial increase in wharf maintenance (from zero to 82%). Most of the 680 km of roads under the LBES contract were in rural areas or provincial centers. The project provided local business opportunities, employment, and awareness and


training on technical, finance, literacy, gender, and HIV. Based on the evidence provided in the PCR, this validation assesses the development impact of the project satisfactory.

B. **Performance of the Borrower and Executing Agency**

35. The PCR rated the executing agency (MID) and borrower’s performance satisfactory. The project provided technical assistance to the executing agency to improve its capacity. MID maintained separate financial accounts and submitted audited financial statements on time. Institutional capacity improved by project completion, but weaknesses remained in supervising civil works because of staff’s limited experience, and the limited amount of resources allocated for this purpose. The government was committed to the sector-based approach, collaborated with development partners to solve implementation issues, and provided additional funding to meet the shortfall (para. 8). Initially the government was unable to provide sufficient counterpart personnel. However, it had complied with most covenants at completion.\(^ {24} \) This validation assesses the executing agency and borrower performance satisfactory.

C. **Performance of the Asian Development Bank**

36. The PCR rated ADB’s performance satisfactory, citing the fact that the biannual review missions were held jointly with development partners and the MTR addressed several implementation issues (para. 11). ADB’s overall efforts in supervising safeguards implementation was satisfactory, with the participation of an environmental specialist in the missions. In view of the substantial work undertaken at midterm and thereafter, (despite the changes to the DMF), the regular joint supervision missions with development partners, and the long-term commitment to the sector as seen in follow-up projects (paras. 8 and 29), this validation assesses ADB performance satisfactory.

IV. **OVERALL ASSESSMENT, LESSONS, AND RECOMMENDATIONS**

A. **Overall Assessment and Ratings**

37. The PCR rated the program successful based on the aggregation of relevant, effective, less than efficient and likely sustainable ratings. This validation has downgraded the effectiveness rating to less than effective (paras. 18 to 28) and because of this, the overall rating of the project is less than successful. Notwithstanding this overall validation rating, the sector-based approach was a positive experience and has led to the design and implementation of the Solomon Islands STIIP as a results-based lending program, enabling greater use of the national project management systems and supporting the development of the sector’s domestic contracting industry.

\(^{24}\) Footnote 7, Appendix 6. The covenant requiring bidding contracts to pay minimum wage to both men and women was not complied with.
### Overall Ratings

<table>
<thead>
<tr>
<th>Validation Criteria</th>
<th>PCR</th>
<th>IED Review</th>
<th>Reason for Disagreement and/or Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevance</td>
<td>Relevant</td>
<td>Relevant</td>
<td>The PCR’s assessment was based on indicators revised after the MTR. This validation disagreed with this and used the indicators specified in the original DMF (paras. 18–28).</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>Effective</td>
<td>Less than effective</td>
<td></td>
</tr>
<tr>
<td>Efficiency</td>
<td>Less than efficient</td>
<td>Less than efficient</td>
<td></td>
</tr>
<tr>
<td>Sustainability</td>
<td>Likely sustainable</td>
<td>Likely sustainable</td>
<td></td>
</tr>
<tr>
<td>Overall assessment</td>
<td>Successful</td>
<td>Less than successful</td>
<td>The difference is due to the lower effectiveness rating by this validation.</td>
</tr>
<tr>
<td>Preliminary assessment of impact</td>
<td>Not rated</td>
<td>Satisfactory</td>
<td>Paras. 33 and 34.</td>
</tr>
<tr>
<td>Borrower and executing agency</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td></td>
</tr>
<tr>
<td>Performance of ADB</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td></td>
</tr>
<tr>
<td>Quality of PCR</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>Para. 42.</td>
</tr>
</tbody>
</table>

**ADB** = Asian Development Bank, **IED** = Independent Evaluation Department, **PCR** = project completion report.

Source: ADB IED.

B. Lessons

38. The PCR highlighted several useful lessons to be considered in follow-up projects: At the project level, there is a need to incentivize efficiency through output-based contracts and promote results-based lending. A long-term approach to sector-based interventions, including crucial support to NTF, is also important. At the results framework and methodology level, there is a need for quality assurance mechanisms rather than monitoring the quantity of outputs, and a need for information needs analysis and fostering information gathering.

39. This validation adds two lessons:

   (i) **Project-level lesson.** Having a monitoring and evaluation (M&E) team in MID would have drawn attention to implementation issues early on as well as provided information needed for economic and financial analyses that would have facilitated the proper assessment of project effectiveness and efficiency.

   (ii) **Results framework and methodology level lesson.** It was inappropriate to change the original DMF targets because the progress was inadequate (para. 20). Instead, the reasons for the slow progress could have been mentioned and draw lessons from them.

C. Recommendations for Follow-Up

40. The validation finds the recommendations for follow-up in the PCR appropriate and many of them have been incorporated in follow-up projects (i.e., STIIIP). For example, early recruitment for key roles such as in procurement, asset management, and M&E. Also, there is a need to pay attention to the quality and supervision of civil works, provide ongoing support to NTF, and give a more rigorous analysis of cost-effectiveness of LBES to inform future work planning.
**V. OTHER CONSIDERATIONS AND FOLLOW-UP**

**A. Monitoring and Reporting**

41. The CPIU set up a performance monitoring system and submitted quarterly reports to ADB with support from consultants. However, this arrangement could have benefitted from having a M&E team in MID, which could have also helped gauge the long-term impacts of transport sector inventions (para. 38).

**B. Comments on Program Completion Report Quality**

42. The PCR was clear, readable, and comprehensive, and has several useful appendices detailing relevant information. Except for its failure to acknowledge the changes to the DMF and the resulting rating on effectiveness, its assessment was adequate. The economic analysis was candid and it acknowledged its limitations. However, the PCR could have elaborated on why the funding from the Government of New Zealand was reduced during implementation and what lessons could have been identified from this. Nevertheless, comprehensive lessons were identified, and good follow-up actions for incorporation in subsequent projects and TAs were there. Based on the above, this validation assesses the PCR quality satisfactory.

**C. Data Sources for Validation**

43. This validation is based on the PCR, report and recommendation of the President, review and supervision mission reports, the government’s PCR, project safeguard assessment, subsequent projects in the Solomon Islands transport sector, Interim Country Partnership Strategy 2009–2011, Medium-Term Development Strategy 2008–2010, and the ADB Guidelines for the Evaluation of Public Sector Operations.

**D. Recommendation for Independent Evaluation Department Follow-Up**

44. Given the many projects approved for the transport sector in the Solomon Islands in recent years, it is recommended that a sector assistance program evaluation be carried out at an appropriate time.