

Republic of Indonesia

CCDP Supervision Report_Mission May2017

Joint Review Mission Report

Main report and appendices

Mission Dates: 7–19 May 2017
Document Date: 7-Jun 2017
Project No. 1621
Report No: 4470-ID

Asia and the Pacific Division
Programme Management Department

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Abbreviations and acronyms

AOS	Annual Outcome Survey
APBD	Local government budget
APBN	National government budget
AWPB	Annual Work Programme and Budget
BAPPEDA	<i>Badan Perencanaan Pembangunan Daerah</i> (Regional Development Planning Agency)
BAPPENAS	<i>Badan Perencanaan Pembangunan Nasional</i> (National Development Planning Agency)
BLM	<i>Bantuan Langsung Masyarakat</i>
BPKP	<i>Badan Pemeriksa Keuangan dan Pembangunan</i> (government auditor agency)
BUMD	<i>Badan Usaha Milik Daerah</i> (Local Government Owned Enterprise)
BUMN	<i>Badan Usaha Milik Negara</i> (State Owned Enterprise)
Bupati	Administrative head of a district
CBCRM	Community Based Coastal Resource Management (Group)
CCDP	Coast Community Development Project
CPUE	Catch Per Unit of Effort
CSR	Corporate Social Responsibility
Desa	An administrative village
Dinas	Provincial/District agency
DIPA	National annual budget
DKP	<i>Dinas Kelautan Dan Perikanan</i>
DOB	District Oversight Board
EA	Extension Agent
FY	Financial Year
GAP	Gender Action Plan
GoI	Government of Indonesia
HH	household
HP	Horse Power
ICM	Integrated Coastal Management
IDR	Indonesian Rupiah
IFAD	International Fund for Agricultural Development
JRM	Joint Review Mission
JSM	Joint Support Mission
KKP	<i>Kementerian Kelautan Dan Perikanan</i> (Ministry of Marine Affairs and Fisheries)
KKPN	<i>Kantor Pelayanan Perbendaharaan Negara</i> (Treasury Office)
KM	Knowledge Management
M&E	Monitoring and Evaluation
MIS	Management Information System
MMAF	Ministry of Marine Affairs and Fisheries
MoU	Memorandum of Understanding
MTR	Mid Term Review
MWECF	Ministry of Women Empowerment and Child Protection
NGO	Non-governmental organization
NOL	No Objection Letter
NSC	National Steering Committee
Pedum	<i>Pedoman Umum</i> , or general guidelines
PCR	Project Completion Report
PEMP	<i>Programme Nasional Pemberdayaan Masyarakat</i>
P-IRT	<i>Pangan-Industri Rumah Tangga</i> (Food - Home Industry)
PIU	Project Implementation Unit
PMO	Project Management Office
PNPM Madiri KP	National Coastal Community Empowerment Programme
Pokmaswas	Community resources monitoring and enforcement group
Posyandu	<i>Pos Pelayanan Terpadu</i> or integrated health service post
ToT	Training of Trainers
TPD	<i>Tenaga Pendamping Desa</i> / Community facilitator

RIMS	Results and Impact Management System
SDR	Special Drawing Rights
SK	<i>Surat Keputusan</i> (Decision Letter)
SME	Small and Medium Enterprise
VIC	Village Information Centre
VWG	Village CCDP Working Group
WA	Withdrawal Application

Indonesia

Coastal Community Development Project

Design report



10-11-2011



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD

A. Introduction¹

1. The Coastal Community Development Project (CCDP) was approved at IFAD's Executive Board in September 2012. The total project financing is US\$43.2 million, which consists of: an IFAD loan (No. I-880-ID) of SDR 15,870,000 (US\$24.2 million); an IFAD grant (No. I-C-1392-ID) of SDR 1,186,000 (US\$2.0 million); a EURO 6.288 million loan from the Spanish Food Security Trust Fund (No. E-16-ID); government contributions of an estimated US\$7.1 million; and beneficiary contributions of an estimated US\$2.1 million. The Financing Agreement (FA) entered into force on 23 October 2012 with project implementation starting in January 2013. The project completion date is 31 December 2017 and the closing date is 30 June 2018. The goal of the CCDP is reduction in poverty and enhanced, sustainable and replicable economic growth among the active poor in coastal and small island communities. The Project's development objective is increased household incomes for families involved in fisheries and marine activities in poor coastal and small island communities. The Project has three investment components: (i) Community Empowerment, Development and Resource Management; (ii) District Support for Marine-Based Economic Development, with two Sub-Components: District-Level Investment and Capacity Building; and Market and Value Chain Support; and (iii) Project Management.

2. A Joint Review Mission (JRM) by IFAD, *Kementerian Kelautan Dan Perikanan (KKP)* (Ministry of Marine Affairs and Fisheries), the Ministry of Finance, and the Ministry of National Development Planning/BAPPENAS was undertaken from 7-19² May 2017. The mission reviewed the Project's performance towards achieving the agreed objectives and results, and reviewed the quality, efficiency and effectiveness of project implementation and the overall progress made. The JRM placed a strong focus on (i) the exit strategy in terms of both sustainability of project investments and replication; (ii) requirements for completing and closing the Project at the end of 2017 and in by June 2018 respectively. The JRM was conducted in close consultation with key stakeholders at national, district, sub-district and village levels, and undertook field visits to Makassar in South Sulawesi Province, and North Gorontalo District in Gorontalo Province. Pre-wrap up and wrap up meetings were held on the 16 and 18 May respectively, and the Aide Memoire reflects the main discussion and decisions made at those meetings.

B. Overall assessment of project implementation

3. The overall assessment of project implementation is rated as *satisfactory* (5) and the likelihood of achieving development objectives is considered as *satisfactory* (5) according to IFAD's performance assessment methodology³. Assessment of impacts to date were documented in the Annual Outcome Survey (AOS) and the Results and Impact Management System (RIMS) survey completed in 2015 and showed impressive performance, and are currently being re-assessed prior to project completion.

4. From project commencement up to 31 December 2016, the cumulative disbursement rate based on IFAD's data was 78.3% for the IFAD loan, 79.3% for the IFAD grant, and 90.1% for the Spanish Trust Fund loan. The government contribution up to 31 December 2016 was 109.3% of the total amount planned over the lifespan of the Project. Beneficiary contributions have been significant through the provision of land, labour and materials, have been quantified in broad terms, and are 242% of project design expectations. In 2016, the most recent full year of implementation, the Project achieved 93.3% of its Annual Work Plan and Budget (AWPB) target. As of 31 March 2017, there had been no project expenditure from the 2017 budget for two main reasons. There have been changes of

¹ IFAD mission composition: Graeme Macfadyen, Team Leader and fisheries expert; Richard Abila, IFAD fisheries sector specialist; Sarah Hessel, IFAD Programme Officer; Sumaryo Soemardjo, Financial Management, Procurement and Audit; and Pari Bauman, Sociologist. The mission was led by Ron Hartman, IFAD Country Director. The IFAD team was accompanied during field visits by staff and consultants from the PMO, KKP, the Ministry of Finance, and BAPPENAS.

² 19 May was spent with PMO staff and consultants working on mission report Appendices after the wrap-up meeting.

³ IFAD performance ratings are: highly satisfactory (6), satisfactory (5), moderately satisfactory (4), moderately unsatisfactory (3), unsatisfactory (2), and highly unsatisfactory (1).

the names of the implementing agencies, and some changes in personnel at several PIUs (Merauke, Badung, Makassar and Pare-Pare), which required new *Surat Keputusan* (Decision Letter); this follows institutional changes in *KKP* and changes in the names of *Dinas KKP*. In addition during the early part of 2017 the Minister of *KKP* decided to partially cancel donor loan-funded projects, before agreeing in March to a continuation of the CCDP for the remainder of 2017 given its success and commitments made to IFAD, but with reduced IFAD funding. Subject to the Ministerial decision and any potential reversal, the Project began to disburse 2017 funds in April.

5. Under component 1, the Project is now active in 181 villages, in 56 sub-districts, and in 13 Districts/Provinces (including 12 implementing PIUs and the Badung, Bali Training Centre). 1,607 of the planned 1,800 enterprise groups have been formed (with good poverty targeting), and enterprise group savings increased significantly in 2016, albeit from a relatively low level. Facilitation of group activities has been good, and the project is on track to meet the component 1 outcome and output indicators in terms of enterprise groups operating and being financially viable. The skills of the infrastructure group individuals trained under CCDP are utilized at the village level for construction activities and they remain responsible for village-level investments, and VWG members are active as advisers to the village government. The Community Based Coastal Resource Management (CBCRM) groups have begun to be integrated into new eco-tourism and Integrated Coastal Management (ICM) planning, village-planning and funding processes, and in many cases have identified innovative revenue-generating activities in support of their sustainability.

6. Under component 2 there has been considerable progress since the last JRM. All 63 district-level investments have now been completed. Twenty-eight business plans have been prepared for priority investments, along with nine operational plans for smaller investments, and third party partners have been identified for all investments. Utilisation of 54 of 63 investments (86%) is rated by the Project Management Office (PMO)/Project Implementation Units (PIUs) as 'high' or 'medium'. However some investments are not yet in full use, and some third-party operators still require support from the Project to build their capacities. Supporting and expanding market links by village groups at both district and national levels will remain important until project completion, but many new marketing arrangements and outlets have already been realised. The Project has supported a large number of enterprise partnerships (100 marketing MoUs have been signed), and 101 halal certificates for CCDP products have been awarded to groups in 8 districts, along with 299 food safety certificates for enterprise group products (*Pangan-Industri Rumah Tangga (P-IRT)*).

7. Project management (component 3) is a particular strength of the Project as noted by earlier missions, with a well-designed and staffed project management structure at the PMO and PIU levels. The project team is preparing well for project completion in terms of an Exit Strategy. Further work is still required on documenting modalities for replication, and the Project Completion Report (PCR) must also be completed towards the end of 2017 once the AOS and RIMS survey has been completed. The impacts on implementation from the low disbursement in 2017 for the reasons stated above have been minimised due to the commitment to the Project shown by PMO and PIU staff, consultants and *TPDs* and their willingness to work without pay/honoraria during the early part of the year, but have understandably created implementation challenges.

8. The *KKP* Ministerial proposal for reduced funding for 2017 has important implications if not reversed. Unless *KKP*-funding is provided to match the shortfall or the decision reversed, it may not be possible for the target of 1,800 enterprise groups to be established unless other funds are identified for pre-formed groups that have been socialised by the Project. The Project will have less funding than anticipated to support the sustainability of component 1 and component 2 outputs and outcomes. A cut in funding will also have a negative impact on implementation of the Exit Strategy, and potentially on the credibility of the project staff and consultants in those communities which were socialised and promised funds at the end of 2016. This may evolve into a reputational risk for the *KKP/DKP* in project areas. In addition, the current budget for 2017 will mean a shortfall in disbursement by the end of the project. The PMO has calculated that if the recommendations of the Aide Memoire are to be implemented, the AWPB for 2017 should be IDR 23.4 billion for the loan, IDR 3.6 billion for the grant, and IDR 12.1 billion for the Spanish Trust Fund. By signing the FA, *KKP*

agreed to provide funding for defined activities including support to IFAD missions, AOS, RIMS and project completion documentation, as well as facilitating replication and scaling up of the project model. The Project Completion Review, to be undertaken at the end of this year, will assess and rate delivery against these commitments. The mission therefore recommends that at the minimum to meet financing agreement obligations, the IDR 39 billion estimated by the PMO for 2017 should be funded. Even better would be approval for the use of all project funds.

9. The Joint Review Mission (JRM) in May 2016 agreed a number of actions to be completed, and all have been implemented except for the revision of the COSTAB file which is not considered necessary. The JRM and a Joint Support Mission (JSM) in September 2016 also both made a large number of 'soft' recommendations which have almost all been acted on, reflecting both the value of the recommendations themselves and strong project management and implementation.

C. Outputs and outcomes

10. **Component 1. Community Empowerment, Development and Resource Management** is considered to be *satisfactory* (5). The intended outcome from the component is: *target households implementing profitable marine-based economic activities with no detrimental effect on marine resources*.

11. **Sub-Component 1.1 – Community Facilitation, Planning and Monitoring.** This sub-component is rated as *highly satisfactory* (6). The expected output is: *marine and fisheries households' development priorities identified, agreed and documented*. The sub-component facilitates a village participatory planning approach and provides the basis for implementation of all project activities within the community.

12. The Project is active in 181 villages (the total number planned) and up to 31 December had formed 2,169 groups consisting of 181 VWGs, 180 CBCRM groups, 181 infrastructure groups, 21 savings groups, and 1,607 enterprise groups. The planned expansion to the final target of 1,800 enterprise groups was progressing well with much of the socialization complete for the remaining groups (and planning for second-tranche funding for some existing groups) prior to the *KKP* decision to reduce project funding in 2017. A proposed reduction in funding will have repercussions not only for meeting project targets but also for beneficiary perceptions of the credibility of the planning processes, *TPDs* and PIU staff. The number of *TPD*'s per PIU is currently planned to be reduced to three from September, and *TPD* wages are below national (Jakarta) minimum wages. The fact that the Project is still on track to meet component 1 outcome indicators is a testament to the solid operational capacity that has been established. There is a potential risk that the Project will not form the targeted 1,800 enterprise groups due to the *KKP* proposal for reduced funding, however the logframe target is for 60% of groups to be operational and the latest enterprise group assessment records 84% of enterprise groups formed to date as operational. These assessments, conducted by the *TPD*'s against a predefined set of indicators, are a comprehensive review of social, administrative, technical and financial performance by the groups. Less than 4% of groups were considered 'failed' during the last assessment in 2016, whilst 27% and 25% had respectively moderate and good achievements, and 2% were considered mature, indicating that these enterprise groups have a high likelihood of being sustainable. The Project has supported good group functionality in administration, book-keeping and participation.

13. The Project has addressed all of the issues flagged in the last JRM, namely completion of training in new villages, finding a balance between continued support in old villages whilst scaling-up to new villages, and ensuring that new *TPDs* were fully integrated and capacitated. *TPD* performance is extremely good with high levels of commitment to project objectives, and they have established high levels of trust with the communities. Given the importance of the *TPDs* in supporting component 1 outcomes and supporting linkages with component 2 until the end of the Project, and in supporting the Exit Strategy and preparation of final project documentation/reporting, the mission recommends their deployment remains at full capacity at least until the end of October, with three per PIU until project completion, and that wages are increased to meet national (Jakarta) minimum wages.

14. The VWGs, CBCRM groups and infrastructure groups met by the mission are working well. The VWGs are playing a meaningful role in the coordination of enterprise groups and there is generally some cross-over between the VWG members and the village planning structures. The merging of the CCDP planning process into village planning and budgeting is a pillar of the Exit Strategy which is understood in principle at the village level, even though the practical implementation of this remains variable. The CBCRM groups have been integrated into Integrated Coastal Management (ICM) planning and funding processes which has been instrumental in building capacity and sustaining the unique contribution that the Project makes to the wider village planning process. Ordinances/decrees for ICM and community-based coastal management have already been completed for 19 coastal villages, with a target of 40 by the end of 2017 which will require funding by the Project if the target is to be achieved.

15. **Sub-Component 1.2 – Coastal Resource Assessment, Planning and Co-Management.** This sub-component is rated as *satisfactory (5)*. The expected output is: *community-based marine resource management areas being managed effectively*.

16. Progress since the last mission has included the formation of CBCRM groups in new villages so that 180 villages now have a CBCRM group, of which 75 were formed in 2016. In compliance with the May 2016 JRM agreed actions, the project recruited an Integrated Coastal Management (ICM) consultant based at the PMO who has prepared ICM best practice guidelines and collected and assessed all village-ICM plans against the guidelines. A total of 169 coastal resource inventories and village-based ICM plans have now been evaluated and developed based on the work of the Project and recommendations provided to PIUs, which is a major achievement considering there were only two ICM plans at the time of the Mid Term Review (MTR). The Project also engaged with a *KKP*-led initiative to develop district-level ICM plans in North Gorontalo, Lombok Barat, Bitung, and Kubu Raya.

17. While ICM plans are now developed and effort made to incorporate specific needs of the different villages, the key issue remains how to integrate CBCRM (and VWG and infrastructure) groups into both ICM and village-based planning (there is evidence that is already beginning to happen in some locations). Some progress has also been made in integrating CBCRM groups into new eco-tourism and Integrated Coastal Management (ICM) planning, village-planning and funding processes, and the mission had a chance to visit a few of the innovative revenue-generating activities in support of their sustainability including the 'Mangrove In Love' eco-tourism initiative in Langge, North Gorontalo, which is an excellent example of a win-win partnership between CBCRM, *Dinas* tourism, and the private sector to establish a revenue generating base. The initiative was financed with co-investment from the village fund (*Dana Desa*), the CCDP, local government and the community. The agreement includes a formula for revenue-sharing among the key stakeholders and contribution to the village's socio-economic development. The mission also noted that the CBCRM group in Kelurahan Lae Lae in Makassar was generating revenue from recycling activities, and observed that in Kelurahan Bira the CBCRM group is selling mangrove seedlings to the village authorities.

18. As observed by the last JRM, it is easier to establish such initiatives in new villages where CBCRM groups have just been formed and ICM plans and action plans are already being supported, than in older villages where CBCRM groups are in many cases more dormant and less involved in the preparation of ICM plans. The PMO continues to provide guidance and support for the development of the mechanisms needed to integrate VWGs, CBCRM and infrastructure groups into village programmes, and PIUs should encourage nomination of CBCRM-group members as *kewang* (environmental representatives in the village planning process). The last JRM recommendation for the inclusion of protected areas in ICM and village plans should be followed up, to renew the focus on achieving progress on the logframe indicator of "community-based marine resource management areas demarcated, declared and ratified (through *Perdes*, or *village ordinance*)". Nineteen of the target of 40 ordinances/decrees have been created (including *Perdes* and *Perda*), and the ICM consultant's 2017 work plan indicates providing support for PIUs to assist additional villages to officially declare marine resource management areas.

19. The Project has increased its involvement and support for eco-tourism, seeing this as a viable way to sustain the CBCRM groups. An eco-tourism consultant was provided by IFAD as suggested by the last JRM to assist with identifying opportunities and the best ways to integrate CBCRM groups (and other CCDP-groups) with eco-tourism activities, and ways to develop eco-tourism more generally. A number of villages have already embarked on activities in support of eco-tourism, with 30 eco-tourism investments made in ten Districts.

20. The risks and challenges for this sub-component highlighted by the JSM are still valid including: (i) the need to manage conflict and prevent dispute over rights, roles, and sharing of benefits, either through *Perdes* or MoUs; (ii) the need to agree MoUs with *Dinas* tourism and inform them about CCDP activities; and (iii) building capacity at the village level. The example of 'Mangrove in Love' shows that it is possible to reach a mutually supportive arrangement between CBCRM groups, village government, *DKP*, and *Dinas* Tourism.

21. **Sub-Component 1.3 – Market Focused Village Development.** This sub-component is rated as *satisfactory* (5). There are two expected outputs of this sub-component: (i) *financially sustainable community enterprises created under the Project*, and (ii) *community infrastructure implemented under the Project supporting marine-based economic activities in project villages*.

Savings groups and savings

22. The effort the PIUs/TPDs have made to follow the recommendations of the previous mission to increase the level of savings is commendable and will be important for supporting the sustainability of project investments. No new savings groups have been formed since the last JRM or JSM although group savings by enterprise groups has increased significantly from 635 groups with IDR 980 million, to 923 enterprise groups with IDR 1,615 million. The extent to which groups are now saving in banks or micro-finance under cooperatives has increased. The Project has supported group savings by enterprise groups over savings groups as these are more directly linked to economic activities and have an important role to play in supporting the sustainability of the groups as well as the financial security of individual members. The enterprise groups have been given the flexibility to decide on rules for savings, resulting in savings regimes that are tailored to the capacities and activities of each group.

23. Whilst the decision to support enterprise groups to save has a solid rationale, as noted above, the savings groups met by the mission have also performed very well. These savings groups provide loans to both CCDP and non-CCDP applicants and satisfy a critical demand for finance in the IDR 2-10 million range based on competitive terms and interest rates. The PIUs/TPDs have given the savings groups the flexibility to decide on terms and conditions of the loans, as well as the internal distribution of profits; the indications are that they are operating well and likely to be sustainable. The savings groups were noted to have the following additional benefits: (i) empowering women to manage and loan money; (ii) reducing dependence on informal money-lenders with high interest rates; and (iii) reducing the stress, domestic violence and exploitative fishing practices that are often linked to indebtedness. It will be important for documented replication strategies and knowledge management to capture project experience on savings groups and group savings.

Enterprise groups

24. The number of enterprise groups now stands at 1,607, indicating a small increase since the last JRM. This number is not expected to increase further unless appropriate funds for implementation are provided. Of these groups, 845 (53%) are capture fisheries groups, 337 (21%) are for processing, 250 (15%) for aquaculture, and 175 (11%) are marketing groups. While the financial viability of group operations will be assessed prior to project completion, current project models and anecdotal evidence provide optimism that more than 70% of enterprise group activities are financially viable and that incomes being generated are significant.

25. For many processing groups, distribution of product to market and the opening up of new markets in the Districts and further afield remains a challenge. This is understandable given the remoteness of many villages. The project strategy whereby component 2 supports access to markets

and thus group viability and sustainability remains highly valid, and is showing real benefits. Given the focus of *TPDs* on group cohesion rather than specifically on the transfer of technical skills to the processing groups, a challenge for the Project until completion is to continue to ensure sufficient technical support by marketing consultants and consulting expertise provided by the PMO, or other project partners (e.g. component 2 third party operators) in the form of coaching clinics, on issues such as standardising product quality, improving packaging, branding, etc. Such improvements will be critical in ensuring that groups can meet expectations of the market and thus benefit from new marketing opportunities being identified through component 2.2.

26. The mission observed that despite the suggestion of the JSM in 2016, while there has been some rationalisation of products in some Districts most groups produce the products identified during the initial market assessments completed by the Project. Recognising that the objectives for the production of different products may be related to more than just profit (e.g. utilisation of available raw material supply at different times of the year, the social value many women report of working/producing as a group), the mission suggests again that the marketing consultants work with enterprise groups and third party operators to assess whether the current mix of products is the most optimal in case modifications (rationalisation and/or diversification) are warranted. Given the limited time remaining under the marketing consultants' and *TPDs*' contracts, finalization of this task could be undertaken by PIUs and third party operators, while aided by consultants and *TPDs* as much as possible. Care should be taken however not to change current processing group products too much given the short time remaining before project completion i.e. changes may only be required in some cases and should be minimal in terms of disruption to current activities that might threaten sustainability.

27. Those in capture fishing groups and marketing groups continue to demonstrate especially good returns. This is partly because their operations are more regular and to a large extent the main means of income for those involved. Project investments in small boats and engines have provided hugely positive impacts in terms of the provision of assets to the poor which are generating significant incomes, even if in many cases while fishermen's operations individually are very sustainable there are few group activities (although some groups engage in group savings, sharing of assets, and collective arrangements for the marketing of fish). The mission observed linkages between fishing groups and component 2 infrastructure; for example in Buluwatu village fishermen are using the cold storage, to store fish and are buying ice for their fishing operations from the ice plant. Other issues for capture fishing groups are potential conflicts with other larger vessels, and the need for resource management activities to ensure sustainability of resources on which they depend.

