

## **Republic of Philippines**

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### **Fisheries, Coastal Resources and Livelihood (FishCORAL) Project**

#### **Supervision Mission report**

Main report and appendices

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Asia and the Pacific Division  
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## Abbreviations and acronyms

AIP	Annual investment Plan
APP	Annual Procurement Plan
ARMM	Autonomous Region of Muslim Mindanao
ARG	ARMM Regional Government
AWPB	Annual Work Plan and Budget
BFAR	Bureau of Fisheries and Aquatic Resources
BMC	Bay Management Council
BSP	<i>Bangko Sentral ng Pilipinas</i> (Central Bank of the Philippines)
BTr	Bureau of Treasury
CDA	Cooperative Development Authority
CoA	Commission on Audit
CF	Community Facilitator
CRM	Coastal Resource Management
CY	Calendar Year
DA	Department of Agriculture
DBM	Department of Budget and Management
DENR	Department of Environment and Natural Resources
DILG	Department of Interior and Local Government
DoF	Department of Finance
DOLE	Department of Labour and Employment
DOST	Department of Science and Technology
DSWD	Department of Social Welfare and Development
FA	Financing Agreement
FARMC	Fisheries and Aquatic Resource Management Council
FLET	Fisheries Law Enforcement Team / <i>bantay-dagat</i>
FOA	Forward Obligation Authority
FY	Financial Year
GPH	Government of the Philippines
IFAD	International Fund for Agricultural Development
LBP	Land Bank of the Philippines
LGU	Local Government Unit
MAO/CAO	Municipal / City Agricultural Office
M/CPMO	Municipal/City Project Management Office
MDP	Municipal Development Plan
MFI	Micro-Finance Institution
MinDA	Mindanao Development Authority
MIS	Management Information System
MoA	Memorandum of Agreement
MTR	Mid Term Review
MYOA	Multi-Year Obligation Authority
MYPIB	Multi-Year Plan and Indicative Budget
NEDA	National Economic Development Authority
ORG	Office of the Regional Governor
PDR	Project Design Report
PFO	Provincial Fisheries Officer
PhP	Philippine Peso
PMO	Project Management Office
PNP	Philippines National Police
PO	People's Organisation
PSC	Project Steering Committee
PSCO	Project Support and Coordination Office
RPMO	Regional Project Management Office
RPRSA	Rapid Participatory Resource and Social Assessment
SEC	Security and Exchange Commission
SOE	Statement of Expenditure
ToR	Terms of Reference

## Map of Project Areas

### The Philippines

#### Fisheries, Coastal Resources and Livelihoods Project (FishCORAL)

Design report



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 | 27-03-2013

## A. Introduction<sup>1</sup>

1. The Fisheries, Coastal Resources and Livelihood (FishCORAL) Project was approved at IFAD's Executive Board in September 2015. The total project financing is US\$ 43.74 million comprised of: an IFAD loan of EUR 27.31 million (approximately US\$ 29.42 million); an IFAD grant of US\$ 0.69 million; Government contributions of US\$ 6.12 million; and counterpart contributions by Local Government Units (LGUs) of US\$ 5.64 million and communities of US\$ 1.33 million. The Project became effective on the 26 October 2015, implementation started on 2 January 2016, and the project completion date is 31 December 2020. The goal of the Project is to reduce poverty in the target coastal communities of the 11 target bays in Regions V, VIII and XIII and the Autonomous Region of Muslim Mindanao (ARMM) by 5% from the mean poverty incidence of 42%. The project's objective is that the following specific development results will be realised by the end of the Project: (a) annual income of participating fishing community households increased by 10% from baseline; and (b) employment of women engaged in income generating activities increased to 40% from the baseline of 20%. The Project has three investment Components: (i) Coastal Resource Management; (ii) Livelihood Development; and (iii) Project Management and Coordination.
2. A Supervision Mission was undertaken from 2 to 14 October 2016 to review the performance and implementation progress of the Project. The mission's objectives were to: (i) assess the progress of project implementation in relation to its start-up activities; (ii) identify implementation issues and bottlenecks; and (iii) discuss and agree actions to resolve identified constraints and improve project implementation.
3. The supervision mission was conducted in close collaboration with key project stakeholders, and the mission team consulted with: the Bureau of Fisheries and Aquatic Resources (BFAR) project staff and contractors at national and regional levels; Governors, Mayors and Municipality and City staff in LGUs in the regions; and communities and People's Organisations (POs) at the *barangay* (village) level. The mission undertook field visits to: Region VIII (Eastern Visayas) with consultations in Tacloban, Lawaan municipality, *barangay* Guinob-an (in Eastern Samar), Tanauan municipality, *barangay* Bislig (in Tanauan, Leyte), and *barangay* Cogon (in Palo, Leyte); Region V (Bicol) with consultations in Naga city, Pasacao municipality, Legazpi city, and *barangay* Lamba (in Legazpi); and the Autonomous Region in Muslim Mindanao (ARMM) with consultations in Cotabato city and *barangay* Sarmiento (Parang, Maguindanao). Pre-wrap up and wrap-up meetings were held on the 12 and 14 October 2016. The Aide Memoire signed on 14 October 2016 reflects the discussion and decisions at the wrap-up meeting.

## B. Overall assessment of project implementation

4. The overall assessment of project implementation is rated as *moderately satisfactory* and the likelihood of achieving development objectives is considered as *moderately satisfactory* according to IFAD's performance assessment methodology<sup>2</sup>.
5. Project start-up has been slow during the first year and the project has effectively only been operational for a couple of months. The loan Financing Agreement (FA) was signed on the 26 October 2015, but various stages of approval required by government agencies meant that the first withdrawal application (WA) for the loan proceeds was not submitted to IFAD until 4 May 2016. The initial advance of the loan proceeds was deposited to the dollar account at the *Bangko Sentral ng Pilipinas* (BSP) on 16 June 2016 while the converted loan proceeds were

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<sup>1</sup> Mission composition: Graeme Macfadyen, Team Leader and Fisheries Specialist; Yolando Arban, Institutional Development/Project Management Specialist; Shankar Kutty, Procurement Specialist, IFAD Rome; Zidni Marohombsar, Financial Management Specialist; and Jing Pacturan, Philippines Country Programme Officer. Tawfiq El-Zabri, Programme Officer, joined the mission from 11 October and participated in the wrap-up meeting. The mission was supported by Ms. Vivian Azore, Country Programme Assistant, Philippines.

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

deposited to the BFAR peso account at the Land Bank of the Philippines (LBP) on 27 June 2016. The grant FA, while approved by the IFAD Executive Board on 15 December 2015 was not signed by IFAD until 29 April 2016 and by the Department of Finance (DoF) Secretary until 17 May 2016, due to clarifications and the need for consistency between the currency of the grant FA and the Special Authority from the Office of the President. The dollar account for the grant was opened at the *BSP* on 10 June 2016. The letter from DoF to IFAD with information on the Department of Agriculture (DA)-BFAR authorized signatories was submitted in September 2016 thus completing the required documents for the withdrawal of the grant funds. As a result, initial funds for three of the four Regions were not deposited to their respective project accounts until August 2016. Fund transmission to the ARMM is still awaiting final approval of a Tripartite Memorandum of Agreement (MoA) between the Department of Agriculture (DA), BFAR-ARMM and the Office of the Regional Governor.

