

## Simplified Ex-Post Evaluation for Grant Aid Project

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Project Name	The Project for Rehabilitation of the Domestic Tuna Fishery in the Solomon Islands	February 2010 – December 2010

### I Project Outline

Country Name	Solomon Islands	
Project Period	March 2005-March 2006	
Executing Agency	Soltai Fishing and Processing Ltd. (SFPL)	
Project Cost	Grant Limit: 973 million yen	Actual Grant Amount: 967 million yen
Main Contractors	(Construction) Miho Shipyard, (Procurement) Yamaha Motor Co., Ltd.	
Main Consultants	Fisheries Engineering Co., Ltd.	
Basic Design	September 2004-March 2005	
Related Projects (if any)	Technical guidance on the management of fishing boat engines and land refrigeration equipment for SFPL (Overseas Fishery Cooperation Foundation of Japan; October 2002-October 2007)	
Project Background	<p>Soltai Fishing and Processing Ltd. (SFPL), established in 2001 with the capital contributed by the Government of the Solomon Islands, owned 12 tuna pole and line fishing vessels. They had become decrepit after 22 to 25 years of use. Among the 12 fishing boats, two had been out of service since 2004. The remaining 10 ships underwent major repairs carried out by SFPL itself. It had taken measures to extend their service life, but their average monthly utilization rate continued to fall from 10.5 boats in 2002 to 9.5 boats in 2003 and 7.1 boats in 2004, and SFPL found it difficult to prevent a downward trend in the future.</p> <p>What was needed for SFPL to raise the utilization rate of its vessels and establish long-term stability in its operation was not only to make careful repairs of their existing vessels, just as they had been doing to extend their service life, but also to introduce newly built vessels with a view to reducing repair expenses they had to bear and investing the surplus in purchasing secondhand vessels to continue the fishing operations.</p> <p>In this context the Government of the Solomon Islands requested the Government of Japan to provide grant aid to acquire two tuna pole and line fishing vessels for SFPL.</p>	
Project Objective	The objective of this project is to catch a larger amount of fish by Soltai Fishing and Processing Ltd. (SFPL), increase the production of value added products, and make its operation sustainable and stable by providing SFPL with two additional tuna pole and line fishing vessels.	
Output[s] (Japanese Side)	Procurement of the equipment below: (1) Tuna pole and line fishing vessels (two); and (2) Auxiliary equipment (fishing equipment (one set), bait boats (four) bait-boat engine kits (two) and fish bins (86))	

### II Result of the Evaluation

Summary of the evaluation
<p>This project was carried out to support the fishing industry, an important industry for the Solomon Islands. The project was relevant with the development policy and development needs, as well as Japan's ODA policy. However, SFPL totally withdrew from the fishing business under the changing environment where purse seine fishing became increasingly common, prices for marine products were falling and fuel oil prices also soared during the second half of 2007. It was later decided by the Government of the Solomon Islands that the vessels would be leased to the private sector companies to realize the efficient use. The establishment of procedures for leasing is currently underway. In August 2010, it was also decided that SFPL would be privatized with the private-sector company becoming the largest shareholder.</p> <p>The project was completed within the planned project period and project costs. It also delivered the outputs as planned. These facts demonstrate that the effectiveness of the project was significantly high.</p> <p>In the first year of their service, the two pole and line fishing vessels granted in this project achieved a much larger catch amount than the target, making up for the declining catches of the existing vessels. But with the change in the policy of the project, the two vessels are now moored at SFPL's base port, and have not been used for almost two years other than for resource surveys. Most of the crew members have been transferred to the processing section of SFPL.</p> <p>In terms of sustainability, as SFPL provided only limited information about their current operation and maintenance systems and financial conditions, an evaluation concerning these issues cannot be made. However, it claims that mainly due to the assistance from Japan, their operation and maintenance abilities were enhanced, and its operation and maintenance personnel have no problems in applying the techniques.</p> <p>In light of the evaluation result on its effectiveness and impact, this project can be evaluated to produce the limited outcomes.</p> <p>&lt;Constraints of this evaluation study&gt;</p> <p>As the executing agency (SFPL) provided only limited information, part of the evaluation was carried out using JICA's internal documents and the findings of interviews with the consultants who worked for the project.</p>