28. While in general the aquaculture groups supported by the Project are working well (as evidenced by earlier missions and as assessed by the Project), the aquaculture groups consulted by the mission were generally not performing well, often because insufficient technical training had been provided but also due to the inherent risks of aquaculture. As a result many were not operational and had incurred losses from poor management, and unfamiliar technologies and species, sometimes experiencing total production losses. While seaweed aquaculture has performed better than fish aquaculture, it also experiences challenges with price fluctuations, weather issues and disease. There is a need to help fish farmers establish strong linkages with technical aquaculture support from relevant *DKP*, especially for marine aquaculture activities which face special challenges

29. **Component 2. District Support for Marine-Based Economic Development.** The performance in implementing this component is rated as *highly satisfactory* (6). The expected outcome is: *the expansion of economic opportunities in project Districts for sustainable, market-based, small-scale fisheries/marine operations*. The component comprises two sub-components as discussed below, which are aimed at supporting the Project's village-level interventions with complementary investments at the District-level. All outcome and outputs indicators are already being exceeded and are expected to exceed targets by project completion.

30. **Sub-Component 2.1 – District-Level Investment and Capacity Building.** This sub-component is rated as *highly satisfactory (6)*. The expected output is: *improved infrastructure and services supporting small scale fishing and marine activities established in the project Districts*.

31. All 63 infrastructure investments have been completed at the district level, and are supporting the activities of village enterprise groups. The Project has performed really well in all PIUs in identifying suitable operating partners for all of its 24 'priority' (i.e. larger) infrastructure investments, and adopting a flexible approach to implementation so that the investments made are demand-driven and meet the differing needs of the Districts. The make-up of the partners is 40% village groups, 25% private sector partners, 20% cooperatives and 15% government entities (e.g., *Dinas KP*). These partners are now assisting with production technology, finance and marketing, and all have signed MoUs for the operation of the investments made by the Project. The mission met several partners and was impressed with their involvement with the Project and their capacity levels. At the time of the mission, 28 business plans had been completed for the larger investments along with nine operational plans for smaller investments. An additional three business plans and 29 operational plans are under completion. The Project staff and consultants have been attempting to better engage the third party operators in the preparation of these business and operational plans, and the PMO value chain and business plan consultants have been working more closely together, as suggested by the JSM in September 2016. In many cases there remains a need to build the capacity of the third party operators (additional comment is provided on cooperatives in later text).

32. At the end of 2016, utilisation of 17 (71%) of 24 priority infrastructure investments was considered 'high' based on self-assessment by the PIUs (up from 63% in August 2016), utilisation of five (21%) priority investments was 'medium' (the same as in August 2016), and for only two was there 'no utilisation' (a cold storage plant in Kubu Raya because of a change in the project's third party operator, and an ice plant in Yapen due to some damaged equipment that is under repair). For the other 39 smaller investments, by the end of 2016, utilisation of 20 (51%) was 'high', for 12 (31%) it was 'medium', and seven (18%) were not being utilised. When considering both priority and smaller investments together, utilisation of 54 of 63 investments (86%) is currently 'high' or 'medium', far exceeding the logframe target indicator that "70% of facilities, services and infrastructure financed by the project operating/available, being maintained, and used by third party operators" (by the end of the Project). While ten investments are being better utilised than in August 2016, five are being less utilised, and the mission also noted during field visits that some investments could be more fully utilised. This highlights the need for the Project to continue to place great effort until completion on supporting the sustainable operation and maintenance of investments. Critical in this regard will be continued and active engagement with third party operators, and support for linkages between them and enterprise groups.

33. **Sub-Component 2.2 – Market and value chain support.** This sub-component is rated *highly satisfactory (6)*. The expected output from the sub-component is: *increased participation and earnings by small scale fishers and marine producers from prioritized high potential products in each project District*.

34. PIUs continue to follow the market opportunity and intervention strategies identified (based on earlier value chain, commodity and market assessments) and the road maps previously agreed. Many products not sold by enterprise groups prior to the Project now have market outlets at district, provincial and national levels, and the mission was really impressed with the linkages now evident between components 1 and 2 which have emerged as the project design had intended. Up to 31 March 2017, 513 processing and marketing groups had been formed with participation +/- 5,130 households; this equates to over 425 households per PIU participating in value chains not in existence prior to project inception, exceeding the outcome indicator of 300 additional households. Eighteen coaching clinics were completed in 2016 with more than one clinic completed in all 12 Districts, and the Project has continued to work on certification and the establishment of MoUs with sales outlets for enterprise group products. The output indicator for this sub-component is "48 MoUs signed (four in each district) between village level enterprise groups and third party buyers". All PIUs have exceeded the target of four MoUs and overall this target has been exceeded (by more than

double); 100 MoUs have been signed (66 with local buyers, 25 with regional buyers, seven with national buyers, and two with buyers selling internationally). One hundred and one halal certificates have been awarded to groups in eight districts, and 299 food safety certificates (*Pangan-Industri Rumah Tangga (P-IRT)*) issued for enterprise group products (with notable increases since both the last JRM, and the JSM in September 2016). The MoUs and certificates provide a sound basis for the sustainability of the market and value-chain linkages that have been successfully fostered by the Project. Districts that have not yet achieved any halal certification should strive to do so before project completion.

35. Cooperatives and private sector partners with which the Project has MoUs were judged by the mission to be functioning well, and will need to provide continued support to foster market linkages after project completion, taking over the role of the Project in doing so. The ability of these third parties to do so, and to continue to drive market development, is naturally variable between Districts and the parties concerned. Care should be taken to ensure that linkages between the third parties and the Project that are established and left to run after project completion, are mutually beneficial to the third parties and the project beneficiaries.

36. **Component 3 Project Management.** The implementation of this component is *satisfactory* (5) and reviewed under Section D below. The expected outputs are: (i) *PMO and 12 PIUs established and operating effectively* along with the Badung Learning Centre PIU; and (ii) *replication and scaling up of the Project facilitated*.

Agreed action	Responsibility	Agreed date
1. TPD contracts to be extended until the end of October 2017 for all TPDs, with extensions until December for 3 TPDs in each PIU	PMO/PIUs	15 July 2017

D. Project implementation progress

37. **Project Management** is found to be *satisfactory* (5). The project management structure consists of a national PMO; 12 PIUs and District Oversight Boards (DOBs); and a Learning Centre in Badung, Bali (which is also a PIU). The Project is nationally coordinated, but implemented primarily at the District and village levels with *KKP* as the Project's Executing Agency. At the District level CCDP is implemented through the *DKP*. Provincial and District oversight is provided through representatives of DOBs. PMO and PIUs are operating well, meeting logframe outcome indicator 3.1. The very strong management performance at both the national and district level is a key contributor to the project's success, ensuring a high level of understanding and motivation among all project participants. This was reflected recently when PMO/PIU staff, consultants and *TPDs* continued to work for several months without being paid due to the funding issues already mentioned. Communication and coordination within the PMO, as well as between the PMO and PIUs is excellent, with PIUs closely following the direction provided by the PMO. The PMO (staff, national consultants and strategically invited guests from *KKP* and other institutions) meets on a weekly basis and travels regularly to the field for meetings with the PIUs and beneficiaries. In addition, workshops and trainings bring different experts from all PIUs together. PIUs bring together project implementing partners in monthly meetings, and meetings between the *TPDs* and PIU staff and consultants are also regular and frequent. Communication on a variety of issues is held on a daily basis through WhatsApp groups, and the PMO uses innovative tools to ensure information transparency despite the diverse and extensive project area such as through a comprehensive Management Information System (MIS) (www.ccdp-ifad.org/MIS2) providing access to all project data and documents. Strong project management has been consistently reported by all earlier missions, and the high ratings provided throughout this Aide Memoire in large part reflect the strong project management performance.

38. Performance of PIUs – while varied at the beginning of implementation – has consistently improved throughout the project lifetime, also due to targeted coaching and support provided by the PMO. Performance enhancement is tracked through the project's "reward and punishment" system,

which ranks PIUs in three clusters based on a matrix of different performance criteria (such as disbursement against AWPBs and timeliness of reporting data to the PMO). The first ranking exercise resulted in four PIUs each in cluster 1, cluster 2 and cluster 3. In 2016, all PIUs ranked either in cluster 1 or 2.

39. In terms of the potential reduced funding available for 2017 as discussed above a project-wide approach is necessary as to how to convey this information to beneficiaries and partners in a way that provides sufficient justification and explanation so as to ensure that the credibility of the project staff and consultants is not undermined. The PMO should equip PIUs with the necessary approach and justification.

40. **Coherence between AWPB and Implementation for 2013-2016** is rated as *satisfactory* (5). During 2013, 2014, 2015 and 2016, the Project expended IDR 48,360 million, IDR 81,708 million, IDR 94,300 million and IDR 100,554 million; or 80.5%, 88.6%, 87.6% and 93.3% respectively of the 2013, 2014, 2015 and 2016 budgets. Full coherence was not achieved because of budget revision processes, cost efficiencies, and the changing government policy on disbursement mechanisms and procedures to provide funds (*Bantuan Langsung Masyarakat (BLM)*) to communities.

41. **Gender focus** is rated as *satisfactory* (5). Overall gender participation at 29% is near the gender target of 30%. Project management has taken a number of measures to ensure gender mainstreaming including a detailed study of gender outcomes in the Project, the preparation of a gender strategy, and a training module on gender for *TPDs*. Women's participation at the village level varies across the districts, being particularly high in Ambon (49%), Pare Pare (47%) and Kupang (39%), and low in Kubu Raya (11%), Gorontalo Utara (17%), Lombok Barat (18%) and Maluku Tenggara (21%). Village women continue to be well represented mainly in processing (84%), marketing (50%) and savings groups (90%) and the mission noted that the quality of their participation is generally high in terms of their organizational capacity, economic mobilization and ability and confidence to influence and contribute towards decision-making at the village level. In many cases women hold important positions within the village and they make up 31% of the PIU's DOB positions, 31% of PIU staff and 30% of the PMO. In addition, 67% of those attending PIU workshops and trainings were women, indicating a clear intention on the part of PIU's to empower women in coastal communities.

42. There was a clear and nearly unanimous indication from the women beneficiaries consulted during the mission that the Project has empowered them in both the public domain of decision-making and at the household level. There has been steady progress in gender outcomes from the start of the project until now, as reported in the 2015 AOS and as observed by the mission, as PIUs and *TPDs* have becoming increasingly skilled at identifying opportunities and modalities for supporting women to become active participants. The linkages that the Project has created between women's groups, and markets and cooperatives are particularly empowering as these expand the knowledge and information networks available to women. In Makassar, the Fatimah Azzarah cooperative has been especially active in addressing the immediate training and practical needs of women, as well as supporting awareness of their rights within the household and support for their safety in public areas such as fish landing sites. The coastal women's empowerment policy of *KKP* will support the sustainability of project progress on gender.

43. **Poverty focus** is rated as *satisfactory* (5). The Project has continued to deliver activities and resources that are targeted to the needs of the poor households within coastal communities. The demand-driven modality of the Project enables the households to identify activities that are within their capacities and that complement or support existing livelihood strategies without increasing their vulnerability. The 2015 RIMS and Annual Outcome Survey (AOS) captured some positive initial impacts on increased incomes and assets, as well as reduced malnutrition. This positive trend was anecdotally evident during the mission from beneficiary and *TPD* comments on the growing asset base of households in enterprise groups. In addition, linkages between different enterprise groups, such as those between capture fisheries, marketing, processing and savings, and linkages between component 1 and 2, further serve to reduce the vulnerability of group members.

44. **Effectiveness of targeting approach** is *satisfactory* (5). The Project has a thorough and effective targeting strategy, and the screening matrix for village and group selection, which has six variables to identify poor and vulnerable communities and households with the potential to benefit, has been followed in the scaling-up process completed since the last JRM. The mechanisms adopted to identify poor households, using both official categories and participatory assessments, appear to be effective. The mission observed some groups that were headed by those from households that were clearly not poor, however in each case they were able to contribute assets, capacities and networks that worked to the advantage of the group as a whole. At a project level, the targeting of resources between PIUs through the reward and punishment system, as well as the allocation of funds between villages and groups, continues to work well. The project target is to reach 70,000 households of which 19,800 households will be direct beneficiaries. The number of people reached so far is 18,500 direct beneficiary households (93% of the appraisal target) which include households involved in 1,607 enterprise groups, 181 infrastructure groups, 180 CBCRM groups and 20 saving groups. The VWG members are excluded as direct beneficiaries as there are no real benefits. There are 50,000 indirect beneficiary households targeted in the appraisal and the project has reached 75,000 households (150% of the appraisal target). These are households within the village and surrounding areas who use or benefit from 181 VICs and the other 570 village infrastructures and ecotourism facilities.

45. **Innovation and learning** is *satisfactory* (5). CCDP has shown innovation and generated learning opportunities both within the Project and for external audiences. Key innovations through the project life have included; (i) new processed fish products and aquaculture products such as seaweed, and the technologies underpinning such products, introduced in remote villages alongside creative marketing arrangements and approaches; (ii) a unique flexible project implementation approach allowing different approaches and development models to be tested, thereby garnering lessons and experiences for wider adoption; (iii) the use of social media platforms (e.g. Whatsapp) as a mainstream means for information exchange within the project and complementing the weekly Dashboard updates containing key performance indicators, as well as effective external communications of the projects successes through knowledge management products; (iv) a performance-based approach which provides incentives for better-performing PIUs in the form of additional funds while less performers are also assisted to overcome their handicaps; (v) incentives to motivate *TPDs* and create an environment where better performers are recognised and rewarded, for example with opportunities to attend training outside the village; (vi) web-based sales by enterprise groups; (vii) innovative use of partnerships; and (viii) identification of potential for co-investments between project funds and other financing sources e.g. *Dana Desa*, Bank of Indonesia (BoI), micro-finance.

46. Being a nationally spread project, there is opportunity for PIUs to learn from each other and also to draw lessons that can benefit other projects nationally and internationally. The project has been recognized and approached by other IFAD-supported countries and projects interested to learn from its innovations and experiences. The lessons go beyond technical implementation issues, and have been gathered in such areas as in the procurement of component 2 infrastructure by breaking down into smaller contracts, thereby speeding up the procurement process; procurement delays are one of the most common causes of problem projects for IFAD and many projects will pay attention to this lesson from CCDP and how it can be done differently. The project has devoted resources and effort to capture such lessons and experiences on how different approaches impact on poverty and gender. This culminated in the production of 15 booklets/guides specifically intended to capture lessons on different aspects including gender mainstreaming, market access and community mobilization strategy. The mission observed how the way community support is provided can influence key project outcomes. For instance it is clear that savings have been heavily influenced by whether the groups received collectively-managed assets or individually-owned assets; groups that received collective assets generally have maintained group savings while groups which received individual assets (such as the fishing groups) have tended towards individualized operations.

47. Climate and environment focus is *satisfactory* (5). As noted by earlier missions, the Project does not have an explicit focus on climate change mitigation or adaptation, but the project has

supported village and district level integrated coastal management, which includes protection areas, mangrove replanting, and other environmental activities such as establishment and surveillance of sea protection areas and rubbish clean up. The production of seaweed being enabled by the Project will result in carbon sequestration. In addition, the recent focus of the project on eco-tourism activities, in many cases coupled with environmental education, will serve to raise awareness of climate change and environmental issues. While some project activities (such as the provision of fishing engines) may increase carbon emissions, any negative project impacts in terms of climate change are negligible given the types and scale of inputs being provided to beneficiaries. The potential for the Project to increase the incomes of beneficiaries and access to finance, which has already been realised and documented in the 2015 AOS, will also serve to increase their adaptation and resilience to the impacts of climate change.

48. Partnerships are rated as satisfactory (5). The mission observed the continuation of strong partnerships initiated by the Project ranging from other Dinas, offices of Bupati and Wali Kota, BAPPEDA, to the BoI, and the Ministry of Cooperatives and SMEs. Investments by other Dinas offices complement and enhance the impact of project investment, particularly in terms of infrastructure development and P-IRT certification of processed products. Given the increasing importance of eco-tourism activities, the Project should take special care to further foster improved partnerships with Dinas Tourism. Partnerships have also been created with non-government parties such as universities, NGOs and other development partners. Partnerships with the third party buyers and operators of District-level investments have improved significantly and are found to be working effectively as already discussed. The Project has also been actively engaged with identifying and accessing funds available from private sector corporate social responsibility (CSR) programmes. Partnerships are a key pillar of the project's Exit Strategy. For the remaining project period, the focus should be on strengthening existing partnerships and building group capacities so that partnerships are sustainable.

49. Monitoring and Evaluation (M&E) is satisfactory (5). The project's MIS is kept up-to-date through a weekly dashboard, which has been appreciated by stakeholders, including the KKP planning division, as a reliable source of project data. Staff at all levels are involved with the provision of data and information for the M&E system, and earlier missions have provided additional information on the strength of the project's M&E. Transparency in performance, and the project's reward and punishment approach to PIUs based on M&E data, also generates healthy competition between PIUs to constantly improve performance. The survey for the final AOS and RIMS is underway, and has included questions (based on initiative shown by the PMO) to provide data required for various logframe output indicators, and are expected to be completed well in time for the project completion process. The PMO needs to share the Terms of Reference and survey questionnaire with IFAD for no objection.

50. Knowledge Management (KM) is highly satisfactory (6). The Project is applying a creative and extensive mix of tools and channels (WhatsApp, twitter, project website, publications, etc.) to ensure transparent access to and sharing of knowledge and information. In November 2016, CCDP organized a knowledge management workshop, as part of *KKP's* National Conference. This workshop brought together all PIUs, IFAD and other IFAD-supported projects. CCDP also contributed to IFAD's 2017 Portfolio Review in March 2017 and won the photo contest. Over the past year, the PMO broadened the focus from internal to a more external communication. At the time of the mission, a US-sponsored Media Tour visited the project site in Lombok Barat with 5 journalists from the Southeast Asia Region as well as representatives from the US Mission to the United Nations Rome-based Agencies. The Project has also hosted a number of delegations, including from India, the Netherlands and Pakistan, who wanted to learn about the project model. Recent communication products include (i) a booklet summarizing good practices and lessons learned produced by the PMO; and (ii) short videos showcasing project interventions and benefits by the PIUs. IFAD's Communications Division produced two further short video stories, which will be distributed to media in May and June 2017. As a result of the *KKP* proposal to reduce project funding, resources for KM activities are now very limited. The PMO should therefore develop a communications strategy for a targeted distribution of

those communications and KM materials already available, including identification of relevant stakeholders and appropriate channels to reach them to ensure the maximum reach of products developed.

51. The CCDP website, and particularly the web-based MIS, contains a wealth of information ranging from training materials to case studies. Since it is to be expected that no resources will be available to manage and maintain these pages after project completion, it could be integrated into the *KKP* website to ensure that these resources are available in the long term.

Agreed action	Responsibility	Agreed date
2. PMO to provide guidance to PIUs on how to communicate to project partners the reduced project funding for 2017	PMO	30 June 2017

E. Fiduciary aspects

52. Project expenditure and use of remaining funds. From project commencement up to 31 December 2016, the cumulative disbursement rate based on IFAD's data was 78.3% for the IFAD loan, 79.2% for the IFAD grant, and 90.1% for the Spanish Trust Fund loan. The government contribution up to 31 December 2016 was 109.3% of the total amount planned over the lifespan of the Project. Beneficiary contributions have been significant through the provision of land, labour and materials, have been quantified in broad terms, and exceed project design expectations. In 2016, the most recent full year of implementation, the Project achieved 93.3% of its Annual Work Plan and Budget (AWPB) target. Based on the actual disbursements as of 31 December 2016, amounts of WAs being prepared, unclaimed expenditures, recovery plan and the approved and reduced 2017 AWPB, it is estimated that the remaining IFAD funds under the IFAD grant and Spanish Trust Fund will be spent, but that approximately US\$ 2 million will remain undispersed under the IFAD loan.

53. Financial management is satisfactory (5). For the Financial Year (FY) 2016, the project expended 93.3% of the budget (IDR 107,786 million) and the total cumulative expenditures were 88.4% of the cumulative budgets (IDR 367,662 million). The mission visited PIUs and villages in Gorontalo Utara and Makassar districts, and based on a sample review of documents and discussions noted that in general, the financial filing system in PIUs and submission of monthly financial reports to the PMO are satisfactory. They have good filing systems and documents are easily retrievable. During the visits to villages, the mission noted that in general the community group's book keeping is quite good; cash books have records on transactions, and production books have the daily or weekly records of the volume of production, price of raw materials or production costs, value of the sales, and the profits.

54. 2017 AWPB. The 2017 Budget (DIPA) amounting to IDR 167.679 billion (including IFAD funds of IDR 165.009 billion) had been approved and issued by the Ministry of Finance. However, on 13 March 2017 KKP sent a letter to BAPPENAS and MoF proposing for a partial cancellation of the remaining IFAD funds. Government partner agencies are still discussing this proposal. In the meantime PMO prepared a revised AWPB of IDR 26.094 billion, and sent a request to IFAD for No Objection for this amount on 11 April 2017. The mission understands that BAPPENAS, through a Ministerial letter, has suggested to KKP that it reconsider the proposal as the CCDP has been so well implemented, so successful, and is a good model for replication. In addition, there have been changes to the names of the implementing agencies, and some changes in personnel at several PIUs (Merauke, Badung, Makassar and Pare-Pare), which required new SKs. These factors have resulted in implementation delays in 2017 activities, and up to March 2017 there had been no expenditures reported, but expenditures started in April. The Table below shows the comparison between the 2017 agreed budget (*DIPA*), the reduced budget as proposed by *KKP*, and the revised AWPB proposed by the PMO. In addition the PMO has since estimated that at the minimum to meet financing agreement obligations and the recommendations of the JRM, IDR 39 billion for 2017 should be funded.

Table 1: 2017 Budget Alternatives

	IFAD Loan (IDR '000)	Spanish TF (IDR '000)	IFAD Grant (IDR '000)	GoI (IDR '000)	TOTAL (IDR '000)
DIPA 2017	138,642,142	17,928,974	8,438,330	2,669,600	167,679,046
Proposed by KKP to BAPPENAS and MoF*	8,989,390	11,013,855	2,258,800	2,669,600	24,931,645
Draft 2017 AWPB **	9,763,650	12,965,650	3,365,100	2,669,600	28,764,000

Notes: * = to finance preparation of Exit Strategy, RIMS, AOS, TPDs, Consultants, and PCR. ** = Includes support for TPDs until December 2017, etc. as proposed by the PMO. This amount still under revision/review by the PMO.

55. **Disbursement** is rated as *moderately satisfactory* (4). Based on IFAD data, the level of cumulative disbursement from the funding sources as of 31 December 2016 is summarized in the following table, with a total disbursement rate of 76.0% (in US Dollar terms compared to Design Report), but was 81.1% in real terms given exchange rates. IFAD project disbursement profiles would suggest a typical disbursement rate of 90% at this stage.

Table 2: Loan and Grant Disbursement to 31 March 2017

Source of Funds	Allocated amount	Disbursed	%	Balance
IFAD Loan	SDR 15,870,000	SDR 12,431,051	80%	SDR 3,438,949
IFAD Grant	SDR 1,186,000	SDR 939,842	79.3%	SDR 246,158
Spanish Trust Loan	EUR 6,288,000	EUR 5,666,069	92%	EUR 621,931

Note: Data in this table exclude funds included in a final WA made for 2016. Including the final 2016 WA disbursement would have represented 79.75% of the loan, 93.17% for the grant, and 93.54% for the SPT.

