

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: PAHQ

TA No. and Name TA 3522-RMI: Community-Based Coastal Marine Resources Development			Amount Approved: \$298,000 Revised Amount: \$298,000	
Executing Agency: Marshall Islands Marine Resources Authority		Source of Funding: TASF	TA Amount Undisbursed \$225,749.85	TA Amount Utilized \$72,250.15
Date Approval Signing Fielding of Consultants 25October 2000 13 December 2000 23 September 2001			Closing Date Original Actual 31 December 2002 31 March 2003	
Description Outer island communities in the Marshall Islands (RMI) endure hardship due to limited income opportunities and face increasing difficulties in meeting cash needs for schools fees, building materials and basic foods. Development of coastal resources was pursued by Government as a priority area, and, with the delegation of power to local government councils (LGC) for coastal resources management, assistance for community-based small-scale marine resources projects was recommended. These projects would be financed from the interest earned from a \$2 million trust fund to be set up by the Marshall Islands Marine Resources Authority (MIMRA), and viable pilot projects should spearhead development. The pilot projects, and subsequent projects should meet the following criteria (i) applicable to atolls or islands not currently benefiting from other government assistance, (ii) be suitable for other rural areas, and (iii) be relatively small, not requiring funds larger than \$5,000.				
Objectives and Scope The objectives were to facilitate the establishment of the most appropriate mechanisms and implementing guidelines for a revolving trust fund, and subsequent development of small-scale marine resources management projects for outer island communities. The scope encompassed (i) lessons learned of small-scale fisheries, (ii) procedural requirements of trust fund board, (iii) identification of viable small-scale projects, (iv) undertaking of market research for targeted products, and (v) assistance in implementing pilot projects.				
Evaluation of Inputs The Project formulation overlooked to some extent the history of past failures with small-scale marine resources projects and was designed too optimistically, trusting that viable small-scale interventions could be identified, related pilot projects implemented, and a trust fund established to serve this development. Correspondingly, MIMRA deposited an initial \$150,000 towards the trust fund prior to fielding of consultants. At inception, the issues mentioned above became obviously clear and it was, therefore, decided to concentrate first on lessons learned, then proceed with market research, and subsequent identification of viable pilot projects in Phase I, and the work on trust fund management and requirements was deferred to a Phase II. An international consultant and a regional consultant were engaged for 75 and 50 calendar days, respectively, to carry out analyses of lessons learned, undertake market research, and identify suitable pilot projects. The consultants held several meetings with outer island stakeholders, the private business sector, other development organizations, and import and export businesses dealing in RMI marine-based products. A tripartite meeting was scheduled to take place in March 2002, but due to unavailability of the director of the executing agency on that date, as well as any other subsequent date proposed while consultants were in country, the tripartite meeting never took place. Instead, staff met with the director on 22 November 2002 in Manila.				
Evaluation of Outputs From a variety of sources, including past government and private sector activities, a wide range of marine resources was identified for evaluation. These were categorized as (i) unexploited resources for which a ready market existed (deepwater snappers, and pelagic tunas), (ii) resources with markets, but which required introduction or expansion in the RMI (certain species of seaweed and sponges), (iii) resources that required further development and/or refinement (salted/dried fish, fish jerky, dive tourism), and (iv) currently exploited resources with already existing markets (ornamental fish, live clams, coral-rock, shark fin, beche-de-mer, live reef fish for food, fresh reef fish, shells for handicraft, black pearls, lobsters, and trochus). The report prepared by the consultants concluded that, in spite of the existence of the various marine resources – originally thought to be appropriate and on which to base pilot projects – the state of existing marketing systems and limited scales of production, resulted in a lack of comparative advantages for the outer atolls that were very difficult to overcome. This finding, coupled with the findings of the detailed evaluation of resources, resulted in the overall conclusion that, under current conditions, an adequate foundation to set up a trust fund support of stand-alone pilot or small-scale demonstration projects did not exist. However, the report suggested other options for				

consideration in support of outer island development but without the trust fund model. These options were most notably pearl culture, probably specialized sea-weed culture, and aquarium fish trade.

However, these opportunities fell outside MIMRA's criteria governing this Project and it was, therefore, not possible to recommend the establishment of a trust fund in support of community-based small-scale marine resources management projects. To continue the Project would have required that the objectives and scope would be directed away from small-scale community-based interventions towards more private sector activities, which was not judged to be appropriate given other ongoing support for such activities. The Project was subsequently discontinued and Phase II and its related consulting services cancelled.

Overall Assessment and Rating

The outcome of the Project is a set of very useful conclusions and recommendations based on thorough research and analyses, and which can be used by MIMRA and development organizations alike to pursue other types of marine-based interventions in the future with much less risk. Given the achieved outcome of the Project, but that only Phase I activities were carried out and the objectives and scope, therefore, were not fully met, it is justified to rate the Project as partially successful.

Major Lessons Learned

The mere presence of resources does not necessarily translate into viable opportunities and the isolation of outer island atolls is a formidable constraint to development. In outer island contexts, potentially viable projects, such as pearl and sea-weed culture, require a minimum scale in order to afford the essential overhead costs associated with management, quality control, and marketing of the products. For this reason, the design of the TA, which restricted pilot project funding to not more than \$5,000, fell short of the minimum scale required to permit viability.

Also, in the last couple of years many interventions elsewhere have placed high priority on community-based management of resources – most notably marine resources – as these in many locations show clear signs of degradation. One finding from this TA reads, "residents' perception of the abundance of particular resources can be overly inflated and inconsistent with the suitability or sustainability of that resource as a commercial product". This last finding deserves reflection.

Recommendations and Follow-Up Actions

In spite of the TA's disappointing conclusions on the economic viability of small-scale community-based marine resources interventions there are, however, many good analyses and recommendations applicable to other atoll countries. The Pacific Department will therefore undertake as wide a distribution and dissemination of the results as possible to the appropriate PDMCs.

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