6. From project commencement up to 30 September 2016, the cumulative disbursement rate based on IFAD's data was 14% for the IFAD loan, and 0% for the IFAD grant. However actual use of funds by the project as of 30 September 2016 was 0.2% of the IFAD loan, 0% of the grant, and 0.2% overall. Coordination with the Bureau of Treasury (BTr) on the opening of accounts for the government counterpart funds was completed in March 2016 with the government funds lodged at the LBP. Use of the government contribution up to 30 September 2016 was 0.3% of the total amount planned over the lifespan of the Project. LGU counterpart funds and Peoples Organisations (PO) contributions have not yet been made or recorded given the early stage of the project.
7. The delays in availability of funds have meant that the Project has not yet achieved any outputs or outcomes for either Component 1 or Component 2, and funds have primarily been used for staffing and start-up workshops. Progress in recent months since the project effectively became operational has however been good, and much of the groundwork has been laid for an acceleration of project implementation. Some positions remain to be filled, but most BFAR project staff and contractual staff have now been nominated/recruited both in the Project Support and Coordination Office (PSCO) in Manila, and in three of the four Regional Project Management Offices (RPMOs) (in Regions V/Bicol, VIII/Eastern Visayas and XIII/Caraga). For the ARMM, staff recruitment and contracting is dependent on the signing of the Tripartite MoA and transfer of funds. The PSCO organised an official launch of the project on 19 January 2016 and a number of planning and orientation workshops. The Project Steering Committee (PSC) has been established and held its first meeting on 19 February 2016, and procurement of equipment and vehicles for the PSCO, RPMO and LGU project offices is underway but not yet completed. RPMOs in Regions V, VIII and XIII have also begun to sensitise LGUs about the project.
8. Implementation of fiduciary processes and controls are considered acceptable. The Project is in the process of facilitating MoAs between BFAR and the LGUs for project implementation. These MoAs need to detail the fiduciary responsibilities and obligations of LGUs and communities. The Project will also have to clarify and align funds flow and community Financial Management (FM) guidelines in the Project Implementation Manual (PIM) along with processes and procedures for partnership with PO's, allowing the communities to undertake simple procurement for the livelihood component, linked to simple performance measures that are validated periodically.

## C. Outputs and outcomes

9. **Component 1. Coastal Resource Management.** Progress to date is considered to be *moderately satisfactory* in recognition of both the early stage of the project's real implementation and its potential to achieve the intended outcome if implemented successfully. The intended outcome from the Component is "*Fishing communities adopted sustainable management of fishery and coastal resources*". The intended outputs are discussed below.



10. **Output 1: Capabilities of LGUs and fishing communities to enforce sustainable management of fishery and coastal resources established.** There has been little progress on this output. The existence and institutional/operational strength of Bay Management Councils (BMCs), Fisheries and Aquatic Resource Management Councils (FAMRCs) at various LGU levels (i.e. barangay, municipality/city, province), and Fisheries Local Enforcement Teams (FLETs), is very variable. The extent to which LGUs have delineated municipal waters and zoning ordinances and had them approved by local *Sangguniang Bayan*, and registration and licensing of fishers, also varies between LGUs. As the Project intends to strengthen these institutions and activities and to create integrated FARMs at the bay-level, it is recommended that the PSCO (with the support of the RPMOs to provide the necessary information) create and maintain a project-wide database of information on the BMCs, FARMs, FLETs, municipal waters and zoning ordinances, and registration/licensing. The database should include a qualitative assessment of the functionality of the institutions using criteria such as the frequency and dates of meetings, funding levels, etc.; and be constructed to allow for analysis (for example using pivot tables in excel) of the status and progress by municipality/city, bay, and Region. This will allow the Project to track changes, analyse performance, and identify key priority areas of necessary support. The database could also be part of the project's Management Information System (MIS) (discussed later).
11. Planned project investments under this output include boat engines and equipment for FLET patrol boats, construction of a BMC building in each of the 11 bays within the project area, watchtowers in all 103 municipalities/cities, and 11 fish landing facilities<sup>3</sup>.
12. The Project should ensure that LGUs fully justify the provision of engines and equipment based on existing assets for fisheries patrols and other ongoing BFAR support, and that MoAs between BFAR and the LGUs provide sufficient detail about the provision of operational and maintenance costs to safeguard the use of project investments in support of project outcomes. The procurement general specifications for engines should be reviewed if necessary to provide for engines of sufficient horse power to be effective for fisheries patrols, and provide separate specifications for engines and equipment.
13. The BFAR engineer has prepared generic designs for the BMC buildings (which should be adapted to meet the specific needs and conditions in the Regions). RPMOs will need to ensure that there is: (i) full agreement over locations for the buildings so that these are acceptable to all LGUs in each bay (and not just the LGU where the BMC is to be constructed); (ii) clarity of land title; and (iii) assurances and safeguards about capacities and budgets for their maintenance and operation by the LGUs; and (iv) agreement about whether and when to handover buildings to LGUs according to capacities.
14. While watchtowers at the municipality/city level may serve as a deterrent to infringements and help to reduce fuel costs on patrols, the supervision mission is not convinced that there is a strong justification for them in all locations, especially given the potential need to provide electricity for radio communications and lights and for LGUs to fund people to man them. RPMOs should therefore critically examine their justification by each LGU, and adopt a flexible approach recognising that some LGUs may be provided with them and others not.
15. Investment in fish landing facilities are identified as jetties in half of the bays and timber ports in the other half. As with the watchtowers, the mission recommends a studied and selective approach to identification and funding of fish landing facility investments (indeed the design also highlights that they may not be essential). The RPMOs should critically re-examine their justification, and adopt a flexible approach to funding if necessary, potentially freeing up funds for other purposes (for example for Component 2). The mission considers that funds may be better used in support of livelihood projects or infrastructure more directly supporting group-based livelihood enterprises such as seaweed solar driers, food-grade fish drying facilities, etc..

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<sup>3</sup> Note that the fish landing facilities were moved from component 2 as proposed in the project design, to component during as part of the review process by the National Economic Development Authority (NEDA) prior to the loan negotiation.

16. **Output 2: Municipal/city and bay-wide fishery and coastal resources management and investment plans implemented.** The PSCO has prepared draft Terms of Reference (ToR) for Participatory Resource and Social Assessments (PRSA) in the Regions, which will inform the project's work in supporting the development of Coastal Resource Management (CRM) plans at LGU level, as well as the investments in habitat rehabilitation under output 3 (see below). The current draft ToR do not provide important information to inform Component 2. The mission recommends that the ToR are re-examined and broadened to allow for better background and baseline information in support of Component 2, and are informed by other available information (e.g. manuals and project reports) on conducting participatory assessments.
17. The CRM plans at municipality/city level (typically renewed every three years) are variable in terms of their existence, quality, implementation, and funding. The Project has begun to sensitise LGUs in some Regions about the project's planned activities to engage with LGUs on improving the CRM plans and ensuring that they reflect an ecosystems-based approach to fisheries management (and sufficiently integrate social and economic issues as well as environmental aspects of resource management and development). The PSCO should (with the support of the RPMOs to provide necessary information) create and maintain a project-wide database of information on the CRMs with key information, including the dates at which CRMs come up for renewal, to help the project prioritise which LGUs should be supported and when.
18. **Output 3: Habitats for fishery and coastal resources rehabilitated and established.** Little progress has been made on this output so far. It will be critical that investments in habitat and resource rehabilitation (for example in coral reef, seagrass and mangrove rehabilitation, and fish sanctuaries) are sufficiently informed by the PRSAs discussed above, and based on good consultation with LGUs and communities. Fishermen's POs should be involved in the implementation and subsequent maintenance/protection of project investments where possible. Any rehabilitation of mangroves should be completed in consultation with the Department of Environment and Natural Resources (DENR).
19. **Component 2. Livelihood Development** is rated as *moderately satisfactory*, considering implementation progress to date but recognising both the early stage of the project's real implementation and its potential to achieve the intended outcome if implemented successfully. The expected outcome is: *Income of fishing households in target coastal communities increased through sustainable engagement in diversified livelihood activities*. There are two outputs, discussed separately below.
20. **Output 1: Fishing households organized into livelihood groups.** This output will support or reactivate suitable existing POs and form new groups as needed. It is estimated that a total of around 117,000 fisherfolk including women, youth and indigenous peoples will benefit from livelihood development. Community Facilitators (CFs), staff of BFAR, LGUs through the Municipal/City Agriculture Office (M/CAO), and other agencies such as the Department of Trade and Industry (DTI) will assist the livelihood groups. As designed, direct beneficiaries for livelihood projects are registered POs<sup>4</sup> and their membership. Groups within the POs will be able to propose livelihood projects. There is some contradiction and uncertainty between the FA, the project logframe, and the project document as to whether all *barangays* need to be targeted for Component 2 (and recommendations are made later).
21. To facilitate work with the POs, the Project has recruited 120 CFs since January 2016: 60 in Region VIII, 27 in Region V, 15 in Region XIII, and 19 in the ARMM. In the case of the ARMM, the CFs are not yet contracted pending the tripartite MoA. Excluding the ARMM, on average each CF covers 9 *barangays* but some cover as many as 15 and others as few as five. The current assignment of *barangays* per CF is based on the number of *barangays* per bay which can be reached easily by a CF. Per design a CF should cover between 5-7 *barangays*.