56. **Unclaimed expenditures up to end of 2016.** The PMO informed the mission that there are unclaimed expenditures (some from 2014 expenditures) due to some errors and insufficient supporting documents. The amounts of unclaimed expenditures as of 8 May 2017 were as follows: (i) Loan fund at IDR 4.059 billion (US\$ 295,444 equivalent); and (ii) Spanish Trust fund at IDR 2.572 billion (EUR 179,405 equivalent). There are no unclaimed expenditures for the grant fund.

57. **Counterpart funds** are rated as *satisfactory* (5). Counterpart funds are provided from the national and local annual budgets (DIPA/APBN and APBDs) as well as the recurrent costs (government staff salaries and operations and maintenance of government facilities, etc.). Local governments also have an obligation to provide supporting funds (*Dana Penunjang*) from their respective local budgets (APBDs) in the amount of 10%, and the beneficiary contributions (in kind, such as provision of lands for infrastructures, building materials and labours) in the amount of 20%. Based on the available data, the estimated cumulative government counterpart funds and beneficiary contributions up to 31 December 2016 are summarized in the following table. The mission notes that the counterpart funds provided by APBN and APBDs in the 2013-2016 budgets amounting to IDR 37.8 billion were adequate to cover project activities during the first four years.

Table 3: Cumulative government and beneficiary contributions (2013 – 31 March 2017)

Government contributions (in US\$)						
Expected contributions at design (5 years)*	APBN (actual 4 years)	APBD (actual 4 years)	APBN + APBD (actual 4 years)	Recurrent costs (actual 4 years)**	Total govt. contributions (actual 4 years)	% (against expected)
7,100,000	2,224,719	789,208	3,013,927	4,745,376	7,759,303	109.3%
Beneficiary contributions (in US\$)						
Expected contributions at design (5 years)					Actual (4 years) ***	% (against expected)
2,100,000					5,092,771	242.0%

Notes: * Total government contributions of US\$7,100,000 include government recurrent costs (government staff salaries and operations and maintenance of government facilities) of US\$4,409,900 for 5 years. ** Government recurrent costs for 4 years are estimated at 80% of 5 year recurrent costs. *** Beneficiary contributions are higher than expected as they include price of lands provided by the community and will increase further as more village infrastructure is constructed in new villages.

58. Compliance with loan covenants⁴ is satisfactory (5). As stated in Section A para 2 of the Financing Agreement, the Fund's General Conditions for Agricultural Development Financing are annexed to the Financing Agreement, and all provisions thereof shall apply to the Financing Agreement. Most of the conditions have been met, and the non-compliance, for example delays in submission of annual financial statements to IFAD within the prescribed timeframe, are minor and do not significantly affect project implementation or achievement of the development objectives, or violate IFAD's statutory requirements.

59. Procurement is satisfactory (5). The mission conducted post-procurement reviews in the PIUs in Gorontalo Utara and Makassar of 12 contract documents, four for infrastructure constructions, three for procurement of goods (vehicles and equipment), four for consultant services (inventory of coastal resources at village level) and one for preparation of a success story . The mission found that procurement followed the agreed procedures. The mission also noted that the contract registers and asset registers were complete, and that all assets were marked with asset inventory identification code stickers.

60. Financial Statements. As mentioned in the General Conditions Section 9.02, the Borrower/Recipient shall deliver to the Fund detailed financial statements of the operations, resources and expenditures related to the Project for each Fiscal Year prepared in accordance with standards and procedures acceptable to the Fund and deliver such financial statements to the Fund within four (4) months of the end of each Fiscal Year. The mission notes that the 2016 Financial Statement has not been submitted to IFAD and should have been by 30 April, and the audited financial statements should be submitted in June 2017 along with the audit report.

61. Audit is rated as satisfactory (5). Audit reports from 2013 to 2015 have unqualified opinions. The FY 2016 audit is still being carried out by BPKP and will be completed by end of June 2017. The mission reminds PMO that as mentioned in the General Conditions, FY 2016 audit report should be submitted to IFAD by 30 June 2017. PMO informed the mission that all recommendations from the auditor have been followed up, and there are no outstanding funds that need to be returned to the State Treasury office.

62. Recovery plan. Based on the discussions during the mission, if the recovery plan needs to be revised to ensure that there will be no cash flow problem in the Special Accounts, further discussions will be held between PMO and IFAD.

63. Revised SOE format ("smart SOE"). The PMO started using the full "Smart SOE" from January 2017, PIUs are already familiar with this new SOE. However Badung, Lombok, Ambon and Maluku Tenggara did not attend the training in Denpasar.

64. **Project completion and closing.** 2017 is the project completion year and the financing closing date will be 30 June 2018. After the completion date and up to the closing date eligible expenditure will be limited to: (i) any remaining payment for activities that were finalised by completion date; and (ii) expenditure related to winding up the programme (such as limited operating costs and salaries of core staff if relevant, and audit related costs). The advances to the designated accounts must be fully justified by the closing date, or any outstanding balance refunded. To facilitate the transfer of the programme's assets within Government procedures, during the period leading up to closure IFAD recommends a formally documented inventory, identifying the assets' location and condition. All withdrawal applications should be submitted before the closing date. All expenditure incurred by the programme must also be audited before closure. The final audit report will cover expenditure incurred in the financial year 2018 up to closing date (30 June 2018). Outstanding observations in the audit reports related to the different years of the project implementation period should be settled prior to closure date, including the refund of any ineligible expenditure. The final audit report should be submitted to IFAD as soon as possible after closing date, to enable timely closure of the loan and grant accounts in IFAD's books and the re-amortisation of the loans. IFAD's General Conditions require the Borrower to retain the accounting records of the programme for a period of at least ten years after completion date, in a format and manner that will facilitate audit review as required.

Agreed action	Responsibility	Agreed date
3. Make submission for no objection for increased AWPB 2017 (if approved by KKP)	PMO, KKP, BAPPENAS	15 July 2017
4. Clear unclaimed expenditures up to 2016 so that WAs can be submitted to IFAD	PMO	15 July 2017
5. Submission of 2016 Financial Statement and Audit report	PMO, BPKP	30 June 2017

F. Sustainability

65. Institutional Sustainability is satisfactory (5). Project activities are aligned with local needs and have been integrated with local initiatives, increasing institutional sustainability - some village heads, for example, are already including CCDP groups into funding by the village funds, thus ensuring their access to funding beyond project implementation. This is good practice that should be encouraged among all village heads. Strong partnerships already discussed also enhance institutional sustainability. The majority of groups are operational and running profitably, are managed well, and are expected to continue activities beyond project completion. As already noted, any reduced project funding in 2017 may increase risks to institutional sustainability of the project groups and other institutional linkages. Groups whose institutional strength is judged as fragile but which have the potential to be sustainable should be prioritised for support by the Project until project completion.

66. Empowerment and social sustainability is satisfactory (5). The last JRM and this mission noted consistent progress in the capacities built of poor men and women, individually and collectively. The capacities of poor households to generate incomes have been developed and their organisations and communities strengthened. Coastal communities have received support in accessing wider policy and economic networks and many groups have pursued these proactively. The sustainability of community empowerment is an active concern at all levels of the Project. Considerable work has been directed towards the creation of a 'sustainability path' for community empowerment with the development of a road map that includes 30 different steps towards supporting the sustainability of progress in empowerment as part of the Exit Strategy. The project approach to targeting and bottom-up planning have received much policy interest and the KKP is developing institutional mechanisms for the approach to be replicated, further increasing the likelihood that gains made in empowerment will be sustainable.

67. **Economic/Financial, Technical and Environmental Sustainability** of the project results relies on steps already taken by the project, by ensuring that District and village-level investments are of high quality, a thorough screening of enterprise group proposals, and providing quality technical

support for the establishment and implementation of the enterprises. This foundation seems to be bearing fruit. In a recent PMO study 84% of enterprise groups were assessed as viable based on a number of factors, including continued production, market access, credit access and savings. Going forward these factors will remain vital to the sustainability of the enterprise groups and results. The project needs to continue to build capacity of the groups until project completion so that they will be able to produce quality and competitive products. Effective linkages with private sector component 2 operators will be essential for continued market access and technical support. The groups need to maintain savings to support sustainability and provide for technical and financial resilience.

68. Quality of beneficiary participation is satisfactory (5). There is a high level of ownership amongst beneficiaries and a good general understanding of the project objectives and the functions of the different community level institutions. Project activities are demand-driven and tailored to the specific needs of the beneficiaries and supported by beneficiary contributions of over US\$ 5 million, significantly higher than the US\$ 2.1 million targeted in the appraisal. The views of beneficiaries are sought and reflected in planning. The beneficiaries have been given a voice to express dissatisfaction with underperforming TPDs and PIUs have generally responded to these concerns by replacing or improving the TPDs.

69. Responsiveness of service providers is rated as satisfactory (5). The Project uses a wide range of service providers, especially in the form of private sector consultants and companies at both PMO and PIU levels, which are closely monitored for performance. Other short-term expertise is utilised by the project on a needs-basis, for example to conduct coaching clinics, specific studies, specific activities in the field, or to produce knowledge management outputs, with overall good or high quality. The main service providers are the TPDs; their performance has been closely monitored and the low TPD turn-over since the last JRM is a good indicator of solid performance. The positive performance and responsiveness of service providers is partly an outcome of strong project management with a clear vision of the services required and a clear allocation of responsibility for ensuring these services are delivered.

70. Exit Strategy is rated as satisfactory (5). The PMO and PIUs began work on the Exit Strategy as early as 2014, and the strategy is realistic exit and supported by all project stakeholders. It details institutional arrangements, ownership/management of investments, and post-project funding. Most recently, based on direction from the PMO at a workshop in Manado held 5 – 8 April 2017, all PIUs have developed Exit Strategies in the form of matrices with seven strategy 'pillars', and for each pillar a number of actions and partners appropriate to the specificities in the different Districts. These pillars are: (i) incorporating CCDP activities into KKP or other Dinas, Wali Kota and Bupati offices, and villages; (ii) merging CCDP activities and priorities into village planning and budgeting, including under Village Law (UU Desa No. 6/2014). This law includes provision for a BUMDES (village enterprise) based around village economic development and agriculture and natural resource management, and a village fund (Dana Desa) of around IDR 2 billion per village per year; (iii) involvement and participation of CBCRM groups in ICM and the marine eco-tourism development process; (iv) wider involvement and cooperation with third parties; (v) further development, operation and utilization of 12 cooperatives already established, including encouraging community group members and facilitators to become cooperative members; (vi) further strengthening of project groups; and (vii) increasing accessibility by groups to sources of finance - improving the savings and book keeping of groups is a key aspect of this item, as is ongoing work by the Project to engage with, private sector CSR, micro-finance institutions, and banks. Other activities underway by the PMO in readiness for project completion involve activities suggested by the JSM in September 2016, including the preparation of a variety of Knowledge Management products, and modification of the project website.

71. Given the recent and sudden change in *KKP* policy with regards to external loan assistance, it is fortunate that the Project has been so forward-looking from an early stage in articulating aspects of an Exit Strategy and that the strategy has been so well embedded in the approach towards project implementation. Nevertheless, the potential reduction in available funding for use by the Project in 2017 will impact on the ability of the PMO and PIUs to implement some activities (for example the Project had intended to provide operational funds to cooperatives this year). An additional challenge is

that strategies have to fit in with existing programmes of other agencies because it is difficult to influence the activities/programmes of other institutions such as the Ministry of Cooperatives and SMEs so that they are tailored exactly to project needs and timing.

72. While the use of cooperatives is just one element of the Exit Strategy, given the importance of cooperatives as part of the Exit Strategy some specific comment is warranted. Action on cooperative development since the last JRM, critical in supporting the sustainability of enterprise groups and ensuring good use and maintenance of the component 2 investments they are responsible for, has included assessment of cooperative performance, specification of necessary cooperative tasks, and capacity building support. Where there were suitable existing cooperatives the Project has been working with them. Where not, cooperatives have been legally established, so that there is now one key project cooperative in each District. The Project has been assisting cooperatives to gain access to Government financing and management assistance by supporting engagement with the financing directorate of the Ministry of Cooperatives and SMEs, with the KKP Business Capital Management Institution (Lembaga Pengembangan Modal Usaha), and with the BoI. Cooperative linkages are also being fostered with the Human Resources Development Agency of KKP. The JSM in September 2016 suggested the need to increase cooperative membership to aid the sustainability of both cooperatives and the groups whose members join them. Progress in this area has been made by some cooperatives and is expected to improve over the remainder of 2017 as the Exit Strategy is more comprehensively implemented, and the need for an increase in cooperative membership was also covered with all PIUs in the April Manado workshop with all PIUs. At the same workshop, a thorough review of CCDP's cooperative development programme was also covered.

73. The mission observed progress in cooperative capacity and engagement with the Project, but upskilling and increased human resource inputs for many of the cooperatives are still necessary if they are to provide the expected support to enterprise group sustainability and remain viable themselves. There is also still a need to expand the engagement by the cooperatives with project groups in many villages. Both tasks will be the responsibility of the value chain and business plan consultants in the PMO and the marketing consultants at the PIU level until project completion, and represent a key component of the Exit Strategy; given the specialist cooperative development skills needed, this will require extensive engagement with the Ministry/Dinas of Cooperatives and SMEs.

74. Replication⁵ is rated as moderately satisfactory (4). Less well articulated than the Exit Strategy is the process for replication, even though leaving behind a viable successful development model has been a key objective of the Project. The output indicator in the project logframe will not be met by the end of the Project (indicator 3.2: "At least 12 additional districts have commenced implementation of the CCDP approach and activities by the end of the project. The Project has been extended to at least 60 additional villages in the 12 project districts"). Nevertheless, the project team have been actively thinking about and discussing replication, and indeed have been piloting replication in Berau in East Kalimantan; technical support is being provided by the PMO to manage replication with funds provided by a Japan Fund for Poverty Reduction, and managed by the Asian Development Bank. This will provide valuable lessons for the government in how to support replication without IFAD support after the project. The mission also observed that in some Districts replication is also already emerging, with allocations having been made in village funding for CCDP-type activities and CCDP modalities being used for targeting and demand-driven investments. In Makassar, the PIU reported to the mission that the *DinaskP* office has changed its approach to development planning from a top-down to a bottom-up process, based on and as a result of the CCDP model, resulting in better outcomes and more effective use of funding. BAPPENAS is also planning to utilise/replicate the CCDP model for fisheries-related activities as part of Equity Economic Programme and its yearly planning in 2018 and 2019.

⁵ Note that this heading is deliberately changed from the IFAD template which refers to 'scaling up', as there was a specific scaling up process for the CCDP during 2016 and 2017 which related to the expansion of project activities into additional villages as part of a phased approach to the Project. The term 'replication' is used in this section to avoid confusion.

75. However there is as yet no documented output which describes in totality and succinctly how the CCDP model might be implemented in other Districts and villages after the Project. Relying on the use of village-level funds (or other sources of finance) is not sufficient in itself to ensure replication given the need not just for financing but also technical inputs and facilitation if the CCDP model, or a slimmed down version of it, are to be implemented post-Project without donor assistance. It is recommended that the project develop a specific output, with IFAD support if necessary, in the form of a 'replication implementation manual' (to be available in both English and Bahasa Indonesian) describing how to replicate the CCDP model. This should build on existing manuals, reports and KM products already prepared by CCDP, and focus group discussion with CCDP-Bupatis/village heads. It process could also gather declarations of interest from non-CCDP Bupatis who would be interested in having a CCDP-type of intervention in their district.

Agreed action	Responsibility	Agreed date
6. Replication implementation manual to be prepared as part of the project completion process	PMO, IFAD	30 October 2017

G. Other

76. Impact is rated overall as moderately satisfactory (4). Additional information on which to assess impact, over and above the 2015 AOS and RIMS studies reported by the MTR, will be available prior to the project completion process. The overall rating from the MTR is thus retained, and is informed by the ratings for specific impact areas which are also assessed as being unchanged from the MTR. The 2015 AOS and RIMS showed that the level of household welfare increased significantly from 2013 with significant movement between poverty quintiles and a general trend of increasing incomes as well as a reduction in extreme poverty. Further outcomes showed increased asset ownership and savings. The reports also showed a trend towards diversified income sources, a lesser dependence on moneylenders, and an increase in beneficiaries providing employment. Following the ratings in the MTR, impact on physical and financial assets is rated as satisfactory (5). Impact on food security is rated as moderately satisfactory (4). Impact on an increase in incomes is found to be satisfactory (5). Impact on the quality of natural asset improvement and climate resilience is found to be moderately satisfactory (4). Field visits confirm an overall good impact of the project and support an expectation that the Project will have the expected impact. Project beneficiaries increasingly can afford to save part of their profits as household needs are covered. Indirect benefits stem from infrastructure investments such as roads, jetties and VICs, which are utilized by the whole community, and serve as an economic trigger: eco-tourism investments, for example, have created additional business opportunities for small shops and boat rentals.

77. Policy impact. The Project is aiming to influence national fisheries and coastal resource management policy, for example through exposing policy-makers to the project's successes through visits, social media, and knowledge management products. There is interest in the project model by the President's office and other ministries including BAPPENAS and the Ministry of Village, and in feeding it into the development of BAPPENAS Strategic Vision 2045 and the 2020-2024 Medium-Term Development Plan. Recommendations related to replication above will serve to ensure increased policy uptake and impacts, and impact may be supported more internationally through a learning event in Rome organised by IFAD to show-case the project approach and successes.

78. Project Completion Report. A Project Completion Report will need to be prepared by the Government during the last quarter of 2017 and before the project completion date (as required in the Financing Agreement). This report will be validated by IFAD. Surveys are currently underway to support an AOS and RIMS, and the results will feed into the PCR. While responsibility for the PCR rests with the Government as the borrower, IFAD should be closely involved to provide capacity-building assistance and technical support⁶, and IFAD can provide funds for consultants to work alongside project staff and consultants to complete the PCR if requested by the Government. The

⁶ For example, preparing the TOR, planning of the completion process, identifying and recruiting consultants.

IFAD completion review guidelines include recommendations on methodology, structure, and the scoring system for performance assessment to be included in the PCR. Discussions should commence immediately between the Government/PMO and IFAD as part of the preparation process for the PCR, i.e. preparation of Terms of Reference, recruitment of consultants if necessary, and determination of the required level of IFAD's involvement, with the PCR mission being completed in October 2017 and the report ready by the end of November.

Agreed action	Responsibility	Agreed date
7. Agreement over roles, responsibilities and funding for preparation of Project Completion Report (PCR), and preparation of Terms of Reference	PMO, IFAD	31 July 2017
8. PCR Mission & then completion of the PCR	PMO, IFAD	30 October & 31 November 2017

H. Conclusion

79. The JRM found continuing good performance of the Project since both the last JRM in May 2016 and since the JSM in September 2016. This strong performance applies to all three components of the Project (component 1, community empowerment, development and resource management; component 2, district support for marine-based economic development; and component 3, project management). Both IFAD and BAPPENAS consider/rate the Project as being one of the best performing in their respective portfolios. The Project is preparing well for completion with a detailed and well-defined Exit Strategy; however some additional emphasis could be placed on documentation to support replication.

80. Despite the strong project performance, KKP proposed in March 2017 to reduce the use of IFAD loan funds during 2017. While the project's impacts and outcomes are still expected to be impressive on project completion at the end of 2017, unless KKP provides its own funds to allow for implementation as envisaged or reverses its decision, the reduction in funds will have consequences: (i) funds provided in the Financing Agreement will not be fully disbursed; (ii) the target number of beneficiaries will not be reached; (iii) risks for the sustainability of the strong outcomes/impacts of the project will be increased; (iv) challenges will be raised for implementation of the project's Exit Strategy; and (v) the credibility of project staff and consultants for the remainder of the Project will potentially be undermined given the socialisation already completed of new enterprise groups and promises already made to communities about additional funding and activities during 2017, that can now no longer be supported.

81. Some key issues requiring action include: (i) preparation of a Project Completion Report during the last quarter of 2017; (ii) a number of fiduciary actions before project completion, after project completion but before loan closing, and some obligations for the government after the closing date; and (iii) consideration of the funds to be provided for the Project's implementation until completion, to allow for implementation needs (for example retention of *TPDs* until at least the end of October 2017).

82. IFAD and the Government of Republic of Indonesia endorsed the findings of the mission.

Appendix 1: Summary of project status and ratings

Basic Facts

Country	Indonesia			Project ID	1621	Loan.	I-880-ID
Project	Coastal Community Development Project					Grant Trust Loan	I-C-1392 - ID E-16-ID
Date of Update	7 June 2017						
Supervising Inst.	IFAD/IFAD						
No. of Supervisions	5	No. of Implementation Support/Follow-up missions	4				
Last Supervision	May 2016	Last Implementation Support/Follow-up mission	Sep 2016				

					USD million	Disb. rate %
Approval	21-Sep-2012			Total financing	43.24	89.6
Agreement	23-Oct-2012	Effectiveness lag	1.1	IFAD Total	26.20	80
Entry into force	23-Oct-2012	PAR value	Not at risk	IFAD loan	24.20	80
First disbursement	14-Feb-2013			DSF grant		
MTR	Sept 2015	Last amendment		IFAD grant	2.00	79
Original completion	31-Oct-2017	Last audit	2015	Domestic Total	9.24	139.7
Current completion	31-Dec-2017			Beneficiaries	2.15	242.5
Original closing	30-Apr-2018			Government (National)	7.09	109.3
Current closing	30-Jun-2018			External Co-financing Total	7.80	85.9
No. of extensions	0			Spanish Fund	7.80	92

Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	5	5	1. Quality of project management	5	5
2. Acceptable disbursement rate	4	4	2. Performance of M&E	5	5
3. Counterpart funds	5	5	3. Coherence between AWPB & implementation	5	5
4. Compliance with financing covenants	5	5	4. Gender focus	5	5
5. Compliance with procurement	5	5	5. Poverty focus	5	5
6. Quality and timeliness of audits	5	5	6. Effectiveness of targeting approach	5	5
			7. Innovation and learning	5	5
			8. Climate and environment focus	5	5
B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Community empowerment and resource management	5	5	1. Institution building (organizations, etc.)	5	5
2. Support for Marine based economic development	4	6	2. Empowerment	5	5
			3. Quality of beneficiary participation	5	5
			4. Responsiveness of service providers	5	5

5. Exit strategy (readiness and quality)	5	5
6. Potential for scaling up and replication	4	4

B.5 Justification of ratings. Project is performing strongly on all activities, mainly due to strong project management, solid support by MMAF, high capacity in project staff. Further attention needs to be placed on sustainability and capacity of groups and to bring up weaker performing groups and districts.

Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	5	5
C.2 Food security	4	4
C.3 Quality of natural asset improvement and climate resilience	4	4
C.4 Overall implementation progress (Sections B1 and B2)	5	5
Rationale for implementation progress rating		
C.5 Likelihood of achieving the development objectives (section B3 and B4)	5	5
Rationale for development objectives rating The overall performance of the project is found to be satisfactory and already at mid-term, promising impact is visible. The project has solid prospects of achieving its DO.		
C.6 Risks <i>Short description of major risks for each section and their impact on achievement of development objectives and sustainability</i>		
Fiduciary aspects – key risks are: i) delays in the final KKP decision about funding to be available to the Project, and any reductions in funding that might finally be agreed. ii) failure to ensure all project expenditure necessary are made before project completion, and that the financial requirements for project completion and closing are adhered to		
Project implementation progress – key risks are those related to any a potential reduced budget for the last year of the project. Reduced funding represents a very significant risk to the project in terms of implementing its Exit Strategy and embedding the sustainability of project investments in groups, infrastructure and institutional partnerships that have already been achieved. A reduction in funding would also generate significant reputational and credibility issues for the project until completion		
Outputs and outcomes – Key risks are those described above for implementation progress. Reduced funding would mean the project is unable to reach the target number of beneficiaries, to form and support some enterprise groups that remain to be established following socialisation already completed, and to undertake a number of activities in support of outputs that are planned for 2017		
Sustainability – key risks to sustainability are: i) reduced budget for the last year of the project which is important for the Exit Strategy and for embedding sustainability prior to completion; and ii) a failure of KKP, Ministry of Village and other partners to provide necessary support that might still be required on project completion		

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
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Appendix 3 provides a summary of Agreed Actions. In addition, Technical Annex 3 to this report provides a full list of all additional suggested actions/recommendations contained in the Aide Memoire.

Additional observations:

The mission has deliberated extensively about all ratings above, but especially those rated 6. Text in the Aide Memoire justifies the high rating of 6 for some variables when considering the guidance provided in the PMD Supervision Notes.

Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs

The mission worked with the project to update progress against indicators where possible and provide additional detail on the means of verification for different indicators.

Narrative Summary	Key Performance Indicators	Means of Verification	Aggregated Progress
Goal:			
Reduction in poverty and enhanced, economic growth among the active poor in coastal and small island communities	<ol style="list-style-type: none"> 9 900 HHs with improvement in HH assets (<i>this represents 50% of the anticipated 19,800 HH in enterprise groups or savings groups</i>).* 40% reduction in the prevalence of child malnutrition. 	<ol style="list-style-type: none"> RIMS RIMS and studies to complement indicator-based data e.g. Annual Outcome Surveys (AOS) 	<p>1. Improvement in HH assets.</p> <p><i>RIMS 2017 scheduled for field data gathering in May 2017 and report completion in August 2017.</i></p> <p>RIMS 2015 survey data showed improvements from 2013 in all asset categories (% of HH with electricity, radio, TV, refrigerator, motorbikes, other vehicles, other electrical appliances, telephones).</p> <p>The project provided assets to 684 enterprise groups prior to the 2015 RIMS survey. This equates to 6,840 HH (10 persons per group) having experienced an increases in assets.</p> <p>2. Child malnutrition</p> <p>Underweight children - weight for age 2013: 34.0% Girls, 22.1% Boys 2015: 24.2% G, 21.0% B</p> <p>Chronic malnourished children - height for age 2013: 55.8% Girls, 51.2% Boys 2015: 41.2% G, 37.7%</p> <p>Acute malnourished children - weight for height 2013: 17.2% Girls, 16.7% Boys 2015: 15.0% G, 18.5% B</p>

Narrative Summary	Key Performance Indicators	Means of Verification	Aggregated Progress
Project Development Objective:			
Increased household incomes for families involved in fisheries and marine activities in poor coastal and small island communities	<ol style="list-style-type: none"> The value of marine and fisheries products sold by participating households has increased by an average of 30%, compared with the pre-project level of sales. Food security has improved, as measured by a decrease in the level of food shortage in the first period to 17.5% (from 34.2% at baseline) and to 5% in the second period (from 11% at baseline).* 	<ol style="list-style-type: none"> RIMS RIMS and qualitative studies to complement indicators e.g. Annual Outcome Surveys (AOS) 	<p><i>RIMS 2017 scheduled for field data gathering in May 2017 and report completion in August 2017.</i></p> <p>1. Previous year Annual Sales (RIMS) < IDR 2 million: 2013, 21.81%; 2015; 27.05% IDR 2 - 5 million: 2013 29.66%; 2015 16.73% IDR 5 - 10 million: 2013, 18.52%; 2015, 26.16% > IDR 10 million: 2013 13.01%; 2015 30.07%</p> <p><i>RIMS and AOS 2017 scheduled for field data gathering in May 2017 and report completion in August 2017.</i></p> <p>AOS 2015 showed average increases in income per month of 57.5% for project beneficiaries.</p> <p>2. Food security: RIMS data show</p> <ul style="list-style-type: none"> First 'hungry season': 2013 308 HHs (34.2%); 2015, 107 HH (11.8%) (duration 3.5 Month) Second 'hungry season': 2013 99 HHs (11.0%); 2015, 18 HH (2.0%) (duration 2.5 month) <p>AOS 2015 showed that HH unable to have 3 meals a day decreased from 13.3% in 2013 to 1.9% in 2015</p>

Narrative Summary	Key Performance Indicators	Means of Verification	Aggregated Progress
<p>Outcome 1: Project communities implementing profitable and sustainable marine-based economic activities with no detrimental effect on marine resources</p>	<ol style="list-style-type: none"> 60% of the project-funded enterprise groups are operating by the end of the project.* Analysis of enterprise group activities show that >70% of operational groups (in indicator 1) are financially viable.* Health of marine resources maintained or improved in 80% of areas managed by project. (as measured in terms of catch per unit of effort (CPUE) data).* 	<ol style="list-style-type: none"> To be assessed as part of project completion review for all groups. 'Operating' defined for groups as follows (and as reflecting seasonal limitation and issues): <u>Processing and handicraft groups</u>: have made savings or completed at least an average of one group processing or handicraft activity per week during the three months up to the date of assessment. <u>Capture fishing groups</u>: have made savings, or have organised sales as a group to traders/middlemen each week, for 3 months up to the date of assessment. <u>Aquaculture and seaweed groups</u>: have made savings or have fish in ponds or seaweed in the sea at the time of the survey or have harvested product during the 6 months up to the date of assessment. <u>Marketing groups</u>: have made savings or at least an average of one sales activity per week during the three months up to the date of assessment. <u>Savings groups</u>: have made loans or collected funds into group savings during the three months up to the date of assessment. To be assessed as part of project completion review using a stratified random sample of different enterprise groups by enterprise group type and district, based on a sample size of 20% of the total number of operational enterprise groups. PMO to do random sampling and instruct PIUs on the names of groups to be assessed. Financial viability defined as groups either making savings or operating profits based on an assessment of revenues and costs recorded in group records over the 3 months prior to the survey. CPUE district level data for gear types being used in the CCDP villages for the years 2012 to 2016 (or 2015 if 2016 data not available at the time of the project completion review). 	<p><i>The 2017 AOS will provide detailed information.</i></p> <p>Up to 31 December 2016, 1,607 enterprise groups had been formed. Of the total 57% (i.e., 923 groups) had established and were operating saving accounts with total deposits amounting to Rp 1.6 billion.</p> <p>Viability has not yet been measured based on a comprehensive statistically valid basis. However, indicative models and field interviews indicated that approximately 70% are financially viable (i.e., positive cash flow).</p> <p>CPUE data being collected and results made available in the later part 2017.</p>

Narrative Summary	Key Performance Indicators	Means of Verification	Aggregated Progress
Outputs:			
1.1 Marine and fisheries households' development priorities identified agreed and documented	<ol style="list-style-type: none"> 70% of fisheries/marine HHs in CCDP groups state CCDP activities (e.g. ICM plans, group proposals, village investments) represent their priorities. 50% of women in CCDP supported HHs state CCDP activities represent their priorities. 	<ol style="list-style-type: none"> To be assessed by inclusion of a specific question in the AOS in 2017. 'To what extent do CCDP village investments/activities represent your priorities (not at all, only to a limited extent, to a satisfactory extent, to a great extent, completely).' 'Representing priorities' to take top 3 of 5 categories. To be assessed as part of the AOS in 2017, using analysis of the question above by gender of respondent. 	<p><i>AOS 2017 not yet available, scheduled for field data gathering in May 2017 and report completion in August 2017</i></p> <p><i>AOS 2017 not yet available, scheduled for field data gathering in May 2017 and report completion in August 2017</i></p>
1.2 Community-based marine resource management areas being managed effectively	<ol style="list-style-type: none"> 40 community-based marine resource management areas demarcated, declared and ratified (through <i>Perdes</i>, <i>village ordinance</i>, <i>Perda</i>, <i>Peraturan wali kota/bupati</i>, <i>peraturan/keputusan lurah</i>, or <i>adat</i>).* All PIUs have Integrated Coastal Management Plans in place in at least 50% of all project villages.* 	<ol style="list-style-type: none"> District project quarterly reports; project M&E records; <i>Perdes</i>, ordinances, <i>Perda</i>, documented <i>adat</i>. Should be noted if management areas were existing before the project or are the result of project activities. ICM plans assessed during the completion review 	<ol style="list-style-type: none"> In May 2017 there were 19 decrees/ordinances. Other community-based marine re-source management areas are in the drafting process with a total of 40 planned to be completed by December 2017. PIUs have established ICM plans for 93% of villages. Of the total 181 villages covered by CCDP, 169 have village ICM plans.
1.3 Community enterprises created under the project	<ol style="list-style-type: none"> 1,800 enterprise groups established by the project following submission of proposals, review by DOBs and approval by PIUs.* 	<ol style="list-style-type: none"> District reports and project M&E records 	<p>1,607 enterprise groups have been established based on proposals reviewed by DOBs and approved by PIUs.</p>
1.4 Community infrastructure implemented under the project supporting marine-based economic activities in project villages	<ol style="list-style-type: none"> Two thirds of project-financed community infrastructure operating, being maintained, and being used by fisher/marine HHs, assessed 1 and 3 years after establishment. 	<ol style="list-style-type: none"> Project M&E records 	<p>A total of 181 Village Information Centres (VICs) and other 570 village infrastructures have been constructed financed by over 20% beneficiaries' contributions. Most (>90%) items are being utilised and maintained. On average they are in their 2nd year of operations (1 year and 3 years after establishment assessment date depends on construction dates).</p>
Outcome 2: Expansion of economic opportunities in project	<ol style="list-style-type: none"> An average of 300 additional households in each project district actively participating in product value 	<ol style="list-style-type: none"> Project M&E records and/or AOS. Each PIU to confirm that 300 households engaged with 	<ol style="list-style-type: none"> To be reported in project completion report. Up to 31 March 2017, 513 processing and marketing groups have

Narrative Summary	Key Performance Indicators	Means of Verification	Aggregated Progress
districts for sustainable, market-based, small-scale fisheries and marine operations	chains * 2. At least 4 third party buyers (e.g. supermarkets, processing companies, souvenirs shops, etc.) routinely buying CCDP products in each district, which were not doing so before the project.*	activities/products they were not doing before the project. Should include CCDP HH and non CCDP HH as intention of the component is to support both 2. PIUs to detail the names of 3rd party buyers in districts buying from CCDP groups. 'Routinely buying' to be defined by the PMO in a guideline based on the commodity e.g. seaweed every 45 days, tortilla chips once per week, etc.	been formed with participation approx. 5,130 HH. This equates to over 425 HH per PIU participating in value chains not in existence prior to project inception. 2. PIUs average having 8 third party buyers with all PIUs having a minimum of 4 third party buyers. The project completion report will contain full details.
Outputs: 2.1 Improved infrastructure and services supporting small scale fishing and marine activities established in the project districts	1. 70% of facilities, services and infrastructure financed by the project operating/available, being maintained, and used by third party operators (private operators, cooperatives, state-owned companies, SMEs).	PMO/PIU records. Measured separately for priority and secondary investments, and for each investment whether: i) not used at all during 3 months before survey, ii) partially used (defined as on average 1-3 days per week during 3 months before survey); or iii) fully used (defined as 4-5 days per week during 3 months before survey). Information on any specific investments not expected to be used regularly for particular reasons and with different criteria used, to be noted.40	Up to 31 March 2017, of a total of 63 major (priority and secondary) investments, 86% are operating. 63% (40 investments) are highly utilized, 22% (14 investments) moderately and 14% (9 investments) are not yet in use. Final tally is still under collection. Expectation is that all investments will be more fully utilized by year end 2017.
2.2 Increased participation and earnings by small scale fishers and marine producers from prioritized high potential products in each project district	1. 48 MoUs signed (4 in each district) between village level enterprise groups and third party buyers.*	PMO/PIU records	Up to 31 March 2017, 58 MoUs have been signed by PIUs with third party operators on behalf of enterprise groups. PIUs Makassar, N. Gorontalo, Ternate, W. Lombok, Kubu Raya, SE Maluku and Kupang have at least 4 MoUs each. PIUs Bitung, Ambon, Parepare and Merauke have less than 4 MoUs each. PIU Yapan has yet to sign a MoU. Final tally is still under collection.
Outcome 3: Project is managed efficiently and transparently for the benefit of the project's target HHs and communities	1. 80% of project funds are disbursed in a timely manner in line with targets set in AWPBs.	Project financial records	For the 2013 AWPB 80.5% of budgeted funds were disbursed. For the 2014 AWPB 88.6% of budgeted funds were disbursed. For the 2015 AWPB 87.6% of budgeted funds were disbursed. For the 2016 AWPB 93.3% of budgeted funds were

Narrative Summary	Key Performance Indicators	Means of Verification	Aggregated Progress
			disbursed.
Outputs: 3.1 PMO and 12 PIUs established and operating effectively	1. PMO and 12 PIUs have SKs and implement AWPBs and procurement plans as accepted by the GOI and IFAD, in a financially responsible and timely manner.* 2. 75% of project consultants and TPDs with contracts up for renewal, or reviews of performance on completion of contract assignments, assessed by PMO and PIUs as satisfactory.* 3. All PIUs (excluding Badung Learning Centre) evaluated by PMO to be either in category 1 (best) or 2 (good) in the project reward and sanction scheme.*	1. SKs, NOL AWPB and procurement plans, weekly dashboard, audit reports, withdrawal applications and disbursements. 2. Yearly performance evaluation of consultants and TPDs, contracts. 3. PMO annual assessment of PIU performance based on matrix of performance indicators	1. PMO and all PIUs have SKs 2. 2 PIU consultants were not renewed by the end of 2016, and one of them was already replaced by an assistant consultant. At the end of 2016, there were 175 TPDs. However, contracts will be extended for only 157 due to planned Exit Strategy reductions. 3. PIU performance was evaluated in 2016 and all PIUs were found to be in either Category 1 or 2.
3.2 Replication and scaling up of the project <u>facilitated</u>	1. A national level workshop held with relevant partners to identify appropriate new districts for implementation of CCDP models during the last year of the project. 2. All 12 PIUs hold a district level workshop with relevant partners to discuss potential replication of CCDP models in existing CCDP districts during the last year of the project. 3. PMO to support actual replication in at least 1 new district	1. Workshop reports and minutes 2. Workshop reports and minutes 3. PMO records	1. Work in progress 2. Not yet applicable. 3. Project has started support for replication in Berau district.

Indicators, where relevant, will be disaggregated by gender. Indicators with an * represent those modified during the MT

Appendix 3: Summary of key actions to be taken with agreed timeframes

Action Area	Action Agreed	Date	Whom
Outputs	1. Replication implementation manual to be prepared as part of the project completion process	30 October 2017	PMO, IFAD
Project implementation	2. TPD contracts to be extended until the end of October 2017 for all TPDs, with extensions until December for 3 TPDs in each PIU	15 July 2017	PMO/PIUs
	3. PMO to provide guidance to PIUs on how to communicate to project partners the reduced project funding for 2017		
Fiduciary	4. Make submission for no objection for increased AWPB 2017 (if approved by <i>KKP</i>)	15 July 2017	PMO, KKP, BAPPENAS
	5. Clear unclaimed expenditures up to 2016 so that WAs can be submitted to IFAD	15 July 2017	PMO
	6. Submission of 2016 Financial Statement and Audit report	30 June 2017	PMO, BPKP

Appendix 4: Physical progress measured against AWP&B, including RIMS indicators

Component / Sub-component or Output				<u>Physical (whole of 2016)</u>			<u>Financial: 1 Jan to 31 Dec 2016 (Rupiah)</u>			Cumulative (Rupiah)	Appraisal Target (Rupiah)	
				Indicator	Unit	Target	Actual	%	AWP&B			
Component 1. Community Empowerment, Development and Resource Management							77,067,656,000	72,939,372,856	94.64			
1.1	Community Facilitation, Planning and Monitoring	RIMS 1 st Level										
		Village /community plans formulated	Plans	72	73	101%						
		Logframe					18,394,580,000	17,000,023,423	92.41			
		1. 70% of fisheries/marine HHs in CCDP groups state CCDP activities represent their priorities	Fisher/marine HHs									
		2. 50% of women in CCDP supported HHs state CCDP activities represent their priorities	Village Women in CCDP HH									
1.2	Coastal Resource, Assessment, Planning &	RIMS 1 st Level										
		Environmental management plans formulated	Plans									

	Co-Management	CBCRM activities	units									
		Logframe					12,121,256 000	10,778,525,183	88.92			
		1. 40 community-based marine resource management areas demarcated, declared and ratified (through <i>Perdes</i> , village ordinance, <i>Perda</i> , or <i>adat</i>).	Marine Management Areas									
		2. All PIUs have Integrated Coastal Management Plans in place in at least 50% of all project villages	PIUs having 50% of villages with plans	12	12 (169 or 93% villages have ICM plans)	100%						
1.3	Market Focused Village Development	RIMS 1st Level										
		2nd tranche fund (for enterprise groups)	Groups	216	196	91%						
		Logframe										
		1,800 enterprise groups established by the project following submission of proposals, review by DOBs and approval by PIUs.	Groups	360	495	137%						
		RIMS 1st Level					46,551,820,000	45,160,824,250	97.01			
		1. Other productive infrastructure constructed / rehabilitated	Infrastructures	122	370	303%						

		2. Other social infrastructure constructed / rehabilitated (village information center)	Infrastructures	73	73	100%						
		Logframe										
		1. Two thirds of project-financed community infrastructure operating, being maintained, and being used by fisher/marine HHs, assessed 1 and 3 years after establishment	% of infrastructures	66%	>90% (estimate)	136%						
Component 2. District Support for Marine-based Economic Development							14,809,854,000	13,124,622,534	87.44			
2.1	District Level Investment & Capacity Building	Logframe										
		70% of facilities, services and infrastructure financed by the project operating/available, being maintained, and used by third party operators (private operators, cooperatives, state-own companies, SMEs)	Facilities and infrastructures	44 (70% of total of 63 investments)	54 (85%)	121%	8,409,007,000	7,620,494,947	90.62			

2.2	Market and Value Chain Support	Logframe										
		48 MoUs signed (4 in each district) between village level enterprise groups and third party buyers.	MoUs	48	56	117%	6,400,847,000	5,504,127,587	83.39			
Component 3. Project Management							15,708,657,000	11,882,273,893	75.64			
3.1	Project Management	RIMS 1 st Level										
		Government officials and staff trained	Persons Trained									
		Logframe										
		1. PMO and 13 PIUs have SKs and implement AWPBs and procurement plans as accepted by the GOI and IFAD, in a financially responsible and timely manner.	SKs	14	14	100%						
		2. 75% of project consultants and TPDs with contracts up for renewal, or reviews of performance on completion of contract assignments, assessed by PMO and PIUs as satisfactory.	Consultant	39	38	97%						
			TPD	180	175	97%						

		3. All PIUs (excluding Badung Learning Centre) evaluated by PMO to be either in category 1 (best) or 2 (good) in the project reward and sanction scheme.	PIU	12	12	100%						
		Logframe										
		1. A national level workshop held with relevant partners to identify appropriate new districts for implementation of CCDP models during the last year of the project.	workshops									
		2. All 12 PIUs hold a district level workshop with relevant partners to discuss potential replication of CCDP models in existing CCDP districts during the last year of the project.	workshops									
		3. PMO to support actual replication in at least 1 new district	districts	1	1	100%						
		Total					107,586,167,000	97,946,269,283	90.87			

Appendix 5: Financial: Actual financial performance by financier; by component and disbursements by category

as of 31 December 2016

Table 5A: Financial performance by financier

Financier	Approval (US\$ '000)	Disbursements (US\$ '000)	Per cent disbursed
IFAD Loan	24,200	17,807	73.58
IFAD Grant	2,000	1,342	67.10
Spanish Trust Loan	7,800	6,697	85.86
Beneficiary Contribution	2,100	5,093	242.51
Government	7,100	7,759	109.29
Total	43,200	38,699	89.58

*Note: Beneficiaries' contribution is in the form of value of land, materials and labour provided by community for infrastructures
Government commitment of \$7.1 million include government staff salaries, allowances and maintenance of govt. facilities of \$4.4 million which are not budgeted in AWPBs.
Disbursement of IFAD loan and grant and Spanish Trust loan include initial deposits with the balances in SA are US\$2,128,216; US\$373,060;and EUR443,977 respectively*

Table 5B: Financial performance by financier by component (in US\$ '000)

Component	IFAD Loan			IFAD Grant			Spanish Trust Loan			Beneficiary Contribution			Government			Total		
	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%
1 – Community Empowerment, Development, and Resource Management	16,696	11,056	66.2	2,000	-	-	5,073	4,452	87.8	2,100	5,093	242.5	1,654	-	-	27,523	20,601	74.9
1.1 – Community Facilitation, Planning, and Monitoring	1,338	997	74.5	-	-	-	4,459	2,407	54.0	-	-	-	105	-	-	5,901	3,404	57.7
1.2 – Coastal Resource Assessment, Planning, and Co-Management	4,254	1,650	38.8	-	-	-	614	932	151.8	-	-	-	512	-	-	5,379	2,582	48.0
1.3 – Market Focused Village Investment	11,104	8,409	75.7	2,000	-	-	-	1,113	-	2,100	5,093	242.5	1,038	-	-	16,242	14,614	90.0
2 – District Support for Marine-Based Economic Development	5,236	3,295	62.9	-	-	-	1,989	1,574	79.1	-	-	-	696	-	-	7,921	4,869	61.5
2.1 – District Level Investment and Capacity Building	2,409	2,727	113.2	-	-	-	166	313	188.4	-	-	-	177	-	-	2,752	3,040	110.5
2.2 – Market and Value Chain Support	2,827	568	20.1	-	-	-	1,823	1,261	69.2	-	-	-	519	-	-	5,169	1,829	35.4
3 – Project Management	2,268	2,348	103.6	-	1,375	-	738	921	124.8	-	-	-	4,750	7,759	163.3	7,756	12,404	159.9
Total	24,200	16,699	69.0	2,000	1,375	68.8	7,800	6,948	89.1	2,100	5,093	242.5	7,100	7,759	109.3	43,200	37,874	87.7

Table 5C-1: IFAD loan disbursements (in SDR)