<p><b>1 Relevance</b></p> <p>(1) Relevance with the Development Policy of the Solomon Islands  At the time of project planning, this project was positioned as the project in line with one of the eight key objectives of the development policy “National Economic Recovery, Reform and Development Plan 2003-2006”, which was “(to) reasonably manage and protect coastal fishing and marine living resources through sustainable use.” In the ex-post evaluation, this project is also considered to be relevant with the country’s policy of shifting the focus to tourism, fishing industry and marine resources development, which is mentioned in the “Medium-term Development Strategy 2008-2010” as a key issue in the “productive sectors of the economy,” one of its six key areas.</p> <p>(2) Relevance with the Development Needs of the Solomon Islands  The agriculture, forestry and fishery industries have very important roles in the Solomon Islands economy. At the time of project planning, in 2004, these industries accounted for 55% of its GDP, and were responsible for 56% in 2008, the year for which the latest data is available, demonstrating the continued importance. The fishing industry also serves as an essential means of livelihood to support the daily life of the people. Marine products constitute important export goods, and the development of the fisheries industry has a high priority among the development agendas for the country.  Around September 2008, however, SFPL withdrew from fishing after it had drastically changed its operation policy to specialize in the canning operations. The change was made mainly because the pole and line fishing method had lost its advantage amid the changing environment. The prices for marine products were falling as purse seine fishing had become common among other private-sector fishing companies and fish catches were increasing, and the fuel oil prices since the second half of 2007 had been soaring worldwide. With the country’s change in policy, these vessels are no longer utilized by SFPL. However, it is expected that the vessels will contribute to the development of the fisheries industry once the leasing to the private sector has been realized.</p> <p>(3) Relevance with Japan’s ODA Policy  At the time of project planning, Japan’s ODA policy to the Pacific region included the protection and sustainable use of natural resources. Therefore, this project was relevant with Japan’s ODA policy.</p> <p>This project has been relevant with the development policy of the Solomon Islands and Japan’s ODA policy, but was partly irrelevant with the country’s development needs at the time of ex-post evaluation; therefore its relevance is fair.</p>
<p><b>2 Efficiency</b></p> <p>(1) Project Outputs  Outputs by Japan were mostly delivered as planned.</p> <p>(2) Project Period  The project, designed to be completed in 13 months in the plan, was actually completed in 13 months as planned (100% of the plan).</p> <p>(3) Project Cost  The project, designed to cost 973 million yen, actually cost 967 million yen. It was lower than the planned amount (99% of the plan).</p> <p>Both project period and project cost were mostly within the plan, therefore efficiency of the project is high.</p>
<p><b>3 Effectiveness / Impact</b></p> <p>(1) Quantitative Effects  The fishing vessels granted in this project started to work at their full capacity as freezing and cooling vessels just after being put into service, and have been operated without any major troubles, and achieved a catch amount of 2,712 tons, well over the target of 1,870 tons (2006-2007). In terms of the repair and maintenance costs during the year, while the existing fishing vessels annually cost 550,000 Solomon Island dollars (SBD) per vessel, the expenses spent for the new vessels in the same year for daily inspections were 48,000 SBD per vessel, which was a great contribution to the reduction of cost. However, as the executing agency withdrew from fishing in 2008, it now has no fish catch to be recorded. For the two fishing vessels granted in this project, the leasing procedures are being established. One of the vessels was used by the Secretariat of the Pacific Community for a tuna tagging survey that it conducted.</p> <p>(2) Impacts (Impacts on the natural environment, Land Acquisition and Resettlement, Unintended Positive/Negative Impact)  When SFPL withdrew from fishing activities two years after this project had been completed, the concern was that the crew of the fishing vessels, bait suppliers and other people involved might be adversely affected. The crew members have been transferred to its processing section, but processing operation is not performing well, either. SFPL operates under severe management conditions. When the company fell into a cash-flow crisis, it suspended the operation of its canning factory for months and ceased supplying canned food to the domestic market, which escalated into a social problem. But with the capital injected by government-related institutions and a private-sector fishing company, SFPL has resumed operation. Now the focus is on whether its operations can keep going smoothly.  With SFPL’s withdrawal from fishing, it would have to be said that the effectiveness and impact of this project was low at the time of the ex-post evaluation. However, the strengthening of the fishery sector remains a national policy. If the fishing vessels are used in an efficient manner by, for instance, private businesses and a stable supply of materials is secured for SFPL’s canning factory, the local economy can expect positive effects from it. Now that SFPL has definitely withdrawn from fishing, the leasing of the fishing vessels granted in this project, for which procedures are being established by the government, should be regarded as a pragmatic measure for their efficient use.</p> <p>This project has achieved its objectives at a limited level at the time of the ex-post evaluation compared with the plan, therefore its effectiveness and impact is low. However, attention should be paid to any specific developments in the future.</p>
<p><b>4 Sustainability</b></p>

(1) Structural Aspects of Operation and Maintenance

As no information was obtained from SFPL on this aspect, the operation and maintenance systems for the fishing vessels granted in this project are unknown. However, SFPL was privatized in 2010 and a private-sector company became the largest shareholder. It is decided that the vessels will be leased out to this private-sector company and the leasing procedures are currently underway. SFPL is to continue operation and maintenance activities of these vessels based on the Memorandum of Agreement with the Ministry of Finance and Planning.

(2) Technical Aspects of Operation and Maintenance

As technical guidance on the operation and maintenance of fishing vessel engines and freezing facilities on land had been provided by the Overseas Fishery Cooperation Foundation of Japan from 2002 to 2007, which included the project period, SFPL and the consultants who worked on this project comment that the engineers in charge, with expertise accumulated over the years, have no problems in applying their operation and maintenance techniques to fishing vessels.

(3) Financial Aspects of Operation and Maintenance

As no information was obtained from SFPL, an evaluation cannot be made.

(4) Current Status of Operation and Maintenance

The two vessels granted in this project are now moored at SFPL's Noro Base. Operation and maintenance manuals have been prepared, and inspection records have been preserved. According to SFPL, part of the cooling equipment needs repairing.

In light of the above, with no information about the structural and financial aspects available, a judgment cannot be made on the sustainability of the project.