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<sup>4</sup> POs can be registered with the Security and Exchange Commission (SEC), Department of Labour and Employment (DOLE) or the Cooperative Development Authority (CDA).

22. While most of the Regions are still in the process of orienting the CFs about the Project and establishing linkages with LGUs, one Region visited by the mission (Region VIII) has already started the process of social investigation in prioritized *barangays*. This has included profiling the *barangay* and the POs, coastal resource mapping, and some initial livelihood identification. The mission considers that starting with pilot *barangays* is a wise approach for gaining a foothold for project investments and for learning as the project rolls out to other *barangays*. However more emphasis was given to the LGU's preferences rather than on the criteria as indicated in Appendix 2 and Working Paper 3 of the Project Design Report (PDR). Field visits suggest that the LGUs have socio-economic, demographic and PO profile data for each target *barangay*. The mission also noted that social investigations already completed have used different modalities, with differing use of participatory approaches, and that there is no standardised information guide for CFs to use in sensitising LGUs and POs about the Project.
23. Considering the intention and processes involved in this output, the Project should (i) complete the *barangay*/PO profiling and finalize the criteria for livelihood project readiness and eligibility which will be used to select *barangay* and POs (e.g., legally registered, with a bank account, having some savings, capacity to provide counterpart, with previous experience of individual and group based economic activities, good track record from previous projects funded by other agencies and donors); (ii) prepare guidance on how to introduce the project to LGUs and POs (e.g. overall objectives, general philosophy regarding partnership and sustainability, different components, eligible items, ineligible items, beneficiary obligations, etc.); and (iii) come-up with a guide for a participatory social mobilization, livelihood identification, and PO strengthening with corresponding training for CFs. These improvements in approach should be incorporated in the PIM, and assignment of CFs needs to be reconfigured (see later discussion).
24. **Output 2: Livelihood projects (fishery and non-fishery) with corresponding climate-proofed infrastructure/ facility support implemented.** There has been little progress on this output so far; and none of the rural infrastructure or livelihood projects have been submitted for project review and approval. Rural infrastructure projects, such as hatcheries and seaweed driers, were pre-identified in the project design but need validation with the communities, POs, and LGUs. Critical is for such investments to: (i) support the PO / household livelihood projects (meaning it may be necessary to wait for the livelihood projects to be agreed before the most appropriate infrastructure can be identified); (ii) adopt climate-proofed designs and corresponding cost estimates; and (iii) specify clearly agreed arrangements for their ownership, management and operations to ensure sustainability<sup>5</sup>.
25. With regards to livelihoods projects to be supported, the PIM identifies 13 livelihoods/enterprise models<sup>6</sup> with technical information for implementation. As of the time of the mission, these have not been subjected to extensive consultation processes with the communities, POs, and fishing households. Alternative non-fishing livelihoods and enterprise models have not yet been fully identified and could be considered, but fisheries-related projects that increase the value of the catch (but that don't provide fishing inputs that would exacerbate fishing capacity/pressure), should also be considered for their merits. Key issues are: (i) while the PIM identifies five basic criteria for livelihood identification, there needs to be more technical, market-oriented and financial viability assessment tools and participatory methods to facilitate selection and decision-making by the communities and POs. Clarity also needs to be provided to RPMOs that non-marine-based livelihood activities can be included if carefully justified to address issues around seasonality in incomes from fisheries; (ii) the PRSAs to be completed shortly must ensure a participatory approach; and (iii) the guidelines on the budget for livelihood projects

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<sup>5</sup> The project may pursue management contract arrangements with third parties such as the private sector or cooperatives that possess the track record to manage such infrastructure.

<sup>6</sup> The project design pre-identified nine livelihood and enterprise models as having potential and the PIM selected five common livelihoods (i.e., seaweed farming, mud-crab fattening, aqua-silviculture, oyster/mussel culture, fish processing) for all the Regions.

need review and potential refinement so as to ensure that funds provided for individual livelihood projects are sufficient to establish viable financial activities<sup>7</sup>.

26. Other issues and related recommendations for the Project to consider are: (i) within the POs, a selection procedure is needed (and again should be included in the PIM) for priority fishing households that will benefit from project funds first; (ii) budget complementation<sup>8</sup> and financing from government agencies and private financial institutions should be explored and included in the project proposals and viability appraisal procedures; and (iii) using the preliminary list of identified livelihood projects in the PIM, the RPMO should prepare value chain-based products and market appraisal that will guide the identification of fundable project inputs at the level of the PO and the fishing households. The full mission report will provide some guidance on a sample matrix of products and project inputs.
27. **Component 3 Project Management and Coordination.** The implementation of this Component is considered to be *moderately satisfactory* with Project Management reviewed under Section D below.

Agreed actions <sup>9</sup>	Responsibility	Agreed date
1. Re-examine the justification for investments in watchtowers and fish landing centres under Component 1 based on a case by case basis, and re-programme funds if appropriate	PSCO and RPMOs	31 December 2016
2. Establish and populate (and then maintain as part of the project's Management Information System) a project-wide database of information on the BMCs, FARMCs, FLETs, municipal waters and zoning ordinances, fisher registration/licensing, CRMs, and POs	PSCO and RPMOs	31 January 2017 (Regions V, VIII, and XIII) 31 March 2017 (ARMM)
3. Finalise the ToR for the PRSA so that assessments provide the baseline and planning needs of the Project across Component 1 and 2	PSCO	15 November 2016

## D. Project implementation progress

28. **Project Management** is *moderately satisfactory*. The Project has established management and coordination offices at the national and regional levels, which are well integrated with the BFAR institutional structure. The PSC was organized in October 2015, chaired by the DA secretary, and in its first meeting in February 2016 approved: (i) the PIM; (ii) the Project's Multi-Year Plan and Indicative Budget (MYPIB); (iii) the 2016 Annual Work Plan and Budget (AWPB); and (iv) the 2016 Annual Procurement Plan (APP). IFAD provided 'No Objection' by email for these documents as it recognises the validity of email for such purposes. Most of the key PSCO officers were hired in the first half of 2016, and the process for designation of the Project Director was underway at the time of the mission.
29. The RPMOs in the four Regions have been established with BFAR organic staff designated to constitute the staffing requirements as BFAR's counterpart. Hiring of contracted staff in all Regions is almost complete with the exception of the ARMM. A total of 49 organic staff are assigned by BFAR to assist project implementation in Regions V, VIII and the ARMM, while a total of 136 contracted staff were recruited for project operations in the same Regions. Except for the ARMM which is still awaiting the conclusion of the tri-partite MOA, BFAR organic and contracted staff were provided with a three-day orientation about the Project.

<sup>7</sup> The Grouper Net Cage project identified in the PIM estimates a total project investment of Php 560,950 for 15 project participants which means the project fund required is considerably high at Php37,396 per participant. This amount excludes the beneficiary labour costed at PhP 224,380 and trash fish counterpart by the participants or beneficiary of Php432,000 or a total of PhP 656,380. While the cost and returns computation appears profitable this project appears to be capital intensive that will benefit only a few households.

<sup>8</sup> ARMM Health, Education, Livelihood, Peace and Governance and Synergy programme has funding support for poor households that include fishing households. MFIs and rural banks can provide financing support for viable projects with clear markets. Provincial LGUs will be another source of funding complementation.

<sup>9</sup> Annex 1 of this mission report provides an additional table of all 'softer' recommendations in the Aide Memoire that are not included as the most important 'Agreed Actions'.