Loan		Alloc	Disb	Balance	% Disbursed	Pending		Total pending	Total Disb & Exp	Balance	% Disbursed
						Submitted W/A	Exp. not yet submitted				
I	Vehicles, Materials, and Equipment	1,380,000	1,080,193	299,807	78.27%	56,871	-	56,871	1,137,064	242,936	82.40%
II	Training and Workshop	3,530,000	1,083,995	2,446,005	30.71%		-	-	1,083,995	2,446,005	30.71%
III	Studies and Surveys	-	-	-		-	-	-	-	-	-
IV	Technical Assistance	-	-	-		-	-	-	-	-	-
V	Consultancy Services	870,000	565,597	304,403	65.01%	-	-	-	565,597	304,403	65.01%
VI	Community Enterprise and Infrastructure Fund	8,010,000	5,392,593	2,617,407	67.32%	283,673	-	283,673	5,676,266	2,333,734	70.86%
VII	District Fund for Supporting Small Scale Fisheries	2,080,000	1,605,720	474,280	77.20%	206,154	-	206,154	1,811,874	268,126	87.11%
VIII	Unallocated	-	-	-	-	-	-	-	-	-	-
	Initial Deposit	-	2,702,952	-2,702,952	-	-320,821		-320,821	2,382,131	-2,382,131	-
	Total	15,870,000	12,431,050	3,438,950	78.33%	225,877	-	225,877	12,656,927	3,213,073	79.75%

Note: There was a balance in SA = US\$2,128,216.30

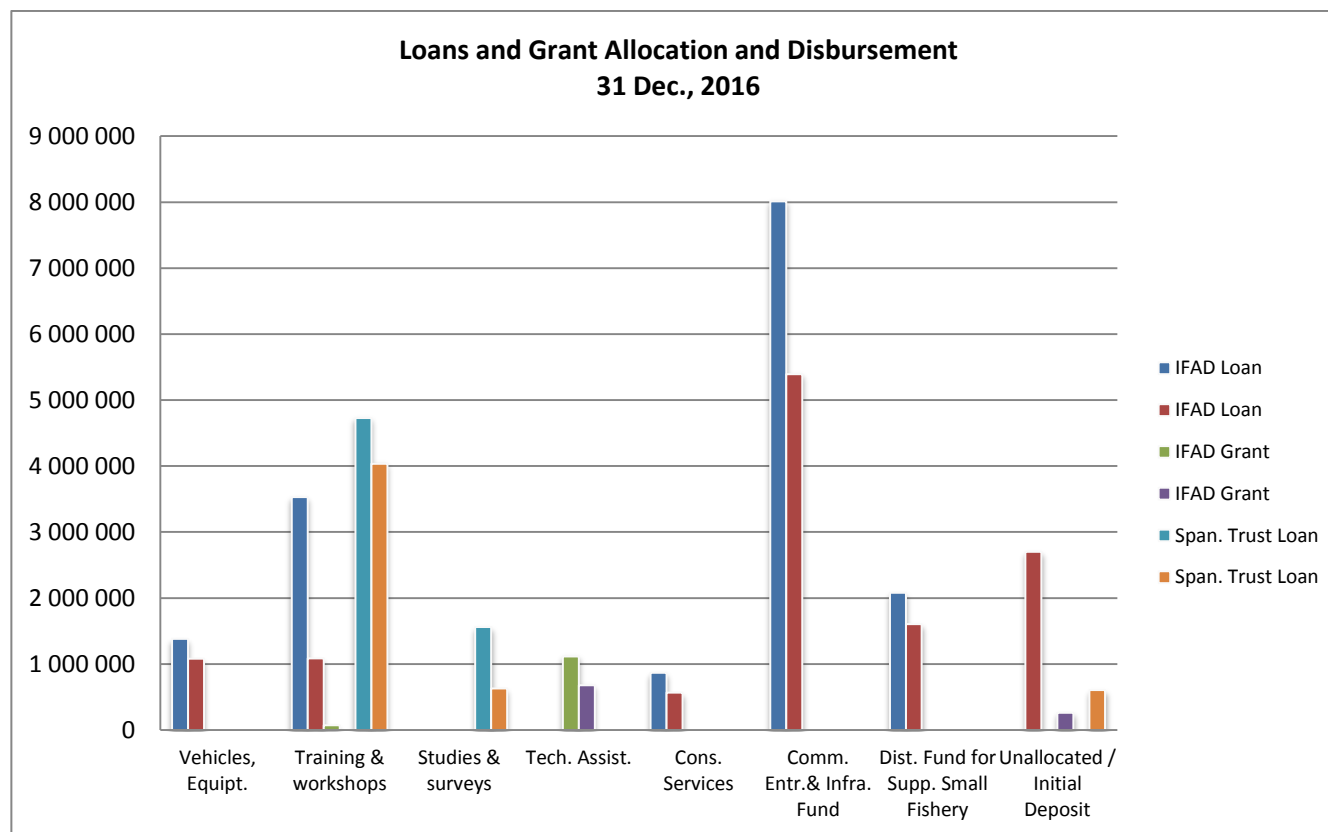
Table 5C-2: IFAD grant disbursements (in SDR)

Grant		Alloc	Disb	Balance	% Disbursed	Pending		Total pending	Total Disb & Exp	Balance	% Disbursed
						Submitted W/A	Exp not yet submitted				
I	Vehicles, Materials, and Equipment	-	-	-	-	-	-	-	-	-	-
II	Training and Workshop	72,000	-	72,000	-	-	-	-	-	72,000	-
III	Studies and Surveys	-	-	-	-	-	-	-	-	-	-
IV	Technical Assistance	1,114,000	677,652	436,348	60.83%	171,492	-	171,492	849,144	264,856	76.22%
V	Consultancy Services	-	-	-	-	-	-	-	-	-	-
VI	Community Enterprise and Infrastructure Fund	-	-	-	-	-	-	-	-	-	-
VII	District Fund for Supporting Small Scale Fisheries	-	-	-	-	-	-	-	-	-	-
VIII	Unallocated	-	-	-	-	-	-	-	-	-	-
	Initial Deposit	-	262,190	-262,190	-	-	-	-	262,190	-262,190	-
	Total	1,186,000	939,842	246,158	79.24%	171,492	-	171,492	1,111,334	74,666	93.70%

Table 5C-3: Spanish Trust Loan disbursements (in EURO)

Spanish Trust Loan		Alloc	Disb	Bal	%	Pending		Total pending	Total Disb & Exp	Bal	%
						submitted W/A	exp not yet submitted				
I	Vehicles, Materials, and Equipment	-	-	-	-	-	-	-	-	-	-
II	Training and Workshop	4,728,000	4,035,688	692,312	85.36%	440,968	-	440,968	4,476,656	251,344	94.68%
III	Studies and Surveys	1,560,000	630,381	929,619	40.41%	171,040	-	171,040	801,421	758,579	51.37%
IV	Technical Assistance	-	-	-	-	-	-	-	-	-	-
V	Consultancy Services	-	-	-	-	-	-	-	-	-	-
VI	Community Enterprise and Infrastructure Fund	-	-	-	-	-	-	-	-	-	-
VII	District Fund for Supporting Small Scale Fisheries	-	-	-	-	-	-	-	-	-	-
VIII	Unallocated	-	-	-	-	-	-	-	-	-	-
	Initial Deposit	-	1,000,000	-1,000,000	-	-396,253	-	-396,253	603,747	-603,747	-
	Total	6,288,000	5,269,816	1,018,184	90.10%	215,755	-	215,755	5,881,824	406,176	93.54%

Note: There was a balance in SA = EUR 443,976.53



Statement of Expenditure (SOE) Review

During the field visits to North Gorontalo District and Makassar City PIUs, the mission reviewed some samples of expenditure documents under the SOE threshold for expenditures made in end of 2016, which include SPM (request for payment), SP2D (instruction to make payments/disburse), the respective receipts and the supporting documents such as contract documents and minutes of goods/service delivery. These financial documents are parts of the monthly financial reports prepared by PIUs to PMO as the basis to prepare Withdrawal Applications (WA). Due to the limited time available, the mission was not able to review SOE at PMO.

Key findings of SOE review are summarized as follow:

- All payments reviewed followed the government procedures where all necessary steps and procedures have been carried out accordingly.
- Adequate supporting documents for each payment voucher were available.
- Each payment voucher (SP2D) includes information on which component/sub-component and category which facilitates preparation of WAs by PMO. There mission did not find any category errors.
- All payment documents reviewed are eligible as the mission could not find any ineligibility of expenditures.
- Both PIUs were already familiar with "Smart SOE" procedures after the training in Denpasar.
- PMO started using the "Smart SOE" in beginning of 2017
- Based on the review, the SOE thresholds are adequate and as indicated in the overall Fiduciary Risk Assessment, it reflects a low (L) risk.

The following table shows the SOE review checklist.

Checklist

	SOE Element	Comments
1.	Are the expenditures properly accounted for in the books and financial reports of the project, and can they be cross-referenced in the SOE to relevant documentation (e.g. vouchers)? Does presentation of information in the SOEs allow for ready access to the files for review and audit purposes?	Yes, they follow the government financial procedures which have adequate controls.
2.	Are all the invoices stamped Paid?	Yes
3.	<p>(i) Review documentation supporting payments and for all cases described in (ii) through (iv) below, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a signed contract or confirmed purchase order – showing the specified amount that is due to be paid ✓ evidence of receipt, invoice or performance ✓ a bank guarantee for advance payment, as specified in the contract documents ✓ a bank guarantee for performance, as specified in the contract documents ✓ copies of communications sent by the IFAD country programme manager to the lead project agency providing the 'no objection' (whether post or prior) to the 	<p>Yes</p> <p>Yes</p> <p>Contract documents reviewed were for small contracts where advance payments were not required.</p> <p>Copies of NOLs for prior review contract awards are available at PMO.</p>

	SOE Element	Comments
	<p>contract award; and</p> <ul style="list-style-type: none"> ✓ evidence of payment/bank statements ✓ accounting records of approvals, disbursements, and balances available ✓ procurement documents (bid documents, invitation, evaluation, award, add in a newspaper), if applicable. ✓ for recurrent costs (operation cost and PIU staff salaries), ensure existence of recurrent costs records <p>(ii) For payment of goods, in addition to (i) above, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a supplier's invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices ✓ bills of lading or similar documents; and shipping or import documents and inspection certificates , if applicable ✓ a certificate of delivery, as appropriate, to include condition of goods on delivery. <p>(iii) For payment of consultants' services and other services, in addition to (i) above, ensure the existence of:</p> <ul style="list-style-type: none"> ✓ the supplier's or consultant's claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and ✓ a certificate of delivery, as appropriate, of satisfactory services. <p>(iv) For progress and retention payments of civil works, in addition to (i) above, ensure existence of :</p> <ul style="list-style-type: none"> ✓ a claim by the contractor, including a financial progress report, stating the work performed and the amount due; ✓ a certificate – signed by the project consultants or owner's representative, if any, or by the borrower's chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work 	<p>Available</p> <p>Available</p> <p>Available</p> <p>Available in the Agency's general financial or expenditure documents, separate from project financial records.</p> <p>Available</p> <p>N.A (small contracts all from local suppliers)</p> <p>Available</p> <p>Available in PMO as consultants are contracted by PMO. There is no importation of goods.</p> <p>Available, as part of requirement to extend the contracts.</p> <p>Progress payments are based on the work progress certified by the supervision consultants</p> <p>Available</p>

	SOE Element	Comments
	<p>performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and</p> <p>✓ a copy of the contract payment monitoring form (Form C-11) signed in original by the certifying officer.</p> <p>(v) Credit lines/equity:</p> <p>✓ review Subsidiary Agreement with the Project Party (i.e. Micro Finance Institutions, banks, equity companies etc.)</p> <p>✓ review documentation evidencing proof of activities as described within the Subsidiary Agreement and/or any sub-agreement</p> <p>review bank statement(s) recording funds flow</p>	<p>N.A</p> <p>N.A</p> <p>N.A</p>
4.	Question to address in review are:	
4.1	Is the documentation readily available?	Yes
4.2	Does it indicate that the expenditure was approved by an authorized official?	Yes
4.3	Is it in original form?	Available in original and copy forms.
4.4	Does it relate to the project concerned?	Yes
4.5	Are the computations correct and are there any errors or alterations?	Yes (from the documents reviewed)
4.6	Are the type of costs charged appropriate for the category and have the disbursement percentages been used correctly?	Yes
4.7	Are there any duplicate invoices?	No
5.	Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements.	Expenditures reviewed are eligible
6.	Determine whether any payments were made in advance of receipt of good or delivery of services, and if so, is this consistent with contract provisions?	Payments are consistent with contract provisions
7.	Payments exceeding defined SOE limits should be fully supported with related documentation.	Yes

	SOE Element	Comments
8.	<p>Check for payments for items that are not procured in accordance with the legal agreements or signed contracts, such as:</p> <ul style="list-style-type: none"> ✓ Payments for items not specified in the Financing Agreement and the AWPB, including the procurement plan approved by IFAD; ✓ Payments made prior to credit signing or before the eligible date specified for retroactive financing; ✓ Commitments made before completion date (excluding winding up expenditures) and payments made for the expenditures incurred after closing date; 	<p>N.A</p> <p>N.A</p> <p>N.A</p>

Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
FA - Section B.7	Borrower to open three Designated Accounts at Bank of Indonesia for the benefit of the Lead Project Agency, one in USD for the IFAD Loan, one in USD for the IFAD Grant and one in Euro for the Trust Loan.		Complied with.	Immediately after effective
FA - Section B.8	The Borrower shall provide counterpart financing for the Project in the amount approximately USD 7.0 million, including taxes and duties estimated at USD 2.8 million.	Start of project and continue during the implementation period	Complied with	Counterpart budgets are provided in the annual budgets(DIPA) adequately, and will be monitored during the project period.
FA - Section E.2	(a) Creation of PMO and PIUs and nomination of key staff to satisfaction of IFAD. (b) Preparation of AWPB for the first year of project implementation and the 18 month procurement plan satisfactory to IFAD (c) Opening of the Designated Accounts and designation of persons authorized to sign withdrawal applications	Prior to first loan withdrawal	Complied with	
GC - Section 4.08	(a) The Financing shall be used exclusively to finance expenditures meeting each of the following eligibility requirements: (i) The expenditures shall meet the reasonable cost of goods, works and services required for the Project and covered by the relevant AWPB and procured in conformity with the Fund's Procurement Guidelines (ii) The expenditures shall be incurred during Project Implementation Period, except that expenditures to meet the costs of winding up the Project may be incurred after the Project Completion Date and before the Financing Closing Date. (iii) The expenditures shall be incurred by a Project Party (iv) If the Agreement allocates the amount of the Financing to categories of Eligible Expenditures and specifies the percentages of such Eligible Expenditures to be financed by the Financing the expenditure must relate to a category whose allocation has not been depleted, and shall be eligible only up to the percentage applicable to such category (v) The expenditure shall be otherwise eligible in accordance with the terms of the Financing Agreement. (b) The Fund may from time to time exclude certain types of expenditure from eligibility (c) Any payment prohibited by a decision of the UN Security Council taken under Chapter VII of the Charter of the UN, shall not be eligible for financing by the Financing. (d) Any payments to a person or an entity, or for any goods, works or services, if making or receiving such payment constitutes a coercive, collusive corrupt or fraudulent practice by any representative of the Borrower/Recipient or any Project Party, shall not be eligible for financing by the Fund.	During the project implementation period	Complied with	To date, there has been no finding for ineligibility

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
GC - Section 4.09	If the Fund determines that any amount withdrawn from the Loan and/or Grant Accounts was not used for the purpose indicated or will not be needed thereafter to finance Eligible Expenditures, the Borrower/Recipient shall promptly refund such amount to the Fund upon instruction by the Fund. Except as the Fund shall otherwise agree, such refund shall be made in the currency used by the Fund to disburse such withdrawal. The Fund shall credit the Loan and/or Grant Accounts by the SDR equivalent of the amount so refunded.	During the project implementation period	Complied with	To date there has been no finding for ineligibility
GC - Section 7.01	<p>(a) The Borrower and each of the Project Parties shall carry out the Project:</p> <ul style="list-style-type: none"> (i) With due diligence and efficiency (ii) In conformity with appropriate administrative, engineering, financial, economic, operational, environmental and agricultural development practices (including rural development practices) and good governance (iii) In accordance with plans, design standards, specifications, procurement and work schedules and construction methods agreed by the Borrower/Recipient and the Fund. (iv) In accordance with the provisions of the relevant Agreement, the AWPBs, and the Procurement Plan. (v) In accordance with the policies, criteria and regulations relating to agricultural development financing laid down from time to time by the Governing Council and Executive Board of the Fund (vi) So as to ensure the sustainability of its achievements over time. <p>(b) (i) Project shall be implemented on the basis of AWPB. Each draft AWPB shall include, among other things, a detailed description of planned project activities during the coming project year, a Procurement Plan, and the source and use of funds.</p> <p>(ii) Before each Project Year, the Lead Project Agency shall, if required, submit the draft AWPB to the oversight body designated by the Borrower/Recipient for its review. When so reviewed, the Project Lead Agency shall submit the draft AWPB to the Fund for comments no later than sixty (60) days before the beginning of the relevant Project Year; If the Fund does not comment on the draft AWPB within thirty (30) days of receipt, the AWPB shall be deemed acceptable to the Fund.</p> <p>(iii) The Lead Project Agency shall adopt the project AWPB in the form accepted by the Fund.</p> <p>(iv) The Lead Project Agency may propose adjustments in the AWPB during the relevant Project Year, which shall become effective after acceptance by the Fund.</p>	During the project implementation period	Complied with	Delay in submission of AWPB due to government annual budgeting process whereby the budget approval is in December. No significant effect to project implementation.
GC - Section 7.05	<p>Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower/Recipient's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines. Each procurement plan shall identify procedures which must be implemented by the Borrower/Recipient in order to ensure consistency with the IFAD Procurement Guidelines.</p> <p>By notice to the Borrower/Recipient, the Fund may require that all bidding documents and contracts for procurement of goods, works and services financed by the Financing include provisions requiring bidders, suppliers, contractors, sub-contractors and consultants to:</p> <ul style="list-style-type: none"> • Allow full inspection by the Fund of all bid documentation and related records • Maintain all documents and records related to the bid or contract for three years after the completion of the bid or contract, and 	During the project implementation period	Complied with	Based on post-procurement review of contract documents, procurement is carried out in accordance with the agreed procedures and regulations. This will be reviewed during review missions

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	<ul style="list-style-type: none"> Cooperate with agents or representatives of the Fund carrying out an audit or investigation. 			
GC - Section 7.07	The Borrower shall ensure that all facilities and civil works used in connection with the Project shall at all times be properly operated and maintained and that all necessary repairs of such facilities shall be made promptly as needed.	During project implementation period	Complied with	Will be checked during review missions
GC - Section 7.13	The Borrower/Recipient and the Project Parties shall take all reasonable measures to ensure that the project is carried out with due diligence in regard to environmental factors and in conformity with national environmental laws and any international treaties to which the Project Member State may be party. In particular, the Project Parties shall maintain appropriate pest management practices under the project, and shall comply with the principles of the International Code of Conduct on the Distribution and Use of Pesticides of the FAO, and ensure that pesticides procured under the project do not include any pesticide formulation which would be classified as Extremely Hazardous (Class 1a) or Highly Hazardous (Class 1b) according to WHO.	During project implementation period	Complied with	Will be checked during review missions
GC - Section 8.01	The Borrower/Recipient shall ensure that Project Parties maintain records and documents adequate to reflect their operations in implementing the project (including, but not limited to, copies or originals of all correspondences, minutes of meetings and all documents relating to procurement) until the Project Completion Date, and shall retain such records and documents for at least ten (10) years thereafter.	During project implementation period	Complied with	During post-procurement reviews, some supporting documents were not readily available.
GC - Section 8.02	The Project Lead Agency shall: (i) Establish and thereafter maintain an appropriate information management system in accordance with the Fund's <i>Guide for Project Monitoring and Evaluation</i> with which it shall continuously monitor the Project. (ii) During the project implementation period, gather all data and other relevant information (including any and all information requested by the Fund) necessary to monitor the progress of the project implementation and the achievement of its objectives; and (iii) During the project implementation period and for at least ten (10) years thereafter, adequately store such information, and, promptly upon request, make such information available to the Fund and its representatives and agents.	During project implementation period	Complied with	Good M&E system is in place, using weekly dashboard
GC - Section 8.03	(a) The Lead Project Agency or other party so designated in the relevant Agreement, shall furnish to the Fund periodic progress reports on the Project, in such form and substances as the Fund shall reasonably request. At a minimum, such reports shall address (i) quantitative and qualitative progress made in implementing the project and achieving its objectives; (ii) problems encountered during the reporting period; (iii) steps taken or proposed to be taken to remedy these problems; and (iv) the proposed programme of activities and the progress expected during the following reporting period.	During project implementation period	Complied with.	Reports should include summary of cumulative and the current annual project budgets and expenditures based on category and component/sub-component.
	(b) If specified in an Agreement, the Lead Project Agency and the Fund shall jointly carry out a review of project implementation no later than the midpoint of the project implementation period the "Mid Term Review" or MTR) based on terms of reference prepared by the Lead Project Agency and approved by the Fund. Among other things, the MTR shall consider the achievement of project objectives and the constraints thereon, and recommend such reorientation as may be required to achieve such objectives and remove such constraints.	At midpoint of the project implementation	Complied with	MTR mission was carried out in 12 Sept. – 1 Oct. 2015.

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	(c) The Borrower/Recipient shall ensure that the recommendations resulting from the MTR are implemented within the specified time thereafter and to the satisfaction of the Fund. Such recommendations may result in modifications to the Agreement or cancellation of the Financing			
GC - Section 8.04	As promptly as possible after the Project Completion Date but in any event no later than the Financing Closing Date, the Borrower/Recipient shall furnish to the Fund a report on the overall implementation of the Project, in such form and substances as may be specified in the Financing Agreement or as the Fund shall reasonably request. At a minimum, such report shall address (i) the costs and benefits of the project; (ii) the achievement of its objectives; (iii) the performance by the Borrower/Recipient, the Project Parties, the Fund of their respective obligations under the Agreement; and (iv) lessons learned from the foregoing.	Prior to Financing Closing Date	Not yet applicable	
GC - Section 9.01	The Project Parties shall maintain separate accounts and records in accordance with consistently maintained appropriate accounting practices adequate to reflect the operations, resources and expenditures related to the project until the Financing Closing Date, and shall retain such accounts and records for at least ten (10) years thereafter.	During project implementation period	Complied with	Will be reviewed during review missions
GC - Section 9.02	The Borrower/Recipient shall deliver to the Fund detailed financial statements of the operations, resources and expenditures related to the project each Fiscal Year prepared in accordance with standards and procedures acceptable to the Fund and deliver such financial statements to the Fund within four (4) months of the end of each Fiscal Year.	During project implementation period	Partly complied with	Slight delays in financial statements submission as they are only available in the audit reports.
GC - Section 9.03	The Borrower shall submit to the Fund audit reports within six (6) months of the end of each fiscal year and shall submit to the Fund the reply to the management letter of the auditors within one month of receipt thereof.	By 30 June each year	Complied with	No significant delays in submission of audit reports.
LTB para 36	As soon as practicable, but no later than 120 days after entry into force of the Agreement, the Borrower shall appoint independent auditors, selected in accordance with the procedures and criteria set forth in the IFAD Guidelines on Project Audits (for Borrowers' Use) as may be amended from time to time, and acceptable to the Fund, to audit the financial statements relating to the Project for the first fiscal period. Thereafter, as soon as practicable, but not later than 120 days after beginning of each succeeding fiscal year, the Borrower shall either confirm the appointment of the same auditor, subject to satisfactory performance, or shall follow the same procedure to appoint new independent auditors for the successive fiscal year.	During project implementation period	Complied with	Delay in the first year due to delay in LTB issuance

FA = Financing Agreement
GC = General Conditions
LTB = Letter to Borrower

Appendix 7: Knowledge management: Learning and Innovation

Learning: What has worked particularly well in this project during this period? What have been the reasons for this?

1. Coordination and communication is working extremely well, despite the number of remote project areas. The PMO has been very innovative and is applying ICTs to ensure continuous communication and information transparency.
 2. CCDP has introduced an implementation model using a performance-based incentives system approach. This approach has so far worked very well in focussing PIUs on implementation progress, in motivating them, and in drawing District authorities' attention to the project and its progress. This system builds on a well-established and comprehensive M&E system and a transparent communication of progress and performance to all PIUs through the weekly dashboard.
 3. Continuous close coordination and collaboration between PMO and PIU has resulted in a shared national and local government responsibilities. The project demonstrates a mutual level of responsibility at all levels and the impact is shown through the quality of the reporting which are professionally completed and distributed in timely manner throughout the project.
 4. The project has developed a range of knowledge management materials which are being disseminated to increase the project's visibility with policy makers.
 5. Ownership among project participants and local government is found to be extremely high – as is the motivation and commitment among implementation partners. The project approach has been very well localized and adapted to the specific local needs and opportunities. This is due to a flexible framework provided by the project design and good integration of local initiatives and priorities by the project management.
 6. Already well before completion of the project, the PMO and PIUs have been actively working towards ensuring sustainability of progress and results achieved, by applying a mix of tools and approaches, including mobilizing additional sources of funding through CSR/private sector collaboration and linkage to other Government offices and programmes.
-

Learning: What has not worked so well? What have been the reasons?

Of all groups established by the projects, aquaculture groups have been the least successful ones, some actually failed and are unlikely to sustain their activities. More technical expertise and guidance might be required. It should however be noted that the project design recognises that not all groups will be successful.

Innovation: Describe any interesting innovation noted during supervision

1. The project has successfully utilized small eco-tourism investments and activities to (i) protect the natural resources, (ii) generate income for the opportunities, and (iii) invigorate the coastal economy as a whole. For example, a number of projects have established mangrove walking tracks (generally wooden slats on stilts), which are highly frequented by locals and (mainly domestic) tourists – up to 1,000 visitors on a weekend for example at one site in the village of Langge in North Gorontalo. Visitors pay a small entrance fee and around the track small shops and service providers, such as boat rentals, have opened up. At the same time, the community is protecting and replanting mangroves, which provide natural protection and a habitat for fish, shrimps and crabs.
-

2. Project management has introduced a number of innovative tools, including (i) a web-based MIS, which includes a weekly dashboard with key project progress and performance data to all stakeholders, and all project related documents and reports. This enhances knowledge transparency and ensures access for all stakeholders and partners; (ii) a performance-based management approach on all project levels (for PIUs performance directly related to budget).
-

Innovation: How might this be replicated by others, or upscaled here?

1. The project has piloted and introduced a number of innovations that can be replicated and scaled up to development projects not only in Indonesia but throughout the region. This includes particularly innovative project management methods.
 2. Ecotourism activities seem particularly appropriate to strengthen both natural resource management and community livelihoods.
 3. Replication is mentioned as part of the overall goal of the CCDP. Given the success of the Project, many stakeholders, particularly in BAPPENAS and the Ministry of Villages, have expressed an interest in scaling up the model through other Government programmes. With the current development of the next Medium-Term Development Plan, there is a real opportunity to have successfully tested models to feed into this.
-

Appendix 8: Progress Against Previous Mission Recommendations

Action Area	Action Agreed	Date	Whom	Progress
Project management	1. Technical information and support to be provided to <i>TPDs</i> on CD-ROM, and through other measures	31 July 2016	PMO	Information for TPDs collected and distributed to Representative TPDs on DVD-ROM in July 2016. Representative TPDs passed on information to other TPDs in their respective PIUs.
	2. PMO to recruit Integrated Coastal Management and Knowledge Management consultants	15 June 2016	PMO	PMO recruited both ICM and KM consultants in May 2016. Both ICM and KM Consultants continue to successfully work at CCDP.
	3. Active facilitation for the creation of non-capture fishing groups for groups to be created	Before September 2016	PMO/PIU	PMO and PIUs have been continuously promoting the establishment of non-capture fishing groups. This includes the requirement to form two processing groups in each village, and encouragement to establish aquaculture groups. In 2016, PMO Consultants collected information from all PIUs about successful non-capture fishing group performance, including profitability and product marketability. The material was then consolidated and results provided to PIUs and their consultants through personal communication, electronic media, reports and meetings. PIU Consultants and TPDs then informed community members. However, ultimately decisions about group formation are left to the community members themselves. Status of capture fishing group formation remains relatively unchanged at just over 50% of all groups.
Outputs	4. Technical support and guidance provided on the project's engagement with eco-tourism activities	30 September 2016	IFAD	<p><i>KKP</i> Ministerial policy in 2017 does not allow further IFAD funding of groups. Instead, support will be provided by the Government.</p> <p>Ecotourism consultant recruited by IFAD for inputs in September 2016. The IFAD Ecotourism consultant's report was received and studied. It proved to be very instructive. Due to New <i>KKP</i> policy, CCDP has been relying upon its in-house technical expertise plus working with local government institutions (e.g., <i>Kepala Desa</i>, <i>Dinas Pariwisata</i>, etc.) and the local private sector (e.g., PT Indocement, PIU Lombok) for ecotourism development. Some training sessions were conducted by PMO and PIUs to CBCRM groups for developing and managing ecotourism.</p>
Fiduciary	5. Letter prepared by <i>KKP</i> and sent to	15 June 2016	<i>KKP</i>	Revised CCDP cost by categories completed. Justification letter from <i>KKP</i> to

Action Area	Action Agreed	Date	Whom	Progress
Aspects	<i>Bappenas</i> and Ministry of Finance requesting changes to cost category allocations in Schedule 2 of the Financing Agreement			Bappenas/Ministry of Finance finished and letter signed by Secretary General signature and sent to <i>Bappenas</i> and Ministry of Finance in September 2016.
	6. Request made to IFAD for amendment to Schedule 2 of the Financing Agreement	15 July 2016	Ministry of Finance	After PMO, KKP, Bappenas and MOF discussions and agreement, an MOF request for a Financing Agreement reallocation was sent to IFAD on 4 October 2016. An IFAD formal letter agreeing to the requested Financing Agreement reallocation was issued on 28 October 2016.
	7. Project COSTAB files revised	15 August 2016	IFAD/PMO	A COSTAB revision has not been made.
	8. Submit 2015 Audit Report to IFAD	30 June 2016	PMO, <i>BPKP</i>	Submitted in June 2016.
	9. Project to seek further information from IFAD, if needed, on the application of the new SOE model	31 May 2016	PMO	Not considered as needed by the Project. Withdrawal applications using the new SOE model from 2017 as required.

Appendix 9: Joint support mission schedule and persons met

Mission Schedule and Persons met

Place/date	Activity/persons met
Jakarta	
7 May	Mission arrives in country. Internal team meetings and document review
8 May	Kick off meeting with PMO
In North Gorontalo	
9 May	Travel by air to Gorontalo Meeting with Secretary to the Bupati Meeting with Global Fisheries Exchange (private sector fish trader) Briefing by Gorontalo PIU
10 May	Visit to Buluwatu village: discussion with project groups; inspection of village infrastructure fund processing building; inspection of component 2 investments (ice plant, cold store) and discussion with operators; discussion with management of cooperative Pada Alam Laut (PAL) Visit to Langge village: discussion with project groups; inspection eco-tourism investment ('Mangrove in love') Meeting with PIU financial management staff
11 May	Visit to Dumolodo village: discussion with project groups Visit to Katialada village: discussion with project groups; inspection of component 2 investment (processing facility) discussion with third party operator (Amalia Food)
12 May	De-briefing/wrap-up meeting with Gorontalo PIU Travel by air to Makassar
In Makassar	
12 May	Evening: reception with wife of Wali Kota and Kota assistant
13 May	Briefing by Makassar PIU Visit to Barang Caddi island: discussion with project groups; inspection of village infrastructure facilities provided by project Meeting with Fatima Azzarah cooperative Visit to Lae island: discussion with project groups; inspection of village infrastructure facilities provided by project
14 May	Visit to Bira village. discussion with project groups; inspection of village infrastructure facilities provided by project Meeting with PIU financial management staff De-briefing/wrap-up meeting with Makassar PIU Travel by air to Jakarta
Jakarta	
15 May	Aide Memoire drafting
16 May	Detailed pre-wrap up meeting with PMO, Bappenas, KKP and Ministry of Finance
17 May	Finalisation of Aide Memoire and presentation for wrap-up meeting
18 May	Final wrap up meeting with PMO, Bappenas, KKP and Ministry of Finance
19 May	Work on mission report Appendices and Annexes Mission team departs Jakarta

Appendix 10: Audit Log

Name of Project: Coastal Community Development Project (CCDP) - as of 19 May, 2017

Year	Audit Observations			Previous year Observation settled		Audit Observation Outstanding		Remarks
	No	Types	Amount (IDR)	No	Amount (IDR)	No	Amount (IDR)	
2013	8	Over payments, insufficient supporting documents, not in accordance with regulations, etc. that have to be paid back to State Treasury Offices	117,113,684	0	0	8	117,113,684	2013 was the first audit
2014	12	Overpayments and not in accordance with regulations that have to be paid back to State Treasury Office and community group account	136,856,613	7	82,113,684	13	171,856,613	Outstanding from 2013 at IDR 35,000,000 still to be paid to community group account in Yapen. Out of IDR 136,856,613 an amount of IDR 2,000,000 to be paid back to community group account and the remaining to State Treasury Office. Settlements are still going on, to be monitored by PMO.
2015	16	Excess payments due to weakness of payment verification process on procurement and have to be paid to State Treasury Office	500,719,002	24	140,893,565	5	531,682,050	Based on the visit to Merauke and Lombok Barat, the two PIUs informed that all outstanding had been settled. Settlements are still going on, to be monitored by PMO
2016	n.a	Notes: 2016 audit has not been completed and will be due for submission by 30 June 2017.	n.a	5	531,682,050	n.a	n.a	PMO informed that all outstanding from 2015 and previous years have been settled. New findings for 2016 are not known yet, and are waiting for the 2016 audit report.

Appendix 11: Summary of implementation support provided by IFAD

IFAD has provided a range of implementation support since the start-up of the project during start up and supervision missions (with experts covering different technical areas, including fisheries, social mobilization, financial issues, and project management).

1. First Supervision Mission and Start-up Workshop	04.02.2013 - 08.02.2013
2. Implementation Support Mission (in the form of a workshop on the annual outcome survey and the market assessments which were then completed by the Project, and training on RIMS and M&E)	17.02.-24.02.2013
3. Second Supervision Mission	09.09.-19.09.2013
4. Third Supervision Mission	28.04.-12.05.2014
5. Implementation Support Mission (pre-MTR mission to assist project prepare for the MTR)	14.05.-22.05.2015
6. Mid-Term Review Mission	12.09.-1.10.2015
7. Implementation Support Mission to revise the project COSTAB files	08.02.16 – 20.02.16
8. Fourth Supervision Mission	28.04.-13.05.2016
9. Implementation Support Mission to strengthen ecotourism activities	22.08.-30.09.2016
10. Joint Implementation Support Mission to prepare exit strategy	25.08.-09.09.2016
11. Video Production Mission	14.11.-21.11.2016
12. Fifth Supervision Mission	08.05.-19.05.2017

Additional support since project start-up has included:

- Ongoing financial management and procurement advice by (i) a consultant hired by IFAD and (ii) and various support from IFAD headquarters in the form of remote advice and visits to Indonesia;
- An implementation support adviser working part-time for the Project during 2013 (with continuity provided in 2014 with the Project itself paying for ongoing part-time support from the same consultant);
- Oversight and coordination by the IFAD Indonesia Country Programme Facilitator;
- Organization of an exchange visit to Vietnam;
- Support on reconciliation of accounts and preparation of financial closing of accounts; and
- Day-to-day interaction (through the IFAD Indonesia Country Team and headquarters staff as required).

Appendix 12: Fiduciary risk assessment – data sheet

PROJECT SUPERVISION

Fiduciary Risk Assessment – Data Sheet

Country: Indonesia		Loan and Grant Number: 880-ID/1392-ID/E-16-ID	
Project Name: Coastal Community Dev. Project (CCDP)			
Executing Agency: DG of Marine, Coast and Small Islands, MMAF		CPM: Ron Hartman	
Reviewing Finance Officer: Sumaryo Soemardjo		Date of This Review: 19 May, 2017	
Date of the last PSR prior to this rating: 09 Sept., 2016	FM rating in the last PSR: 5	Date of the previous FM supervision and rating: 09 Sept., 2016 rating was 5. This review rating: 5	

Topic		Rating H/M/L	Issues / Comments / Recommendations
A. Inherent Risks			
B. Control Risks			
1. Organization and Staffing			
a.	Adequacy of organizational structure to meet functional needs of the project	L	Organizational structure was established prior to loan effectiveness with qualified key personnel.
b.	Availability of clear job description for key project positions, including fiduciary positions.	L	Job descriptions are available, following GOI regulations and project manuals
c.	Adequacy of project financial management staff (numbers and skill) matching functional needs of project.	L	FM staff consists of coordinators for planning/budgeting, FM and procurement, treasurers and FM assistants. Some time staff are changed with new ones
d.	Segregation/ independence of functions for accounting, payments, procurement.	L	Follows GOI regulations
e.	Availability and adequacy of operating manuals and guidelines for staff	L	Manuals available and adequate, and updated as necessary
2. Budgeting			
a.	Timely preparation and approval of project budget, issue of budget execution warrants.	L	Follows the regular annual GOI budgeting process, usually DIPA issued in January

b.	Adequacy of Budget (including loan disbursement categories - schedule 1), including financing plan for all sources, both donors and Govt., both loans and grants.	L	AWPBs preparation refers to Costab in PDR, and to date, the annual budgets are adequate to cover project activities.
c.	Availability of detailed activity plans, procurement plans, cost estimates and assumptions to support budget requests.	L	AWPBs, including procurement plan were prepared and approved by IFAD annually
d.	Availability of physical progress indicators where applicable.	L	Provided in the quarterly progress reports, monitored using weekly dash board
3. Fund flows and Disbursements / Withdrawals			
a.	Timeliness of Funds disbursed by different sources, including counterpart (set benchmarks and test sample)	M	All sources of funds are included in the national annual budget (APBN). Actual WA preparation and disbursement may be delayed if monthly reports from PIUs are delayed and supporting docs are incomplete
b.	Efficiency of the funding channels. E.g. confirmation of funds reaching intended beneficiaries.	L	Community block grants are transferred by Govt. Treasury Office (KPPN) directly to respective community groups' bank accounts. Manual for this is available
c.	Management of project bank accounts other than Special Accounts, if any- reconciliations, idle funds	L	Only use Special Accounts in Bank of Indonesia
d.	Banking arrangement and controls (reconciliation of bank statements with financial accounts)	L	Bank of Indonesia issues the balance of SA weekly
e.	Adequacy of controls and authorization process for use of funds (payments, transfers, Cash/Bank balance management).	L	Adequate control, follows govt. regulations and FM manual is available
f.	Special Account(s)/Dedicated Account(s) Management, Disbursements		
	- size of the authorized allocation and adequacy thereof to ensure a smooth flow of funds to project accounts	L	The max. amounts in the SAs and SOE thresholds were increased on 20 Jan 2015 to facilitate loan and grant administration and disbursement efficiencies and to promote best practice.
	- Method and adequacy of disbursement used	L	By replenishment of SAs and adequate budget is provided in the govt. annual budget. It will depends on how often WAs will be submitted.
	- Timely preparation and accuracy of Withdrawal Applications	M	Sometime delays in preparation of WAs due to delays and/or errors of

			reports from PIUs and incomplete supporting documents, resulting in disbursement processing delays.
	- Status on expenditures withdrawn from Special Account but not yet claimed for replenishment, including age analysis	M	See comment above. There are some unclaimed expenditures from last year expenditures due to errors and/or insufficient supporting docs.
	- Regularity of Special Account(s) Monitoring and monthly reconciliations (assess the reconciliations)	L	Bank of Indonesia issues the SA balance weekly and reconciled when preparing WAs
	- Disbursements profile - actual vs plans, systemic reasons for differences	L	Actuals are lower than plans at the first quarter of the year and will accelerate during the remaining quarters. Disbursement rate is satisfactory
	- Recovery of SA balances by loan closure.	M	Recovery plan has been prepared and will start in 2017. Management should ensure that there will be no cash flow problems in the SA.
	- Adequacy of documentary support for SOE disbursements, reimbursements, direct payments and Special Commitments	M	Some payment vouchers without complete supporting docs, incorrect source of funds, no clear information on which components or which categories.
	- Eligibility of expenditure under Legal Agreements	L	Based on 2015 and previous years audit reports, so far no significant issue, and will be monitored during review missions.
4. Internal Controls - Expenditure, Assets, Liabilities			
a.	Adherence to Project Management manuals- clarity and adequacy of decision processes and sequence of events for control functions in project implementation.	L	Annual manuals are prepared following government's policy on FM. Some additional and improvement of manuals may still be needed, in particular in simple book keeping for community groups. Refresher training is needed, especially when staff are changed
b.	Effectiveness and efficiency of internal controls for revenue/inflows management (review audit reports)	L	Internal control by the Inspectorate General of MMAF.

c.	Commitment tracking and control including comparison against allocated amounts by loan disbursement category	L	Some payment vouchers without information on category and/or component. Situation has improved
d.	Effectiveness and efficiency of IC for expenditures (full cycle from commitment, payment, receipt of good and services, approval of payments, classification, etc.) (also read SAI and other reports)	M	The Inspectorate General is not rigorous as external auditors (BPKP). The 2015 audit report notes still some weakness in the internal control, although insignificant
e.	Effectiveness and efficiency of IC for assets/liabilities management and maintenance	L	Asset registers and inventory and minutes of asset handing over are updated regularly. Based on field visits, all assets have been labelled with asset ID code number
f.	Reliability of documentary evidence of outputs realized in project. Linkages between outputs realized and financial reports.	L	Good M&E system, monitoring by weekly dash board where data on outputs and expenditures are available
g.	Physical controls over cash, documents and records.	L	Filing system has improved
h.	Timely payment to suppliers and consultants (benchmark and test sample)	L	As long as supporting docs are complete, payment can be made within few days
i.	Eligibility of expenditures for Bank funds with respect to PDR, Loan agreements	L	To date, no ineligible expenditure found yet. Internal control needs to be strengthened
j.	Legality/eligibility of advances from project funds	L	Follows GOI regulations
k.	Compliance with Financing agreements – both loans and grants	L	To date most of covenants have been complied with
l.	Adequacy of record keeping for fixed assets and inventories	L	Follows GOI regulations, needs to be updated regularly
5. Accounting Systems, Policies and Procedures			
a.	Adequacy of Accounting standards and practices (as designed/Agreed)	L	Follows GOI accounting system (SAI)
b.	Recordkeeping (including documentation and filing/archiving)	L	Completeness of supporting docs and filing system has improved
c.	Fixed Assets Records maintained and reconciled (sample and physical check)	L	Follows GOI regulations, records are up to date
d.	Adequate documentation and controls for Information Systems, integration of all sub-systems	L	Good M&E system is in place. Using weekly dash board monitoring
e.	Adequacy of chart of accounts for project accounting purposes	L	Follows government regulations/procedures (SAI)
f.	Timeliness of recording transactions, controls on erroneous recordings	L	Monthly financial reports should be prepared 10

			days after the end of every month. Some errors happen and situation has improved
6. Reporting & Monitoring			
a.	Completeness, accuracy, usefulness, and timeliness	M	Some time there are errors and incomplete supporting docs. Situation has improved
b.	Interim FM reports (FMRs, PMRs as relevant) or progress reports - timely preparation, submission	L	Some time there are delays
c.	Follow up of previous aid-memoirs, FMR/PMR or progress reports	L	Most have been followed up, some with delays
7. Internal Audit			
a.	Is project activity or implementing unit subject to internal audit?	L	Yes, by the Inspectorate General of MMAF
b.	Adequacy of internal audit organization - staff capacity	M	Qualified internal audit staff but inadequate to cover all PIUs
c.	Adequacy of internal audit scope of work and quality of reports	M	Not as rigorous in financial aspects as external audit, more on the technical aspects
d.	Assessment of matters raised in audit reports	M	Focus more on technical aspects
8. External Audit			
a.	Scope of 2016 audit.	L	TOR similar to 2015 audit
b.	Audit report timeliness.	L	2016 audit being conducted, report is expected to be submitted on time (30 June 2017)
c.	Quality of audit.	L	2015 audit report was quite comprehensive, audit on assets needs to be improved

Project Fiduciary Risk Assessment at Supervision

Risk Analysis Summary Table: Project # Coastal Community Development Project (CCDP)

Implementing Agency: DG of Marine, Coasts and Small Islands, MMAF

	Risk Assessment H/M/L	Proposed Mitigation
Inherent Risk		N/A
Control Risks		
1. Organization and Staffing	L	
2. Budgeting	L	
3. Funds flow & Disbursement Arrangements	L	
4. Internal Controls	M	To be improved
5. Accounting Systems, Policies and Procedures	L	Refresher training for financial staff

6. Reporting and Monitoring	L	
7. Internal Audit	M	Audit should be more rigorous
8. External Audit	L	
Overall Project Fiduciary Risk	L	
H=High, M=Medium, L= Low		

Comments:

The project is in its 5th year implementation and a lot of progress has been made, however, financial reporting still needs to be improved to resolve unclaimed expenditures and maintain good cash flow of the Special Accounts. All eligible expenditures should be claimed before the closing date.

Annex 1: Action on list of suggestions made by JSM in September 2016

This Annex provides a list of all the 'softer' suggestions and recommendations included in the last supervision mission report, and the action by the CCDP on them since September 2016. It should be noted that these suggestions were not agreed actions, but rather were provided by the JSM as helpful suggestions for the Project. The list below does NOT include the agreed actions contained in the Aide Memoire.

Component 1: Community Empowerment, Development and Resource Management		
Recommended Action	Rationale	Recommendation Progress
1. New groups still to be formed should be created this year and funds provided very early next year	Important to make sure the PIUs have sufficient time to start group activities and build for sustainability	Ministerial policy in 2017 does not allow further IFAD funding of groups. New groups will be funded with Government resources with the number of new groups consistent with support.
2. PIUs to ensure engagement with village heads	Important as part of exit strategy and incorporation of CCDP activities into village planning and budgeting	Village head engagement is insured through participation of village head staff in VWGs and joint implementation of the ICM program.
3. Integrate CBCRM, VWG and infrastructure groups into both ICM and village-based planning	Important as part of exit strategy for sustainability	CCDP, together with all concerned stakeholders including CBCRM, VWG and Infrastructure Groups, is facilitating data collection and drafting of village-based ICM plans to assist in village planning.
4. PIUs should encourage nomination of CBCRM-group members as <i>kewang</i> (environ-mental representatives in the village planning process).	Important as part of exit strategy and integration of CBCRM groups into village planning	At PIUs where traditional use rights are applicable (e.g., Ambon, Lombok, Malteng, Yapen, Merauke, Kubu Raya) local wisdom is applied when drafting village ICM plans.
5. Update older ICM plans and action plans if necessary	Review against best practice guidelines suggest that some ICM plans and actions requirement improvements	PMO is supporting PIUs to up-date older ICM and action plans as appropriate. For example, during the 2 nd half 2016 and 1 st Quarter 2017, where needed, quality up-grades were made to ICM plans (i.e., Ambon, Maltera); and in some cases, new village based ICM plans were drafted (Lombok).
6. Focus on achieving progress on the logframe indicator of "community-based marine resource management areas demarcated, declared and ratified (through <i>Perda</i> , <i>adat</i> , or <i>Perdes</i> , village ordinance)"	Current M&E data suggest few have so far been created	Progress continues to be made in establishing community-based marine resource management areas. Up to 31 March 2017, there were 2 Mayoral SKs (Parepare: 9 villages; Bitung: 6 villages) and 6 <i>Perdes</i> (2 Lombok; 1 Gorut; 3 Kubu Raya). Other community-based marine re-source management areas are being drafted.