30. At the municipal level, municipal/city Project Management Offices (M/CPMO) are not yet been established. But in Regions V, VIII and XIII the Project is beginning to engage with the LGUs and to some extent the *barangays*. Critical in this regard is the need to agree the MoAs between BFAR and the LGUs outlining arrangements and obligations of both parties for implementation of the Project. Some limited project orientation has been provided to target LGUs in Regions V, VIII and XIII, and in Region VIII 30 of the necessary 38 MoAs between BFAR and the LGUs have been signed. An important section of the MoA is the responsibility of the LGUs to establish a M/CPMO. As these M/CPMOs will assist/participate in the preparation and implementation of CRM and PO livelihood investment proposals, it is important that MoAs between DA/BFAR and the target municipal/city LGUs are completed in the last quarter of 2016 and the PMOs established (this process make take longer in the ARMM). The PSCO should prepare and maintain a list of all MoAs between BFAR and LGUs by bay and Region for inclusion in the Management Information System (MIS).
31. Regional Coordination and Support Committees (RCSCs) have not yet been formed in accordance with the FA, and based on guidance in the PDR regarding their composition. RCSCs will provide critical support and technical assistance to the Project based on the representation by related agencies (e.g. DTI, Department of Science and Technology [DOST], Philippine National Police [PNP]), especially with regards to sharing of information about other livelihood development initiatives, and the technical and financial review of livelihood projects to be proposed. RCSCs should be established in the four Regions during the last quarter of 2016. The PSCO should facilitate this with requests to relevant national agencies that their regional officials be involved in the RCSCs.
32. A key issue for project management is the Project's wide coverage of 1,098 coastal *barangays* spread over 103 municipalities/cities in 14 provinces, with limited livelihood investment funds and numbers of community facilitators (CFs). To address this constraint, recognising the need for careful poverty and gender targeting, it is recommended that project management should focus on beneficiary POs that will most benefit from livelihood projects rather than necessarily establishing a livelihood sub-project in each *barangay* i.e. some *barangay* may receive no support under Component 2 (but all would remain part of Component 1), while others may receive support for more than one PO. It is further suggested that livelihood projects should be implemented in two main phases: phase 1 over 2017-2018 would cover 50% of the target beneficiaries, and phase 2 in 2018-2019 would cover the remaining target beneficiaries (planning for phase 2 should however start by 2018 so that project investments can be made in the livelihood projects early in 2019 to give the project sufficient time to work with the POs). The Project should strive to work as quickly as possible during phase 1 with POs already showing readiness and complying with targeting criteria, to introduce livelihood projects on a pilot basis to get the Project moving.
33. To ensure effective and efficient interactions among the CFs to address the day to day operations, it is further recommended that CFs be organized as a team per bay, and be assigned according to bay LGU governance arrangements and the phasing of livelihood projects. As the current BFAR Provincial Fishery Officers (PFOs) are not available full-time to assist the Project, supervisors should be selected on a competitive basis to act as bay CF team leaders (with CFs encouraged to apply), reporting to the livelihood officers in the RPMOs. Each RPMO should prepare a management strategy for phasing and teaming of staff. The ToR for the livelihood officers should be reviewed and expanded at the end of 2016 to ensure a sufficient focus on marketing aspects of enterprise activities, with specific training in marketing for such staff provided if necessary to enable them to fulfil this function, or recruitment of new personnel if necessary.
34. The CFs play a critical role in ensuring successful implementation of the Project. Project management should make all efforts to reduce turnover of CFs, through available and appropriate mechanisms such as ensuring monthly meetings with the RPMOs, review of salaries and benefits (such as insurance) and travel allowances, provision of uniforms to

- increase their credibility with the LGUs and communities, and provision of project-specific training and capacity development. At the same time, RPMOs should be stringent in their review of CF performance at the end of 2016, and should not renew contracts for under-performing CFs, as recruiting and training new CFs early in 2017 to replace non-performing ones will have less of a negative impact now than later on. Performance measures should be clearly articulated in the CF's contracts and provide for a 3 months trial period.
35. Finally, the project should consider the use of mechanisms to improve implementation performance at the RPMO/LGU level. Such mechanisms could include a 'reward' approach to the project funding allocated to Bays/LGUs (through/via RFMOs) for project investments in livelihood projects, whereby LGUs performing well are allocated additional funding for livelihood projects (not cash incentives) over and above yearly core/initial allocations. Clear criteria for assessing performance would need to be established (and could be weighted for importance and include rates of disbursement, LGU financial contributions, and timeliness of reporting).
36. **Coherence between AWPB and Implementation** is rated as *unsatisfactory* given physical and financial progress compared to the approved AWPB. The Project has recruited and hired contractual staff and community facilitators. The PSCO has initially transferred funds totalling US\$ 321,000 (Php 15 million) to RPMO's V, VIII and XIII; and will provide additional funds to the RPMO's in accordance with their projected expenditures. The Office of the Regional Governor (ORG) of ARMM signed the MoA during the mission. The PSCO should follow up the DA Secretary's approval of the MoA to enable ARMM to commence with its planned project activities and disbursements.
37. **Monitoring and Evaluation (M&E)** is rated as *moderately unsatisfactory* as not yet established at all levels. The Project has still to hire an M&E officer for the PSCO, and the mission concurs with the PSCO's proposal that the M&E/KM position should be split into two positions (using savings from other areas to pay for two full-time salaries) given the specific and different requirements of these functions. In this regard, the mission recommends that the PSCO prepares a ToR for M&E and for KM separately for concurrence by IFAD and hires both officers. The national and RPMO M&E officers, together with other relevant PSCO and RPMO staff should conduct a workshop to detail the arrangements for the Project's MIS and M&E plan as this has not yet been prepared. The MIS should be based on and structured around the project logframe, with the possibility to present data by bay and Region with accumulated totals over time and available in real time with updates provided by the RPMOs<sup>10</sup>. Subsequent steps should include: (i) drafting of the Project's M&E manual (to be included in the PIM), to include data capture and reporting forms; (ii) development and deployment of the e-based MIS/M&E system; (iii) linking of the MIS/M&E system with the DA/BFAR's and the National Economic Development Authorities (NEDA's) reporting requirements, and, (iv) conduct a series of capacity building activities at national, regional and field levels. The project's MIS/M&E system should be established and functional during the first quarter of 2017. The use of grant funding for a service contract to advance these issues could be considered.
38. The mission observed that: (i) there are some differences between the information contained in the project logframe and the FA; (ii) that the PRSA will be critical in generating important baseline data; (iii) that the RIMS survey conducted in 2014 may not serve to provide high quality baseline data considering the methodology it adopted and the non-inclusion in the sample frame of *barangays* in Region VIII devastated by Typhoon Haiyan; (iv) and that the logframe could be significantly improved to ensure that there is clarity for all indicators which can be measured and collected, and detailed technical guidance about the means of verification (for example how is it planned to assess how institutions/POs to be supported by the Project have been 'strengthened' and 'sustained', what is meant by 'sustainably operated', how are 'profits' to be defined, etc.). It should be a priority of the PSCO M&E officer to be recruited shortly to address these issues.

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<sup>10</sup> See as an example the weekly dashboard prepared by the IFAD-funded CCDP in Indonesia: [http://ccdp-ifad.org/mis2/weekly-2016-eng.php?periode\\_awal=2016-04-25&periode\\_akhir=2016-05-01](http://ccdp-ifad.org/mis2/weekly-2016-eng.php?periode_awal=2016-04-25&periode_akhir=2016-05-01)