7. PIUs/TPDs and marketing consultants should support the groups in learning from existing experience, and if appropriate, rationalise the products being processed	Need to ensure that all products being produced are profitable so as to increase likelihood of group sustainability	PMO Consultants collect information about successful product production, quality, profitability and marketability from all PIUs. The material is then consolidated and results provided to PIU Marketing Consultants through electronic media, reports and meetings. The PIU Marketing Consultants, in turn, inform TPDs and Enterprise Groups about most appropriate products. However, production decisions are at the Enterprise Groups' discretion.
8. Support an increase in marketing groups (subject to demand driven process) in the remaining 221 groups to be created	Existing groups show good performance, have good female participation, and can help to solve problems of distribution to market faced by many pro-cessing groups	In 2016, 51 new marketing groups (10% of the total 2016 new Enterprise Groups) were formed. Overall a total of 175 marketing groups were formed from 2013 to 2016, which represents 11% of all Enterprise Groups. CCDP encourages marketing groups. However, ultimately the choice of group type is up to the Enterprise Groups' themselves.
9. Provide additional eco-tourism technical expertise in 2017 from project budget or other sources until project completion	Important as part of exit strategy	New KKP policy limits the use of IFAD budget, so CCDP is relying upon its in-house technical expertise plus working with local government institutions (e.g., <i>Kepala Desa</i> , <i>Dinas Pariwisata</i> , etc.) and the local private sector (e.g., PT Indocement, PIU Lombok) for ecotourism development.
10. PIUs may be able to assist with facilitation of support to group treasurers from local offices of BPKP, as well providing their own training to groups in book keeping	Would help to reduce potential issues raised by future audits, while also improving records which will be used during project completion	PIUs (Merauke, Kubu Raya, Bitung, Gorut, Makassar, Kupang, Ternate, Parepare, Lombar) have already carried out book-keeping training for community groups' treasurers often with assistance from the local BPKP and BRI branches and the PMO. The remaining PIUs (Ambon, Maltera, Yapen) plan similar trainings in 2017.
Component 2: District Support for Marine-Based Economic Development		
Recommended Action	Rationale	
11. Provide support for an increase in cooperative membership as many still have limited numbers of members	Important for sustainability of cooperatives and the groups	As part of their work program, PIU Consultants have been continuously encouraging CCDP group members to join cooperatives. Progress over the 1 st Quarter 2017 has been limited but is expected to improve over the remainder of 2017 as the Exit Strategy is more comprehensively implemented. For example, the need for an increase in cooperative membership was covered in a 5 – 8 April 2017 Exit Strategy Manado Work-shop with all PIUs.

12. Marketing consultants and cooperatives need to work closely together for the remainder of the project	Cooperatives to absorb role of marketing consultants after the project	At the 5 – 8 April 2017 Exit Strategy Manado Workshop with all PIU Marketing Consultants, a thorough review of CCDP's cooperative development program was covered. Amongst other topics, the successful integration of PIU Bitung's Marketing Consultant into the local cooperative was highlighted.
13. PMO value chain, business plan, and cooperative consultants, and the PIU marketing consultants, all need to work more closely together and to engage more fully with third party operators	All activities are related in their potential impact in supporting third party operators and ensuring sustainability	Efforts to more fully engage with third party operators are being led by the PMO Marketing and Cooperatives Consultants supported by the PIU Marketing Consultants. Progress is continuing with 58 MOUs in effect at year end 2016 and more expected in 2017.
Component 3: Project Management		
Recommended Action	Rationale	
14. The length of consultant contracts at PMO and PIU levels be graduated towards the end of 2017 with some consultants retained until project completion and some contracts finishing slightly earlier around October.	Important to ensure sufficient resources to deal with the project completion process	PMO and PIU consultant contracts have been extended until the end of October 2017. PMO consultants considered necessary to complete project activities and reporting will have their contracts continued to the end of 2017.
15. PIUs to ensure they are holding regular meetings with TPDs.	Not all are, and important so to provide regular forum for TPDs to raise and solve any issues with project implementation	PIUs report holding regular meetings with TPDs. However, the schedules vary considerably between PIUs. Some hold weekly meetings, others every 2 weeks and others at a minimum monthly.
16. Dashboard should continue to be emailed to selected project partners	Helps to raise profile of project with key stakeholders	PMO agrees to continue to email the Dashboard with some adjustments for simplification related to project activities to selected project partners. Revised formats are in process.
17. Place emphasis on private sector support for project at district and national levels in the form of CSR programmes	Helpful for sustainability	CCDP has been very actively seeking private sector CSR partners. Negotiations over CSR programs are in progress with several firms including PT Sampoerna, PT Pertamina, PT Indocement and others.

18. Prepare a project completion plan prior to the next supervision mission (see Section G of Aide Memoire)	Important for project completion	CCDP Exit Strategy implementation is already under-way. Consistent with the AM, Section G, the PMO has already completed a recovery plan, review of its website is in process, and coordination with IFAD for the Project Completion Report and other closing requirements including financial will be discussed during the May JRM.
Sustainability, Exit and Replication		
Recommended Action	Rationale	Recommendation Progress
19. PIUS to attempt to articulate and formalize verbal funding commitments being made by partners as part of the road maps for sustainability to be prepared in 2017, facilitated and supported by the PMO where necessary.	Important for sustainability	PIUs with PMO and KKP support are actively seeking to formalize partnership funding. At a Manado workshop on 5 – April 2017, the KKP Sekditjen, PMO Director and PMO Executive Secretary explained KKP supporting programs. At the same meeting, PIUs were asked to identify possible supporting institutions within <i>Pemda</i> for further follow up. Under Component 2 a wide range of private sector partners are being encouraged to sign MOUs. Cooperatives are also being developed with CCDP assistance to promote Component I sustainability.
20. Place emphasis on private sector support for project at district and national levels in the form of CSR programmes	Helpful for sustainability	Same as No. 17 above.
21. Begin to prepare for project completion and closing as per Section G of the Aide Memoire	Planning now will help to ensure a smooth completion process	Same as No. 18 above.

Annex 2: Progress against agreed actions in Aide Memoire of the JSM in September 2016

This Annex provides a table of progress against the agreed actions contained in the JSM of September 2016. It is therefore additional to Appendix 8 which provides progress against the agreed actions of the last JRM in April 2016.

Agreed action	Responsibility	Agreed date	Action Plan/Follow up
Output & Outcomes			
1. Greater emphasis on increasing group savings by enterprise groups	PIUs/TPDs	Continuous	TPDs/PIU Consultants are continuously supporting Enterprise Groups to increase savings. Positive impact is recorded in the CCDP MIS data collection system, which shows at Year End 2016, 923 (57%) of Enterprise Groups had savings. This represented a 72% increase in Enterprise Groups with savings over the last 12 months.
2. Finalise all outstanding agreements for 3 rd party operators of Component 2 investments	PIUs	31 December 2016	All PIUs, except Yapen, have executed MOUs for major Component 2 investments. Details vary per PIU. However, a total of 58 MOUs have been signed with Component 2 partners.
Implementation Progress			
3. Recruitment of dedicated PMO consultant to manage the project completion review process	PMO	Immediately after the next JRM	This Agreed Action does not yet apply. Recruitment is scheduled for September 2017 after the May 2017 JRM.
4. Preparation of video summarising project approach, achievements, and lessons learned	PMO	30 June 2017	IFAD, with PMO and PIU Bitung assistance, made a video covering selected CCDP elements. Also 8 PIUs have produced videos summarizing local project activities. However, due to GOI funding constraints, it appears CCDP will be unable to prepare a video summarizing the overall Project. It is suggested the JRM explore options of IFAD funding for a CCDP summary video.
Fiduciary Aspects			
5. Submit request to IFAD for amendment of the Financing Agreement for reallocation of funds	MOF	15 October 2016	After PMO, KKP, Bappenas and MOF discussions and agreement, an MOF request for a Financing Agreement reallocation was sent to IFAD on 4 October 2016. An IFAD formal letter agreeing to the requested Financing Agreement reallocation was issued on 28 October 2016.
6. Improve village level bookkeeping	PIUs, TPDs	Continuously	TPDs are continuously assisting village groups to upgrade bookkeeping skills in the course of their routine monitoring of Enterprise Group activities and their savings accounts. PIU Consultants also assist when in villages.
7. Assets that have not been labelled with an asset code identification number should be labelled accordingly	PMO/PIUs	Continuously	This action item has been completed with CCDP assets marked with asset code identification numbers.
8. Follow ups on the auditor's recommendations from FY 2015 and prior years should	PIUs, PMO	31 December 2016	Upon CCDP request, on 23 November 2016, BPKP conducted a Bogor workshop with all PIUs and the PMO in attendance to

be reported officially to <i>BPKP</i>			review auditor recommendations from 2015 and prior years. All outstanding issues were fully resolved. Although in the case of PIU Yapen, return of funds will stretch into 2017. BPKP issued a formal follow up letter in December 2016.
9. Preparation of recovery plan and submission to IFAD	PMO (with approval from MOF)	31 December 2016	On 3 January 2017, the PMO submitted to IFAD for its consideration a proposed Recovery Plan. On 9 January 2017, IFAD confirmed its agreement with the PMO proposed Recovery Plan.
10. Full introduction of the new IFAD Smart SOE process	PMO	January 2017	Starting with the FY 2017 budget, CCDP will apply the new IFAD Smart SOE process. In 2016, training for PMO and PIU financial staff in the new IFAD Smart SOE process was conducted. The first FY 2017 budget WAs using the new IFAD Smart SOE process is expected to be submitted to IFAD for processing in June 2017.
11. Finalisation of the process to clarify outstanding items with the PIUs and claim all unclaimed amounts	PMO, MOF	31 December 2016	The PMO with assistance from the Ministry of Finance has clarified all outstanding unclaimed amounts from the Years 2013 to 2015. Clarification of outstanding unclaimed amounts for 2016 is still in process.

Annex 3: List of suggestions and recommendations in the JRM Aide Memoire (but not included as agreed actions)

This Annex provides a list of all the 'softer' suggestions and recommendations included in the Aide Memoire (as opposed to the Agreed Actions), to serve as an easy reference point for the project on ways that project implementation could be improved. The list below does NOT include the agreed actions contained in the Aide Memoire.

Component 1: Community Empowerment, Development and Resource Management	
Recommended Action	Rationale
1. The mission recommends that TPD deployment remains at full capacity until October, with three TPD per PIU until project completion.	TPD deployment vital for ongoing group strengthening activities as well as for the execution of all the pillars of the Exit Strategy and the preparation of project completion documentation.
2. Ensure funding is available to reach the target of 40 village ordinances/decrees for ICM and community-based coastal management.	The village ordinances/decrees for ICM institutionalise and formalise the unique contribution that the Project has made to wider village planning processes so it is important the target is reached.
3. PIUs should encourage nomination of CBCRM-group members as <i>kewang</i> (environmental representatives in the village planning process).	Important to support the integration of coastal resource management capacity developed by the Project into the village planning process.
4. The last JRM recommendation for the inclusion of protected areas in ICM and village plans should be followed up to renew the focus on achieving progress on the logframe indicator of "community-based marine resource management areas demarcated, declared and ratified (through <i>Perdes</i> , or <i>village ordinance</i>)".	This is an important logframe indicator that will require consistent focus in the final phase of the Project to achieve.
5. Ensure data and information on savings groups and groups savings are detailed and complete to enable an assessment of their impact in the Project Completion Report.	The project experience on savings, in particular the different savings modalities used, are closely linked to group sustainability and to project impact; these will be important to inform replication and scaling-up.
6. Ensure that the challenge to ensure sufficient technical support and consulting expertise remains a focus to ensure that groups can meet expectations of the market, and benefit from new marketing opportunities being identified through component 2.2.	Given the focus of TPDs on group cohesion rather than specifically on the transfer of technical skills, this is a challenge that requires continued focus in the last phase of the Project to ensure component complementarities are fully optimised.
7. The mission suggests again that the marketing consultants work with enterprise groups and third party operators to assess whether the	Given the extensive experience on markets for products now gathered by the Project, enterprise groups would benefit from a final consideration (as opposed

current mix of products is the most optimal in case modifications (rationalisation and/or diversification) are warranted.	to any major rethinking) of the products produced and potential market gains to be made through rationalisation/diversification.
8. There is a need to help fish farmers establish strong linkages with technical aquaculture support from relevant <i>DKP</i> , especially for marine aquaculture activities which face special challenges	Whilst aquaculture has had considerable success in the Project, further technical support is required for the performance of many groups to be optimised.
Component 2: District Support for Marine-Based Economic Development.	
9. Continue the focus on capacity building of third party operators in the preparation of business and operational plans through close collaboration between the PMO value chain and business plan consultants.	The engagement and capacity building of third party operators is critical to ensure the successful execution of the Exit Strategy.
10. The Project should continue to place great effort until completion on supporting the sustainable operation and maintenance of investments, full utilisation, and linkages between investments and enterprise groups.	As component 2 outcomes are now being fully realised, it is important to ensure that enterprise groups are given the opportunity to benefit from these right until project completion, and that there is no decline in utilisation of investments – indeed there is still scope to increase utilisation of investments in many cases.
11. Districts that have not yet achieved any halal certification should strive to do so before project completion.	These certifications provide a sound basis for the sustainability of the market and value chain linkages and project support for the process is important for the groups.
12. Care should be taken to ensure that linkages between the third parties and the Project that are established and left to run after project completion, are mutually beneficial to the third parties and the project beneficiaries.	The third party operators will take over many of the functions currently performed by the Project, so it is important to ensure that the linkages established are mutually beneficial with beneficiaries in a position to be strong partners.
Project Implementation Progress	
Partnerships 13. The Project should take special care to foster relations with the Department of Tourism, as well as strengthening all existing partnerships.	Partnerships are a key pillar of the Exit Strategy and of the sustainability of project impact.
Monitoring and Evaluation 14. The PMO should share the Terms of Reference for the RIMS survey questionnaire with IFAD for no objection.	This is a standard requirement and important to ensure that preparation for project completion is on track.

Knowledge Management 15.The PMO should develop a communications strategy for a targeted distribution of those communications and KM materials already available.	Important to ensure lessons from Project have maximum exposure and impact.
16.Integrate project website into the <i>KKP</i> website to ensure that these resources are available in the long term.	The CCDP website contains a wealth of information and as no resources will be available after project completion to manage and maintain these pages it is important that they be transferred.
Fiduciary Aspects – All recommendations covered in Agreed Actions.	
Sustainability, Exit and Replication	
17.Groups whose institutional strength is judged as fragile but which have the potential to be sustainable, should be prioritised for support by the Project until project completion.	Important to rationalise project inputs and TPD focus as the Project draws to a close and the Exit Strategy takes up increasing resources.
18.The Project should continue the focus on generating savings until project completion.	Important to ensure sustainability of the groups and to provide for technical and financial resilience.
19.Engage the Ministry/Dinas of Cooperatives and SMEs in discussions and efforts to upskill and increase human resource inputs to support to enterprise group sustainability.	A continued focus on Cooperative capacity is important as their support is a key pillar of the Exit Strategy.

Annex 4: Technical Annex on Targeting, Poverty and Gender: Progress and Issues for Project Completion

This annex documents the rationale and approach for poverty targeting as it has developed in the CCDP from the project design onwards. This annex draws early lessons on poverty targeting and considers some of the issues on which the project completion report, drawing also on the final RIMS and Annual Outcome Survey (AOS), could develop further analysis to support the replication and scaling-up of the CCDP poverty targeting approach. Most of the issues below respond to the information on poverty and targeting required by IFAD Project Completion Review Guidelines and can be addressed through project MIS, knowledge management outputs, the final AOS and RIMS. Some of the questions go a little further than standard PCR requirements but as the CCDP is an exceptionally good project it seems appropriate to have an exceptionally good project completion report. Additional questions can be factored into the workshops with TPDs, project partners and PIUs that will be part of the project completion review.

1. **The target group and poverty targeting approach.** The target group of poor households in coastal communities was identified by using the national definition of poverty and the village database of vulnerable households to identify a long-list of poor households. These were verified by the TPDs first in meetings at the community level and then by household visits to cross-check the poverty of the households against pre-defined criteria, mainly those linked to household assets. The size of the fishing boats owned by households was a major determining factor for the capture fishery groups. Numerous supervision visits to the various PIUs concur that this targeting approach has been effective in identifying poor and vulnerable households. Whilst the poverty targeting appears to be effective overall, numerous exceptions have also been observed, mainly in non-poor households that are part of women's groups. In each case, the net overall benefit for the whole group appeared positive, in that these households were able to provide land (for example for catfish ponds for the group), space for processing, links to the market and in a few cases loans to bolster group activities.

Project completion issues

Post facto it would be useful to have a profile of target group households in different PIUs in terms of their income, assets and livelihood strategies. In addition, for the replication manuals, it will be useful to have a step-by-step documentation of the project poverty targeting approach as well as a few case studies of the costs and benefits of involving non-poor households and the guidelines that could be developed – if any – for their involvement.

2. **Geographic area and District targeting.** The Project targeted 12 Districts that shared the prevalence of poor coastal communities but differed in types of vulnerability, remoteness, social structure, size of community and integration with the wider village, amongst other factors. Project management has performed well in providing a coherent management framework closely pursuing development objectives, whilst allowing PIUs to adapt to local challenges and opportunities. The performance and reward system supported PIU diligence and innovation in responding to District challenges within the overall management framework. The early lessons, with numerous specific examples documented in the supervision reports and project knowledge management outputs, are that this approach has been very successful.

Project completion issues

The project completion review could contribute to scaling-up and replication objectives from a reflection on the factors that caused variable PIU performance and the challenges of different geographic contexts. The RIMS and AOS, as well as the performance and reward system established for the PIUs and the enterprise group rating system will provide a solid basis for the triangulation of information and the distillation of lessons on the approaches best suited for different area specific challenges and opportunities.

3. **The portfolio and distribution of enterprise groups within communities.** A recurring issue in the early phase of the Project was the optimal distribution of enterprise groups within communities. Currently 53% of all groups are capture fisheries and several supervision missions

have queried whether this is optimal given the high investment costs of capture fishery groups, the private nature of the investment, potential negative outcomes on resource sustainability and the inevitable exclusion of women. The decision to support a large portfolio of capture fisheries has been justified and supported by supervision missions on the grounds that capture fisheries have a significant impact on incomes and poverty, that coastal resource management balances sustainability concerns, and that these groups provide the raw material on which all other group activities are based.

Project completion issues

The decision to have a large capture fisheries portfolio has supported project objectives but for the purpose of replication and given the costs of the investments the costs and benefits of different portfolio distributions of enterprise groups in different contexts could be reconsidered.

4. **Facilitation and choices in group formation.** The Project has followed a step wise approach to the formation of village level groups (VWG, infrastructure groups and CBCRM groups) and enterprise groups. In the design it was intended that the village level groups would be formed first and that these would then facilitate and support the formation of enterprise groups. In addition, an early design recommendation was that there should be no overlap in the membership of these groups. The design also provided for the phased formation of enterprise groups within a community across the project cycle, to enable project capacity for group formation to develop and the activity work load to be phased. The implementation has not proceeded exactly as planned in the design for some practical reasons which carry useful lessons for replication: (i) the formation of village level groups first followed by the formation of enterprise groups was too complicated and time-consuming for the newly recruited TPDs. They were also 'learning on the job' and it was important to form the enterprise groups to gain community confidence in the project benefits and; (ii) initially there was considerable confusion about the role of the various groups and the voluntary nature of engagement in community level groups. The decision to enable village level group members to participate in enterprise groups, to have family members do so, or to generate revenue from community level group activities, had positive results in sharpening the relevance and focusing the work of village level groups. The supervision missions have recorded these developments and supported the rationale provided by project management and the PIUs. The fact that in most villages there are no longer any questions about the role and purpose of the various community/village level groups supports the relevance of the adaptation made by the PMO/PIUs.

The phasing of enterprise group formation within the villages did proceed as planned and had overwhelmingly positive results, enabling the TPDs to develop skills and to provide improved facilitation services. Thorough project oversight of TPD capacity building and the matching of experienced TPDs with new TPDs further supported this improved capacity. Equally, the six new villages per communities per PIU were able to benefit from the increasing experience of the TPDs. In addition, new groups were able to benefit directly from progress in the market linkages and partnerships developed by component 2 investments. A potential disadvantage was that some of the older village level working groups had lost direction once the newer enterprise groups had been formed. The fading energy of some of the village level working groups has recently been addressed by the Exit Strategy which has started to build on group capacity to integrate these into wider village planning processes, as well as to mediate on behalf of enterprise groups in linkages created by component 2 activities.

Project completion issues

The work of the TPDs is at the heart of the group formation process and the project completion review must ensure that the TPDs are fully debriefed so that efforts to replicate CCDP group formation can benefit from their experience. In particular, the phasing of group formation, the time required to build TPD capacity and any short-cuts or useful procedures that can be recommended in hindsight will support the operationalization of the approach. The interface between the TPDs and the groups is a major explanatory variable in project success and the details that have influenced this interface – training, management support, salaries, time demands, group conflict management, TPD residence, communication - to name just a few, should not be lost.

5. **Gender targeting.** The project design set the gender target at 30% arguing that this target was already very ambitious given that fisheries is a male dominated sector. The approach to gender targeting has taken some time to develop, partly because there is little precedent for gender mainstreaming within the Ministry/KKP and partly because of human resource issues. Since shortly before mid-term there has been a dedicated gender consultant who has consolidated the work of previous shorter-term gender consultants and developed a project gender strategy. In addition, the consultant reviewed the impacts that the Project has had on women's income and empowerment both through qualitative enquiry and as reported in the RIMS and AOS. In sum, the approach taken has been to support women to join processing, marketing and savings groups. While the target is only 30%, women had more access to training and technical support and much of the market integration activities (partnerships, certifications, packing houses) have been directed at promoting their activities. In addition, the Project has tried to protect their long-term social and economic interests by linking women to cooperatives and wider policy processes. The missions have noted steady progress on gender outcomes since the MTR and the positive impact that the Project has on women is steadily growing, as described in this last supervision mission report. However, there are some caveats and progress is variable across the PIUs, with some recording participation rates as low as 11%. There are many lessons yet to be gathered on how best to support women in coastal communities.