39. **Gender Focus** is assessed as *moderately satisfactory*. The Project is an active member of the IFAD-Philippines Gender Network, and gender focal people have been identified in the PSCO and the RPMOs. The Project is beginning to gather data on the gender breakdown of PO membership, and the mission observed high levels of awareness about the importance of gender targeting. As POs are gradually identified for project support, capturing this data needs to become systematic so that progress against project targets for female beneficiaries can be monitored on an ongoing basis. The Project is also recording the gender balance of its own staff, and data in the staffing directory of key staff in the PSCO and RPMOs provided to the mission show that of the 101 staff in the directory 62% are women (exceeding the stated project target of 30%). In addition, from the total of 120 CFs, 66% are women. The PSCO should prepare a specific gender strategy for the Project, as this is currently lacking in the PIM. The Harmonized Gender Checklist guidelines from NEDA, the Philippine Commission on Women (PCW), and the Official Development Assistance Gender and Development Network 2<sup>nd</sup> edition, can guide the project in developing the gender strategy.
40. **Poverty focus** is *moderately satisfactory*. The project design identified and targeted 1,098 coastal villages with high poverty incidence, but the PIM does not include prioritization criteria, selection process and phasing of project-support in *barangays* that will benefit from the project investments under Components 1 and 2, based on poverty criteria. This needs a critical review in order to come up with clear and realistic poverty targeting, especially for the livelihood projects to be supported under component 2. As the project investments under component 2 will be carried out through the POs, it is suggested that, aside from the four criteria<sup>11</sup> of the beneficiary target groups (the POs), other factors that may be considered for the *barangay* identification and prioritisation are those with POs and household members with; (i) high magnitude of poor households; (ii) high number of poor households that have not benefitted from other government and donor projects; (iii) high number of poor households with limited income sources; and (iv) levels of daily or monthly incomes (the lesser, the more priority).
41. **Effectiveness of targeting approach** is assessed as *moderately satisfactory*. For 2016, 110 *barangays* of the 1,098 are identified for project coverage. The PIM also identified 771 coastal *barangays* and 771 POs as the focus of the first 2 years of project support, and another 327 POs in the 3<sup>rd</sup> year of project implementation. These figures appear to be sporadic and not based on clear selection and prioritization procedures. In view of the limited funds in Component 2 it is suggested that the project formulates component-based targeting that will cover the appropriate number of *barangays* in Component 1 and the realistic number of POs (and fishing household members) in Component 2. The factors that may be considered for the targeting are: the available project budget from both loan proceeds and Government of Philippines (GPH) sources, the readiness of the LGUs to provide counterpart for Component 1 and in support or on behalf of the PO for Component 2, the capacity of the POs to undertake projects, the number of CFs, the effective reach of CF versus the *barangays* to be covered, the security situation in some project areas<sup>12</sup>, and the presence of local institutions that can complement the project investments, especially in Component 2 (e.g., other GPH projects, rural banks, government banks, MFIs, private sector). The mission observed the target number of beneficiaries specified in the design for Component 2 may be unrealistic given the funds provided, and may require review by the Mid Term Review.
42. **Innovation and learning** is assessed as *moderately satisfactory* based on the potential of the Project to demonstrate innovation and learning in both components. The Project is expected to contribute to learning around successful models of participatory and consultative bay-level CRM, incorporating an ecosystems approach to fisheries management, and LGU financing for effective law enforcement. The Project also has the potential to show-case innovation in PO

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<sup>11</sup> Current criteria in the PIM are: i) subsistence or marginal fishing households (men and women) who may or may not yet be members of a PO; ii) female-headed households; iii) out-of-school youth; and, iv) Indigenous People in Regions 13 and ARMM.

<sup>12</sup> For ARMM the RPMO may consider a two-phased approach with the Illana Bay as priority for phase 1 and Sulu Bay for phase 2.

livelihood projects. Working in different types of locations (with different geographical characteristics, target species, marketing arrangements, and partnerships), should serve to generate lessons that will be useful to inform future replicability and scaling up. For both components it is critically important that the Project draws on existing lessons learned to inform project implementation strategies. There are a number of earlier or existing projects and activities in the country focussing on resource management and livelihood development, and other institutions (academic, government, and non-government organisations [NGOs]) also working towards similar objectives as the Project. Drawing on existing innovation and learning can be achieved through a strong focus on partnerships (as discussed below).

43. **Climate and environment focus** is considered as *moderately satisfactory*. Component 1 has a strong focus on environmental improvements through bay-wide CRM, and investments in habitat and resource rehabilitation. The project design places a particular focus on an analysis of natural disaster risks and climate change concerns. The Project will work in areas affected by typhoon Haiyan/Yolanda in November 2013, and requires all investments such as the BMC buildings, watchtowers and livelihood projects to specifically consider the expected impacts of climate change and the risks of natural disasters. While some project activities (such as the provision of patrol boat engines) may increase carbon emissions, any resulting negative impacts in terms of climate change are negligible given the scale of inputs to be provided. The potential for the Project to increase the incomes of beneficiaries in the POs will also serve to increase their adaptation to the impacts of climate change.
44. **Partnerships** are rated *moderately satisfactory* and work of the RPMOs at this stage of implementation is focused on establishing partnerships with LGUs and POs, rather than with other institutions. Except for the ARMM, RPMOs have already provided orientation workshops with targeted LGUs at the municipal, city and provincial levels, and to some extent focus group discussions with POs in some *barangays*. As already discussed, Region VIII is fairly advanced on this aspect as they have already signed 79% of the targeted MoAs with LGUs. Once the RCSCs are established, the Project will establish partnerships with other government agencies such as DTI, DOST, and PNP. And as the livelihood projects are developed, the Project has to expand its partnerships with other development partners assisting the fisherfolk in the project area, such as the Sustainable Livelihood Program of the Department of Social Welfare and Development (DSWD), MFIs, and business development service providers.
45. **Knowledge Management (KM)** is *moderately satisfactory* and largely confined to photographic documentation of project start-up activities. In the immediate term, the Project should: (i) ensure that appropriate KM products, such as photographic documentation, capture the 'before project' situation so as to assist later with documenting project impacts (this is being done in some cases already); (ii) establish and maintain a comprehensive project website, to include a MIS system as already discussed, including all progress and performance data, project related publications, guidelines and training documents; (iii) initiate the use of Whatsapp and/or other social media within the project team(s); and (iv) develop KM products in the form of leaflets/brochures outlining the project's objectives and components which can be used to assist with sensitisation of LGUs, POs, and other partners about the Project. Over time the Project should also consider: (i) organizing trainings and coaching clinics under both Components; (ii) organizing exchange visits to support knowledge diffusion and peer-to-peer learning among RPMOs; and (iii) once implementation successes are realised, actively engage in media outreach (print, TV and radio), document success stories in brochures and videos, and participate in international and national conferences and workshops.



Agreed actions	Responsibility	Agreed date
4. Ensure MoAs signed between BFAR and all LGUs that the project will work with	RPMOs	31 December 2016 (Regions V, VIII, and XIII) 31 March 2017 (ARMM)
5. Establish the project's website, MIS and M&E arrangements	PSCO	31 March 2016
6. Finalise recruitment of all project staff	PSCO and RPMOs	31 December 2016
7. Revise the PIM	PSCO	31 December 2016
8. Establish RCSCs in all four Regions	RPMOs	31 December 2016
9. Adopt a differentiated approach to targeting for project implementation, with all <i>barangay</i> supported for Component 1 but not necessarily for Component 2, and with phasing of component 2 livelihood projects to target half of the beneficiaries in 2017 and 2018, and the remainder from 2019	RPMOs	Ongoing

## E. Fiduciary aspects

46. **Financial Management (FM)** is *moderately satisfactory*. The Project FM system is considered adequate. The BFAR follows government financial systems, rules and regulations for project transactions. Organic officers and contractual staff are assigned at the national and regional offices to perform project FM functions. The RPMOs have however yet to fill the positions for Finance Officers and Finance Assistants, and must ensure that they submit monthly financial reports on time (by the 3<sup>rd</sup> of every month). BFAR should also consider assigning project bookkeepers under the Regional Accountant. The municipality/city staff and community facilitators are also expected to assist in maintaining adequate FM arrangements at the LGU and *barangay* levels.
47. **2016 AWPB**. US\$ 7.47 million (Philippine Pesos [PhP] 317.21 million) in loan proceeds and counterpart funds were budgeted for 2016. Actual use funds by the project as of 30 September 2016 was 1.6% of the IFAD loan, 2.1% of government counterpart contributions, 0% of the grant, and 1.7% overall. During the mission, the Project formulated a catch-up plan for the 2016 AWPB that shows projected financial accomplishment of 75% or PhP 239.35 million by the end of June 2017. The 2017 budget, to be discussed at the project planning workshop planned for October 2016, should be reflective of lessons learned from absorption of the 2016 budget and what activities will roll over into 2017.
48. **Disbursement** is rated as *moderately satisfactory*. An advance of US\$ 4.3 million (PhP 200.66 million) from the loan's authorised allocation was credited to the Designated Account in May 2016. The Project made an application to IFAD for a WA from the grant account during the mission. The Project needs to adopt IFAD's SMART Statement of Expenditure (SOE) process, and this will require training of the RPMO staff by the PSCO.

**Table 1: Loan and Grant Disbursement (to 30 September 2016)**

Source of Funds	Allocated amount	Disbursed	%	Balance
IFAD Loan	EUR 27,310,000	EUR 3,873,874	14%	EUR 23,436,126
IFAD Grant	US\$ 690,000	US\$ 0	0%	US\$ 690,000

49. **Counterpart funds** are rated as *moderately satisfactory*. The GPH has appropriated and allotted US\$ 1.03 million (PhP 43.87 million) in counterpart funding for 2016, which remains valid for obligations until the end of 2017. As of 30 September 2016, US\$ 65,000 (PhP 2.77 million) was obligated or contracted and US\$ 17,000 (PhP 795,000) was actually disbursed.

There were no reported LGU contributions as of the mission. In Region VIII, some LGUs are believed to have made commitments in the Annual Investment Plan (AIP) of their annual budget for the financial year (FY) 2017. However, there are concerns as to whether LGUs in the ARMM can actually provide the required counterpart funding. Communities will be oriented accordingly of the required PO counterpart funding for the livelihood projects. The Project has to undertake appropriate measures to effectively mobilize, monitor and report LGU and community counterpart funds. Of critical importance is the need to ensure that MoAs between BFAR and the LGUs contain sufficient detail about counterpart contributions required. Partnership agreements with POs must detail beneficiary contributions.

**Table 2: Cumulative government and beneficiary contributions (to 30 September, 2016)**

Government contributions (in US\$)		
Expected 5 year contributions	Actual	% against expected 5 year contributions
6,120,000	17,000	0.3%
LGU contributions (in US\$)		
Expected 5 year contributions	Actual	% against expected 5 year contributions
5,640,000	0	0%

50. **Compliance with loan covenants**<sup>13</sup> is *moderately satisfactory*. Most covenants of both the loan and grant covenants are being complied with, but the mission highlights the need to: (i) establish the RCSCs; (ii) engage with the National Peoples Commission for Indigenous Peoples if indigenous peoples are found to live in any of the target coastal communities; (iii) establish MoAs between BFAR and all project-LGUs; (iv) maintain a project monitoring and information system; and (v) provide project personnel with insurance against health and accident risks.
51. **Procurement** is rated as *moderately satisfactory*. Procurement is in accordance with the approved Procurement Plan, which is being updated and revised. While there have been some minor setbacks/delays due to the late start of the project and failed procurement processes, procurement is undertaken in accordance with the provisions of the Republic Act (RA) 9184 and its implementing rules and regulations, consistent with IFAD's Procurement Guidelines. IFAD prior review requirements are being adhered to. Procurement records are well maintained and filed.
52. Savings generated as a result of the competitive bidding processes could be reprogrammed by the Project based on the identified and justified needs to finance additional equipment or it could be reprogrammed after the Mid Term Review (MTR). In light of the fact that costs for some equipment items may exceed those originally intended, it may be sensible for the PSCO to retain any savings on other equipment until the MTR rather than allowing RPMOs to use savings to purchase additional equipment. Likewise the Project may wish to consider using savings under the Rural Infrastructure allocations for Components 1 and 2 on livelihood projects, with the MTR to consider any re-allocations of cost categories in the FA that might be necessary at that stage from such changes.
53. For Rural Infrastructure under Components 1 and 2, the project design makes it clear that: (i) the construction of BFAR-operated hatcheries should only be financed, if there are no other sources of fingerlings, either from private sector or State University and college-operated facilities<sup>14</sup>; (ii) investment will be based on an assessment of the demand for fingerlings for viable fish culture on a regional basis.
54. PSCO, RPMO and CF positions financed from IFAD resources must be competitively selected based on sound recruitment and selection processes, reflecting the content of The Republic Act No. 2260 in relation to family members. The key positions in the PCSO and RPMO while not

<sup>13</sup> Assessment is made of compliance with the general conditions of the Financing Agreement.

<sup>14</sup> BFAR should ensure that the hatcheries are financially viable and self-sustaining. Operating the facilities through public-private partnership could be considered to ensure sound business management and sustainability.

referenced as individuals consultants are technically long term positions under contract for the duration of the project (subject to extension on a yearly basis based on performance) and hence subject to the conditions on the procurement as stated in the revised letter to borrower. Recruitment undertaken by the transfer of existing contractual staff of BFAR to PSCO, RPMO and CF positions through non-competitive processes should be specifically referenced in a request for no objection, clearly articulating the basis for the selection, and demonstrating the skills and merits of the recruitment with adequate justification.

55. In the context of expediting the Project due to delays in the start-up, the PSCO and RPMOs should advance a vast majority of its major civil works procurement under component 1 in 2017. This would ensure that planning, design, procurement and contracting is completed in 2017, with the physical construction for component 1 investments undertaken and completed between 2017 and 2018.
56. PSCO and RPMO should advance the process of procurement of motorcycles for Provincial Fisheries Officers (PFO) and LGUs in order to ensure mobility of the staff to undertake project activities as soon as possible. The PCSO, RPMOs, and the LGU's should ensure that clear mechanisms are in place to compensate PSO and LGU staff from its counterpart resources for the operations and maintenance of these vehicles for project related activities.
57. The PSCO should develop a detailed manual outlining processes and procedures incorporating appropriate risk mitigation measures to engage PO's as project partners, empowering communities to undertake simple procurement for the livelihood projects under Component 2, coupled with capacity support of the POs. This would transfer and establish ownership over the assets and increase accountability for results. However, should the procurement involve equipment (variable specification) which may not be available in the surrounding markets, then the procurement should be undertaken by the RPMOs or the PSCO based on the relevant specifications and availability of equipment in the associated regional and national markets.
58. **Audit** is rated as *moderately satisfactory*. The Commission on Audit (COA) will perform an annual audit of the Project early in 2017 covering the Calendar Year 2016. The ToR for the project audit are incorporated in the PIM (Annex 5). The Project intends to discuss and agree the ToR with the national and regional auditors, including pertinent audit matters.

Agreed actions	Responsibility	Agreed date
10. Fill vacant positions for Regional Finance Officers and Regional Finance Assistants	RPMOs	30 November 2016
11. Signature by the DA Secretary of the MoA with ARMM	DA-BFAR	30 November 2016
12. Coordinate a date for the annual project audit to be completed by COA	PSCO and RPMOs	31 December 2016

## F. Sustainability

59. **Institutional Sustainability.** The prospects for the institutional sustainability of the Project are considered *moderately satisfactory*. Institutional sustainability will be strongly impacted by the exit strategy which will need to be developed towards the end of the Project. However the mission observed good ownership of the Project by BFAR at the national and regional levels, and integration of the project into the BFAR institutional structure and planning processes. While early in the project and not all Regions have engaged fully with LGUs, the mission also observed good levels of enthusiasm for the Project by municipal and city LGUs and their staff (mayors, governors, and fisheries/agriculture officers) providing encouragement about potential sustainability. At the *barangay* level, sustainability of the POs supported, formed and strengthened by the Project will be dependent on: (i) the quality of technical and community

mobilisation support provided until the end of the Project; (ii) the development of successful modalities for the livelihood projects; (iii) the successful incorporation of PO representatives into the integrated FARMCs; and (iv) incorporation of CRM activities and funding requirements into LGU planning and budgeting processes.