Project completion issues

The project completion review could provide important insights to replicate and improve the CCDP approach through considering the following issues: (i) how do female and male beneficiaries compare in terms of the impact they have on household income and livelihoods; (ii) what are the longer term implications on economic growth of the fact that most investments in women's groups increase collective assets, whilst those in male groups increase private assets; (iii) how do women's groups (savings, trading and processing) perform on the different indicators of the enterprise scoring matrix and what does this convey about the particular challenges regarding women's groups; (iv) what explains the very different performance of different PIUs on gender and what lessons can be drawn for replication from this variable performance. These questions are not intended to be exhaustive, but only to give an indication of the type of analysis that could be undertaken during project completion review in order to be able to draw solid lessons for replication and scaling-up.

6. **Group savings and savings groups.** Savings groups were originally intended in the design document to be formed in every community and to include the especially marginalized and poor households. This design suggestion was abandoned before the MTR onwards for three main reasons: (i) the Project found that they were able to include very poor households in enterprise groups and those poor households that remained did not want to be stigmatized; (ii) creating special savings groups would require an inordinate amount of project resources to establish with questionable linkages to economic activities supported by the Project, and; (iii) wider policy developments made the establishment of dedicated savings groups difficult. Since then the Project has adopted the approach of supporting the 20 savings groups created in the early stages of the project but putting the project focus on supporting enterprise groups to save. The rapid increase in group savings as well as the activities of savings groups between this supervision and the last JRM in May 2016 can be partly explained by the economic success of the groups and the flexibility given to groups to determine how to save, as well as the recommendation of the last mission. Recently, most group savings are held in banks or in the micro-finance agencies of cooperatives, further evidence of growing savings maturity.

Project completion issues

The supervision missions, from the MTR onwards, have detailed the steady progress of the savings objectives of the Project but have not had the opportunity to contextualize this progress. The savings activities of the Project have not had been central to project activities but project completion must ensure that it captures the lessons from the rapid progress recently made by the groups. The project completion review, which will have at its disposable group savings records, as well as the enterprise scoring matrix and the AOS and RIMS, will be in a position to address several relevant issues, to name a few: (i) how do group savings and savings groups compare in terms of the impact they have on community access to finance; (ii) what are the relative benefits of groups savings versus individual savings in terms of the financial welfare of member

households; (iii) how do the savings patterns of women and men compare and what impact does this have on household livelihoods; (iv) what successful savings modalities can be identified for replication as best practice examples and (v) what are the policy and institutional support measures needed to support progress on savings.

7. **Integration into wider village planning processes.** The project objective of integrating the community planning activities into the wider village planning processes has seen considerable success, especially with the emphasis these have been given in the recent Exit Strategy and with the recent support for the formalization of some aspects of this planning in village ordinances. Given that much of this progress is very recent and ongoing, it has not yet been possible to reflect on the factors that support effective integration and the impact that these have had on the wider development objective, namely the empowerment of marginalized and poor coastal communities.

Project completion issues

The project completion review will be able to contribute much insight into how integration with village planning processes have worked and the factors that contribute to their success. In particular, a perspective will be useful on scale and significance, as some villages have a significant percentage of their households in the Project and in others beneficiary households represent a very small proportion of the village population. A deeper insight into the process and practicalities of integration will be a very useful aspect of the manuals/guidelines for project replication.

8. **Impact on poverty and livelihoods.** The RIMS and Annual Outcome Survey of 2015 show a positive impact on incomes, household assets and nutrition amongst beneficiary households. This impact has been validated anecdotally in numerous supervision missions, as well as in the increase in savings of the enterprise groups and the savings groups and the indicators on group financial progress in the enterprise group scoring matrix. In addition, and again anecdotally, the missions have noted an increased coastal resource base as a result of coastal resource management (though coinciding with a ban on trawling), reduced dependence on money-lenders, a greater organisational capacity and knowledge base and enhanced capacity to develop partnerships with third party operators. If these are sustainable, they indicate not only an impact on income poverty but also on the systemic factors that impact the livelihoods of coastal communities and render them vulnerable to sustained poverty. This also provides a post-facto justification for the project rationale in addressing multiple causes of poverty in coastal communities and therefore the relevance of replication.

Project completion issues

The project completion review, which will have the RIMS and AOS, as well as the enterprise group scoring matrix and numerous case studies to hand, would do well to consider the relative influence, causality and likely sustainability of the project impact on poverty and livelihoods. Critical issues emerging from poverty analyses e.g. causes, coping mechanisms, depth of poverty, changes in livelihood strategies should be summarized taking into account location, gender, initial asset base and enterprise group type, amongst other factors. A review of the causality of poverty and the impact of the Project across the very different District contexts will be an immensely useful insight into poverty dynamics and trends in coastal communities.

Annex 5: Technical Annex on capture fishing and aquaculture groups: Progress/Lessons Learned

Assumptions/ considerations at design

The design of CCDP sub-component 1.2 (Coastal Resource Assessment, Planning and Co-Management) and sub-component 1.3 (Market-focused village development) took into consideration environmental risks relating to potential over-exploitation of capture fisheries and potential negative impacts of aquaculture. Based on available data at the time, most fishing areas in Indonesian waters were overfished, including some of the districts targeted by the project. In particular, demersals and the large pelagics stocks were already showing signs of overfishing, and therefore it would have been risky for the project to support fishing activities targeting these species.

The design therefore provided for limited support to capture fisheries production groups for areas or species where assessments ascertained little or no risk of overfishing, or where a sustainable and managed fishing effort could be assured. In particular the project would primarily concentrate on small pelagics, where there were no signs of overfishing and could accommodate increased fishing effort. Project activities would mainly involve assisting individual hand-line canoe fishers to shift to group-operated seine netting for small-pelagic species (e.g. sardines), or to upgrade from canoe/outrigger to small engine vessels which would enable them travel some distance offshore. The project expected there would be high demand from the villages for more powerful fishing gear. Installation and use of fish aggregating devices (FADs) was also proposed as a way to increase catches.

It was not envisaged that capture fisheries would be the main production activity under the project. Instead fisheries production investments would focus primarily on aquaculture, mariculture and seaweed culture, with capture fisheries as a secondary focus. The project would finance capture fisheries activities only where opportunities for aquaculture were limited, or negligible.

In areas where capture fisheries was the only viable option, the project would include interventions in marine resource management, with co-management arrangements being established in all project villages so as to manage fishing effort. Co-management activities would include the formation of village coastal marine resource co-management groups to assume responsibility for planning and subsequently managing the agreed coastal resource plan for the village and some locations in adjacent villages; definition and delineation of co-management areas; identification of resources, production assets, resource users and institutional actors etc.; monitoring and assessment, including the collection of ecosystem health information and fisheries/marine data in the area.

The above interventions would produce the following results: designation of the immediate marine space as an area of preferential access for the village fishers; rules for extraction and use of the marine resources, including prohibitions or limits on destructive practices; protection of critical areas or assets; establishment of village registries of aquaculture sites and fishing vessels; and procedures for enforcement and conflict resolution, both for the village and intra-village incidents; establishment of a monitoring and enforcement group (*pokmaswas*) and a programme to build awareness on sustainable resource use.

It was considered that there existed large potential for improving and expanding aquaculture in the project area, including in freshwater, brackish water and marine culture. Some of the identified opportunities for expanding aquaculture were seaweed culture, cage culture of fish, growing molluscs, collecting and fattening crabs, and culture of other high-value fisheries.

As a safeguard against potential negative environmental impacts of aquaculture, the project would not support any enterprises which proposed to significantly reduce mangrove cover, in particular it would not support shrimp farming. However, it allowed a small window in case a large shrimp farm with outside investment would emerge in the target areas, and there were opportunities for the enterprise groups; in this case the project could conduct a specific environmental impact assessment before providing support to the group. Furthermore harvesting of wild crabs and crab culture would be subject to village resources environmental plans. In addition the project would only support cage

culture of threatened species, such as grouper, when "artificial" seed is available, rather than collecting seed from the wild.

Shortage of quality seed was recognised as a constraint right which would require attention.

It was projected that 60% of households within an average project village (each having 660 households) would be involved directly or indirectly in fishing, aquaculture and other marine-based activities, totalling to about of about 70 000 households in the 180 project villages.

Assumption/ considerations at design	Present status	Lessons
<ul style="list-style-type: none"> Capture fisheries would not be the main fisheries production activity under the project. Instead fisheries production by enterprise groups would focus primarily on aquaculture, mariculture and seaweed culture, with capture fisheries to get only a secondary focus. 	<ul style="list-style-type: none"> Capture fisheries has become the dominant and more preferred primary fish production activity, accounting for 53% of all enterprise groups while aquaculture only accounts for 16%. Preliminary analysis indicates that fishing provides higher net incomes and fishing groups (or individuals within them) have comparatively higher savings than aquaculture groups. They have good market access and some members also have access to credit. In general fishing groups continue to record good performance, with a few already considered "mature". 	<ul style="list-style-type: none"> The assumption that fishing would be secondary to aquaculture seems not to have been based on a thorough cost-benefit analysis of the two enterprises. It also underplayed some of the technical constraints associated with aquaculture investments, including adequate supply of the key inputs, besides the needed technical skills. It also did not take into consideration that fishing groups would be much easier to establish as they do not need induction, training or specialized equipment and are ready to start operations immediately – which is an advantage for PIUs.
<ul style="list-style-type: none"> The project fishing activities will focus primarily on small pelagics as their stocks had not shown signs of overfishing. The project would mainly support individual hand-line canoe fishers to shift to group-based seine netting for small-pelagic 	<ul style="list-style-type: none"> While there has been an increase in the numbers of fishing groups targeting small pelagics (possibly driven by the types of gear provided by the project), this has not completely removed fishing of other species. In some of the districts (e.g. Gorontalo) a significant number of groups continue to target demersal and large pelagics. At MTR it was noted that at least 15 different fish species entered the value chain of different enterprise groups, including; small pelagics (anchovy, sardines etc.), baby tuna, crabs, grouper, mackerel, milk fish, ornamental fish, red snapper, seaweeds, shrimp, skipjack tuna, squids etc. This most likely is due to the market value of the different species, with demersals and large pelagics fetching higher prices than small pelagics. Although price data are not available, there is a likelihood of small pelagics prices dropping as more fishers target them 	<ul style="list-style-type: none"> The expectation that fishers would shift to small pelagics seems only partially realized, and even this could be largely project-driven (based on the types of gear provided) rather than fishers' preference. It should have been expected that some groups would continue to target demersals and large pelagics (irrespective of the environmental consequences) due to strong market forces. It could also be due to seasonality of small pelagics that there are internal shifts in the types of fishing operations from small pelagics to other fisheries. There are concerns in some areas that demersal and large pelagics are highly threatened, therefore more attention should be given to management measures specific to the targeted species (e.g. if there is need for gear regulations, closed seasons, closed conservation areas etc.).

Assumption/ considerations at design	Present status	Lessons
<ul style="list-style-type: none"> Fish aggregating devices (FADs) could be installed as a way to improve fish catches, which would only be accessible to local fishers (or they could charge a fee to outsiders who want to access the FADs) 	<ul style="list-style-type: none"> There is no indication of FADs being installed in any of the districts 	<ul style="list-style-type: none"> Depending on the type of FADs deployed, this could be a technological intervention to improve catches, although the benefits to the fishers may not be very obvious due to the nature of the fishing zone and the types of species targeted. However FADs should have been piloted in a few villages and scaled-up if there were reasonable results.
<ul style="list-style-type: none"> Capture fisheries would be limited to areas or species where assessments show little or no risk of overfishing, or where a sustainable and managed fishing effort could be assured. 	<ul style="list-style-type: none"> There is no indication that the project-supported fishing activities actually led to overfishing as the investment levels are low and the project ensures gear control. The small fishing vessels localized in the villages may contribute just a little of the overall fishing pressure on shared migratory fish stocks. To the contrary, fishers' catch records and observational information from some of the districts (e.g. Gorontalo) suggest that they are experiencing increasing catches. This could be due to other actions e.g. protection of mangroves and critical habitats, the national ban on trawlers. 	<ul style="list-style-type: none"> The project made the right decision to ensure that investment in fisheries is accompanied with effort controls e.g. gear restrictions. Other actions to support this should be actualized, for instance identification and implementation of MPAs.
<ul style="list-style-type: none"> The project would support a few fishers to upgrade from canoe/outrigger to small engine vessels, nonetheless there could be high demand from the villages for more powerful fishing gear. 	<ul style="list-style-type: none"> Much of the enterprise group investments has gone into fishing to fund new vessel hulls, fishing gear, and/or engines. In some cases such assets have been provided to crew members to become self-employed fishers, while in other cases assets have been provided to existing boat owners, mainly as replacement assets to those most in need. However, the result in both cases has been an accumulation in fishing capacity/effort on marine resources. Few, if any proposals by capture fishing groups have resulted in changes in fishing methods towards more selective gears, smaller vessels and engines or non-motorized boats in order to reduce fishing pressure. 	<ul style="list-style-type: none"> The project design seemingly underestimated the demand by villagers to enter into fishing or expand their fishing operations. It was very useful that the project put very stringent cautions, conditionalities and criteria for support fishing activities, otherwise its capacity in this aspect would have been over-stretched. By the number of fishing groups (53% of all enterprise groups), it is evident that villagers perceive fishing as the most viable and relevant activity and the project should have realized this from the design stage.

Assumption/ considerations at design	Present status	Lessons
<ul style="list-style-type: none"> Where capture fisheries was the only viable option, the project would establish co-management for preparing and implementing marine resource co-management plans and to manage fishing effort. This includes forming village coastal marine resource co-management (VCMRC) groups to assume responsibility for planning and managing the agreed coastal resource plan for the village. 	<ul style="list-style-type: none"> CBCRM groups (reflecting the VCMRC at design) have been formed in all 181 villages and ICM plans prepared in nearly all the project's villages. Current effort is to integrate CBCRM groups and ICM plans into the village planning process and to identify other avenues to sustain the groups. CBCRM groups have not taken the full co-management responsibilities envisaged at design, in particular they are not effective in managing fishing effort. This is possibly due to their limited capacity, power and mandate and conflicting interests (they need to fish and at the same time control fishing), while some of the actors (e.g. semi/modified trawling boats encroaching in fishing areas close to some villages) may require action at a different level. CBCRM groups have shown limited capacity for surveillance, resource monitoring and CPUE data recording. Some effort has been made on land use mapping, resource inventories, etc. 	<ul style="list-style-type: none"> There was certainly a need for CBCRM groups in order to maintain a focus on environment and resource management issues at the village level. However, the capacity of the groups may have needed more attention vis a vis the role they were expected to perform. This is particularly important with regard to the complex co-management functions e.g. surveillance, data collection and monitoring, controlling fishing effort etc. Sustaining the CBCRM groups – which now is getting some attention – may also have been given some thought at the design stage within the context of the co-management framework. Furthermore there should have been consideration on how the proposed co-management arrangements would be sustained legally and financially.
<ul style="list-style-type: none"> Marine areas immediate to the village would be designated for preferential access for the village fishers with rules for extraction and use of the marine resources, prohibitions or limits on destructive practices and protection of critical areas or assets etc. 	<ul style="list-style-type: none"> Effort has been made to identify community-based marine resource management areas, which are then demarcated, declared and ratified (through Perdes, or village ordinance)". Nineteen of a target of 40 such ordinances/decrees have been created and this exercise is continuing through the CBCRM. Through ICM processes, most villages have a conservation area (some are no take zones/no fishing, some mangrove planting/rehab areas), in some cases to be linked to national level legislation on marine conservation, supported by village decrees and district level regulation. 	<ul style="list-style-type: none"> Establishment of MRMA's has been more challenging than envisaged at design, and may still raise more issues. This mostly has to do with the various competing interests within the village and with outside fishers for use of the resource. In particular the aspects of exclusion and enforcement have to be articulated very well to avoid conflicts with other (e.g. national) regulations.

Assumption/ considerations at design	Present status	Lessons
<ul style="list-style-type: none"> There is large potential for improving and expanding aquaculture in the project area, including in freshwater, brackish water and marine culture. Some of the identified opportunities for expanding aquaculture were; seaweed culture, cage culture of fish, growing molluscs, collecting and fattening crabs and culture of other high-value fisheries. 	<ul style="list-style-type: none"> Aquaculture groups represent 16% of all enterprise groups, far less than fishing groups, even though it was the project's fish production preferred enterprise. While there is some potential especially for fresh-water aquaculture this is counterbalanced by the challenges fish farmers are facing especially related to technology, management skills and inputs (unavailable quality seed and high cost of feed). Mariculture has shown little success, except in the case of seaweed. However, seaweed farmers are also experiencing problems with disease and marketing issues. 	<ul style="list-style-type: none"> The potential for aquaculture should not only have looked at the likelihood of raising fish, but also the status of resources required in terms of inputs availability and costs, technical skills, extension support etc. Plans to promote aquaculture should have also addressed these constraints which are quite critical for developing aquaculture.
<ul style="list-style-type: none"> The project would not support aquaculture activities which have high environmental risks 	<ul style="list-style-type: none"> The project has maintained a strong stance for environmentally sustainable aquaculture. In this regard no support has been provided for aquaculture which could significantly reduce mangrove (e.g. shrimp farming). Some enterprise groups have been supported for harvesting wild crabs and crab culture/fattening which should be subject to village resources environmental plans, however it is not clear that this has been maintained all the time. Cage culture of threatened species, such as grouper, should also have been subject to availability of "artificial" seed, rather than collecting seed from the wild. 	<ul style="list-style-type: none"> Environmentally sustainable aquaculture is a good selling point for the project and it is important to reinforce it. However, shortage of quality seed was recognised as a constraint right from the outset as an issue which needed attention.

Assumption/ considerations at design	Present status	Lessons
<ul style="list-style-type: none"> The project would support fishing group dynamics and the ability of fishermen to function as a group 	<ul style="list-style-type: none"> Capture fisheries groups are comparatively dysfunctional as group units compared to aquaculture, marketing, processing and enterprise groups, although some are engaged in group activities related to organising fishing times, marketing, and some limited savings. 	<ul style="list-style-type: none"> It was envisaged that groups would continue to function and outlive the project, thereby the number of groups operational is one of the output indicators. However, fishing groups appear not to respond to this project interest. This could be explained by the way the support to groups was provided. In the case of fishers, each of them received individualized items and this fits very well with the individual nature of fishing. In the other enterprise groups, the groups receive a collective facility around which the group would coalesce. This is important for future designs, if it is an important objective to maintain group functionality.

Annex 6: Terms of Reference for Preparation of a CCDP Replication Implementation Manual, to be provided as implementation support by IFAD

Background

The Coastal Community Development Project (CCDP) is a 5 year project (2013 to 2017) funded by the International Fund for Agriculture Development (IFAD), a Spanish Food Security Trust Fund and the Government of Indonesia. The goal of the CCDP is reduction in poverty and enhanced, sustainable and replicable economic growth among the active poor in coastal and small island communities. The Project's development objective is increased household incomes for families involved in fisheries and marine activities in poor coastal and small island communities. The Project has three investment components: (i) Community Empowerment, Development and Resource Management; (ii) District Support for Marine-Based Economic Development, with two Sub-Components: District-Level Investment and Capacity Building; and Market and Value Chain Support; and (iii) Project Management.

Under component 1, the Project is forming community groups (village working groups, infrastructure groups, and community-based coastal resource management (CBCRM) groups) and enterprise groups (with activities in capture fishing, aquaculture, processing, marketing and handicrafts) in target villages in 12 districts in Indonesia. Component 2 activities involve supporting: (i) marketing links between the enterprise groups and market outlets at local, district, regional, national and even international levels, and (ii) investments in district level infrastructure intended both to purchase products from, and provide services/inputs to, village based enterprise groups. The Project has a Project Management Office (PMO) based in Jakarta, and 13 Project Implementing Units (PIUs) in districts around the country.

The original design intention of the Project was both to bring about positive impacts in the areas in which project activities are completed, but also on completion of the project (31 December 2017) to leave behind a viable successful development model that could be replicated both in the Districts in which the Project has been working, but also in other areas of the country.

The project team have been actively thinking about and discussing replication, and have been piloting replication in Berau in East Kalimantan. In some project districts replication is also already emerging naturally, with allocations having been made in village funding for CCDP-type activities and CCDP modalities being used for targeting and demand-driven investments based on the bottom-up process proposed by the CCDP. The upcoming preparation of the next Medium Term Development Plan, provides a good opportunity to leverage strategic replication through national programmes. BAPPENAS is also planning to utilise/replicate the CCDP model for fisheries-related activities as part of Equity Economic Programme and its yearly planning in 2018 and 2019. However, there is as yet no documented output which describes in totality and succinctly how the CCDP model might be implemented after the Project by others. Further replication interest has been expressed by the Ministry of Villages. A recent Joint Review Mission of the Project completed in May 2017 recommended that the Project develop a policy study, which provides a succinct summary of (i) impact; (ii) alignment with local programmes and priorities; and (iii) description of project approach with focussed guidance for replication (to be available in both English and Bahasa Indonesian).

Tasks

Under the overall guidance and supervision of the IFAD Country Director, and the CCDP Director and PMO Secretary, the expert will:

- Review all relevant existing Project documents related to: i) outcomes and impacts; ii) key lessons learned related to implementation approach both in terms of practical implementation arrangements and key innovations of the CCDP-model; iii) component implementation manuals and other guidelines prepared and used by the project during implementation e.g. on how to implement poverty targeting, on community mobilisation/socialisation/facilitation; and

- iv) project management approaches e.g. to partnerships, accessing finance to support enterprise group sustainability, to the provision of training and capacity support, etc.
- Hold discussions with key Project staff and consultants on key aspects of implementation (success factors) replication
- Hold focus group discussion with CCDP-Bupatis/Wali Kota/village heads on implementation (alignment and integration in local initiatives) and replication
- Gather any declarations of interest from non-CCDP *Bupatis/Wali Kota* who would be interested in having a CCDP-type of intervention in their district.
- Summarize the findings in a Coastal Community Development replication implementation manual

Outputs

A CCDP-model replication implementation manual (written in Bahasa Indonesian). This should: i) describe some of the key successes, outcomes and impacts of the CCDP (as the strong project performance can incentivise replication); and ii) provide practical information about the project implementation approach, which could be used to guide others in the future wishing to adopt a similar develop model – the applicability of the CCDP model applies not just to other coastal communities in Indonesia, but to other sector in Indonesia and indeed to other development projects outside of the country.

The replication manual should be written primarily with an Indonesian audience in mind, but recognising that development practitioners outside of Indonesia are also interested in the CCDP model due to its success, such as IFAD-supported projects around the world

After one week of the assignment, a table of contents of the replication manual will be presented to IFAD and the PMO for discussion and agreement.

Timing and Location

The expert will start work in July 2016, with the final outputs to be provided by the end of September. An input of 30 days is expected, to include report writing and addressing any comments made by IFAD and the PMO on a draft version of the manual.

A detailed schedule of activities will be developed on commencement of the assignment and agreed with the IFAD Country Director, and the CCDP Director and PMO Secretary. However time will need to be spent both in Jakarta and at the District Level.

Qualifications

The expert should possess the following qualifications and skills listed below as a minimum standard for recruitment.

- A graduate or post graduate qualification;
- At least 10 years of working in development;
- Experience/awareness of the CCDP;
- Previous experience of working in the Asia/Pacific region;
- Fluency in Bahasa (and a good command of English);
- An ability to work collaboratively as part of project teams and to engage with stakeholders in a culturally sensitive manner; and
- Strong presentation and writing skills.