60. **Empowerment and social sustainability** is rated as *moderately satisfactory*. In some Regions, the CFs have started to work with communities for coastal resource appraisal but more specific project tools on community facilitation, PO organizing and strengthening, livelihood identification, project prioritization and proposal templates are still to be developed in order to aid empowerment and social sustainability. While most CFs that have already been hired have previous community facilitation and organizing experience, the project needs to prepare uniform facilitation tools and instruments that can be customized as necessary to meet the specific needs of the communities in the Regions. Capacity building of RPMO staff and CFs should be planned and budgeted to ensure social sustainability.
61. **Economic/Financial, Technical, and Environmental Sustainability.** These aspects of sustainability, will be able to be more fully assessed once meaningful investments by the Project have been made. For component 1, environmental sustainability will largely be dependent on the success of the project in the institutional sustainability of the integrated FARMCs and BMCs to be supported by the Project, while financial sustainability will depend on the arrangements identified to cover the costs of fisheries enforcement. For component 2 sustainability will be critically dependent on the preparatory work done over the coming year to ensure that the livelihood projects are financially and technically sustainable.
62. **Quality of beneficiary participation** is assessed as *moderately satisfactory*. In Regions V, VIII and XIII, the CFs have in some cases consulted with key community leaders in the preparation of the preliminary coastal resource appraisals, but it is early in the project to assess beneficiary participation. Nevertheless the mission observed a high level of interest by the intended LGU and PO beneficiaries in participating in the Project. The PRSAs to be completed in the coming months should be utilized in the conduct of more intensive community / PO and LGU consultations in order to generate inclusive and effective participation in the project activities, including the identification of livelihood activities and infrastructure support.
63. **Responsiveness of service providers** is rated as *moderately satisfactory*. The Project is already using service providers in the form of contractual staff at PSCO and RPMO levels. The mission was impressed with the enthusiasm of most contractual staff. The Project proposes to monitor such service providers, and all CFs for example are recruited on yearly rolling contracts subject to review, which will help to maintain quality. Other short term expertise will be utilised by the project on a needs-basis, for example to complete the PRSA, conduct coaching clinics with POs, and carry out specific studies as necessary. The Project may also wish to consider using service providers for some knowledge management outputs.
64. **Exit Strategy** is rated as *moderately satisfactory* given the early stage of the Project and recognising that the project design requires that 18 months before the completion date, the PSCO work closely with all implementing agencies and fishing communities to finalise an exit strategy and sustainability plan for review by IFAD. This strategy should contain (i) specific mechanisms to ensure sustainability of the investment and activities supported by the Project after the end of the Project; (ii) a summary of the benefits from the project's investments, major policy and operational issues and lessons learned; and (iii) recommendations for technical and budgetary support from national government agencies or LGUs and administrative arrangements after the Project.
65. **Scaling up** is rated as *moderately satisfactory* given the early stage of the Project but recognising that the project design ensures that the Project will test sustainable approaches to CRM and livelihood developments, for the government and other agencies to learn lessons from for potential scaling-up. During the Project, lessons learned and innovation should be

captured to assist with scaling up. If the Project is successful as anticipated this should help attract funding to provide for scaling up after project completion.

## G. Other

66. **Impact** is rated as *moderately satisfactory* given the early stage of the Project but recognising the potential of the project to generate significant impacts in the form of reduced poverty and malnutrition, increased incomes and employment. The emerging success of the Project as assessed against project outcome and impact indicators will need to be first measured just prior to the MTR so that impacts can be reported in the MTR.
67. **Policy impact** could relate to both coastal resource management and livelihood development in coastal communities. Ensuring policy impact is maximised will rely partly on ensuring that project successes of the CRM and livelihood models tested are captured and documented in KM products in a way that makes project successes accessible to policy makers.

## H. Conclusion

68. The original project design anticipated a seven-year project, with the previous Government administration finally agreeing to a five-year project as reflected in the FA. One year has elapsed since the Project became effective with only limited progress due to recent government elections and time-consuming administrative and preparatory processes, and there has been very low use of the first withdrawal to cover expenditure anticipated in the 2016 AWPB. To support acceleration in implementation in the coming months, project staff have formulated a catch-up plan for the 2016 AWPB. However, in order to allow the new administration sufficient time to effectively execute the planned activities to ensure that project impacts are realised as expected by the end of the Project, the mission recommends that the Government consider requesting IFAD (either now or as part of the Mid Term Review) for an amendment of the duration of the Project to better reflect the original design. This would allow the Project to realistically plan for successful implementation.
69. The immediate focus of project activities, to be reflected in the 2017 AWPB, should be to: (i) move quickly on planning for implementation of the infrastructure investments (while recognising that the Project will need to review the proposals contained in the project design and make a number of strategic choices about the most effective use of funds); and (ii) ensure robust technical and financial due diligence of the PO livelihood projects – careful assessment now of PO needs and the technical and financial viability of these projects will be critical for the ultimate success of the Project. The mission also highlighted: (i) the importance of putting in place MoAs between BFAR and all the LGUs that will partner with the Project; (ii) some amendments/additions to the PIM which will need to be made to reflect the recommendations of the mission; and (iii) the need for careful targeting in the selection of *barangay* and POs to be supported in component 2, and for a phased approach to this component. Approval of the tripartite MoA between the Department of Agriculture, BFAR-ARMM and the Office of the Regional Governor in the ARMM should also be a priority as it is holding up project activities in that Region.
70. A short implementation support mission by IFAD is proposed for March 2017, and the next supervision mission will take place around September 2017.
71. IFAD and the Government of the Republic of Philippines endorsed the findings of the mission as laid out in the Aide Memoire signed at the wrap up meeting on 14 October 2016.



## Appendix 1: Summary of project status and ratings

### Basic Facts

Country	Republic of Philippines			Project ID	1548	Loan.	2000001258
Project	Fisheries, Coastal Resources and Livelihood (FishCORAL) Project					Grant	2000001275
Date of Update	20 May 2016						
Supervising Inst.	IFAD/IFAD						
No. of Supervisions	n/a	No. of Implementation Support/Follow-up missions	n/a				
Last Supervision	n/a	Last Implementation Support/Follow-up mission	n/a				

					USD million	Disb. rate %
Approval	15 September 2015			Total financing	43.74	
Agreement	26 October 2015	Effectiveness lag		IFAD Total	30.11	14%
Entry into force	26 October 2015	PAR value	Not at risk	IFAD loan	29.42	14%
First disbursement	16 June 2016			IFAD grant	0.69	0%
MTR	30 June 2018	Last amendment	n/a			
Original completion	31 December 2020	Last audit	n/a	Domestic Total	13.09	0.13%
Current completion	31 December 2020			Beneficiaries (LGUs)	5.64	0%
Original closing	30 June 2021			Beneficiaries communities	1.33	0%
Current closing	30 June 2021			Government (National)	6.12	0.3%
No. of extensions	0					

### Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management		4	1. Quality of project management		4
2. Acceptable disbursement rate		4	2. Performance of M&E		3
3. Counterpart funds		4	3. Coherence between AWPB & implementation		2
4. Compliance with financing covenants		4	4. Gender focus		4
5. Compliance with procurement		4	5. Poverty focus		4
6. Quality and timeliness of audits		4	6. Effectiveness of targeting approach		4
			7. Innovation and learning		4
			8. Climate and environment focus		4
B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Coastal Resource Management		4	1. Institution building (organizations, etc.)		4
2. Livelihood Development		4	2. Empowerment		4
			3. Quality of beneficiary participation		4
			4. Responsiveness of service providers		4
			5. Exit strategy (readiness and quality)		4
			6. Potential for scaling up and replication		4

B.5 Justification of ratings. The Project has effectively only been operational for a few months, so many ratings are set at the default rating of 4 and assessed against the project's potential rather than actual performance. M&E and Coherence between AWPB could have been expected to have been better even allowing for the late start of project activities. The second supervision mission (scheduled for September 2017) will need to carefully review and adjust all ratings based on an assessment of performance at that time.

## Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets		4
C.2 Food security		4
C.3 Quality of natural asset improvement and climate resilience		4
C.4 Overall implementation progress (Sections B1 and B2)		4
Rationale for implementation progress rating		
C.5 Likelihood of achieving the development objectives (section B3 and B4)		4
Rationale for development objectives rating		
It is too early in the project to assess the likelihood of achieving the development objective based on performance, and the rating is provided considering the design of the project, which suggests solid prospects for achieving the development objectives.		
C.6 <b>Risks</b> Short description of major risks for each section and their impact on achievement of development objectives and sustainability		
<b>Fiduciary aspects</b> – key risks are: the failure of beneficiaries (LGUs and communities) to be able or willing to provide 10% counterpart funding, as required, although the ability to provide contributions in kind, and the signing of MoAs between BFAR and the LGUs should alleviate this risk. Other risks might arise if: i) all Finance staff are not appointed to RPOs in a timely manner; the tripartite MoA for project activities in the ARMM is not approved		
<b>Outputs and Outcomes across the 3 Component</b> – key risks include: i) a failure to fill all staff positions in the PSCO and RPOs and to appoint the RCSCs; ii) a real willingness of fishers and LGUs to address key CRM failures if the solutions involve difficult political decisions and enforcement of fisheries regulations; iii) insufficient consultation and technical/financial input to the development of livelihood proposals and their approval, and a failure to fully understand the market potential of different livelihood projects; iv) the extent of project funds and the necessary investments for viable livelihood projects, which may mean that reaching the target number of beneficiaries under component 2 is difficult; v) turnover of CFs which would interrupt/impact on implementation; vi) the potential inability of the project to speed up implementation so that delays since effectiveness can be mitigated.		
<b>Sustainability</b> – key risks to sustainability largely reflect the risks and issues raised under outputs and outcomes above. Sustainability strategies in terms of the project's exit strategy will be developed 18 months from project completion as per the FA.		

## Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
The large number of agreed actions and recommendations in the Aide Memoire requiring action by the project	Support mission	March 2017	

Note that Appendix 3 provides a summary of all Agreed Actions. In addition, Technical Annex 1 to this report provides a full list of all additional suggested actions/recommendations contained in the Aide Memoire.

**Additional observations:** The original project design anticipated a seven-year project, with the previous Government administration finally agreeing to a five-year project as reflected in the FA. One year has elapsed since the Project became effective with only limited progress due to recent government elections and time-consuming administrative and preparatory processes which meant that funds were only provided a few months ago, and have not yet been disbursed down to all project regions. It may be hard/unrealistic to expect implementation to speed up such that all intended impacts can be realised in the remaining four years of the project.



## Appendix 2: Logical framework: Progress against objectives, outcomes and outputs

Narrative Summary	Performance Indicators <sup>15</sup>	Means of Verification	Assumptions/ Risks
<b>Goal</b>			
Contribute to reduced poverty in target coastal communities of the eleven target bays in Regions V, VIII, XIII and ARMM. <sup>16</sup>	<p>By end of project(EOP) in the covered municipalities/ provinces:</p> <ul style="list-style-type: none"> <li>• <i>Decreased poverty incidence by 5% from baseline of 42% (mean poverty incidence)</i></li> </ul> <p>By EOP 60% of the targeted 90,596 poor households in the Project area:</p> <ul style="list-style-type: none"> <li>• Increased ownership of household assets by 20% of baseline<sup>17</sup>.</li> <li>• Decreased child malnutrition (ages 0-5 years) by 4% from baseline of 24.4%.<sup>18</sup></li> </ul>	<ul style="list-style-type: none"> <li>• RIMS+ Impact survey.</li> <li>• NSCB FIES survey.</li> <li>• LPGPMS</li> <li>• CBMS</li> </ul>	<ul style="list-style-type: none"> <li>• Controlled/ managed calamity/ disaster in the target coastal communities.</li> </ul>
<b>Development Objective</b>			
Coastal communities sustainably manage their fishery and coastal resources generating livelihood benefits for the targeted households.	<p>By EOP, in the Project area:</p> <ul style="list-style-type: none"> <li>• <i>Annual income of participating fishing community households increased by 10% of baseline.</i></li> <li>• <i>Employment of women engaged in income generating activities increased to 40% from baseline of 20%.</i></li> </ul>	<ul style="list-style-type: none"> <li>• RIMS+ Impact survey.</li> <li>• Outcomes surveys.</li> <li>• LGU budget/ finance documents.</li> <li>• LGPMS</li> </ul>	<ul style="list-style-type: none"> <li>• Climate variability does not overcome the resilience of sub-projects supported by the Project.</li> <li>• No major financial shocks, stable inflation rate and purchasing power of fishing households maintained or increasing.</li> </ul>

<sup>15</sup> All indicators in the logframe and in the monitoring and evaluation system for the project will be disaggregated by gender. The project management will be required to report on the gender disaggregated data in the physical progress reports. The indicators in *Italic* are IFAD required RIMS indicators.

<sup>16</sup> The reduced poverty incidence by 5% from the baseline of 42% (mean poverty incidence) is based on IFAD's similar projects where the project is expected to contribute to poverty incidence reduction of 5% and also based on the expected achievements of similar poverty reduction programmes supported by the GOP and other foreign assisted projects. There are several factors that bring about poverty reduction, and not solely the responsibility of the project. Even the revised PDP has lowered its expectation of reducing poverty (from a target of 16.6% to 20% by 2016). The revised PDP recognized the multiple dimensions of poverty which are exacerbated by manmade and natural disasters.

<sup>17</sup> The household asset index is used as an indicator of relative poverty (or wealth) in the project area. Malnutrition is an indicator of hunger. It is worth emphasizing that an IFAD project does not need to have explicit "nutrition interventions" (such as nutrition education or the prevention of micronutrient deficiencies) to influence nutrition status. The factors determining nutrition status are multi-sectoral. Any project activities that increase household income or improve household conditions related to food, health, or caring practices have the potential to decrease chronic malnutrition.

<sup>18</sup> Reduction of incidence of child malnutrition and poverty are Results and Impact Management System (RIMS) indicators of IFAD. They are the mandatory anchor indicators that should be included in all IFAD assisted projects regardless of project type. The RIMS anchor indicators of impact are linked to the Millennium Development Goals (which have been recognized by 189 countries and all of the United Nations agencies) and form a basis for donor harmonization on impact assessment.

<b>Narrative Summary</b>	<b>Performance Indicators<sup>15</sup></b>	<b>Means of Verification</b>	<b>Assumptions/ Risks</b>
<b>Component Outcomes and Outputs<sup>19</sup></b>			
<b>Component 1 Outcome:</b> Fishing communities adopted sustainable management of fishery and coastal resources.	By EOP, in the Project Area: <ul style="list-style-type: none"> <li>Fish density in coral reefs increased by an average of 15% from baseline.</li> <li>Hard coral cover improved in selected sample protected areas where scientific sampling of coral takes place by an average of 15% from baseline.</li> </ul>	<ul style="list-style-type: none"> <li>RPRSA result.</li> <li>Project M&amp;E.</li> <li>LGU annual financial report.</li> </ul>	<ul style="list-style-type: none"> <li>LGUs, DENR and other agencies are vigilant in protecting and rehabilitating natural resources (ridge to reef).</li> </ul>
<b>Component 1, Output 1:</b> Capabilities of LGUs and fishing communities to enforce sustainable management of fishery and coastal resources established.	<ul style="list-style-type: none"> <li>103 municipal/city FLETs and 103 M/C FARMCs formed, strengthened and sustained.</li> <li>11 bay management councils formed, strengthened and sustained with their bay wide fishing ordinances implemented.</li> <li>103 LGUs implementing fisheries and CRM plans and ordinances.</li> <li>103 LGUs delineated municipal waters with accompanying zoning ordinances.</li> <li>103 sets of patrol boat equipment for surveillance sustainably operated.</li> <li>11 climate proofed<sup>20</sup> bay management and multi-purpose buildings constructed and maintained with 103 climate proofed watch towers constructed and maintained.</li> </ul>	<ul style="list-style-type: none"> <li>Project M&amp;E.</li> <li>LGU records.</li> <li>NAMRIA record on delineation.</li> <li>Law enforcement records.</li> </ul>	<ul style="list-style-type: none"> <li>National/local laws/ordinances favour the protection and rehabilitation off the municipal fisheries and coastal resources.</li> </ul>
<b>Component 1, Output 2:</b> Municipal/city and bay-wide fishery and coastal resources management and investment plans implemented.	<ul style="list-style-type: none"> <li>103 LGUs formulated/ updated multi-year CRM and fishery management/ investment plans which are integrated into the CLUP/MDP and AIPs.</li> <li>11 bay-wide multi-year CRM and fishery management/ investment plans adopted by LGUs involved.</li> </ul>	<ul style="list-style-type: none"> <li>Project M&amp;E.</li> <li>LGU records.</li> <li>LGU Annual Investment Plans</li> </ul>	<ul style="list-style-type: none"> <li>LGU leadership support to fishery/CRM development.</li> </ul>
<b>Component 1, Output 3:</b> Habitats for fishery and coastal resources rehabilitated and established.	<ul style="list-style-type: none"> <li>1,100 ha of critical mangrove areas rehabilitated and managed sustainably.</li> <li>21,456 ha of established and delineated or rehabilitated fish sanctuaries managed sustainably.</li> </ul>	<ul style="list-style-type: none"> <li>Project M&amp;E.</li> <li>LGU records.</li> </ul>	<ul style="list-style-type: none"> <li>LGU leaderships support fishery / CRM protection and rehabilitation.</li> <li>Laws/ordinances support protection and the sustainable management of the</li> </ul>

<sup>19</sup> At the impact level, the project will contribute to the attainment of the indicators. Attribution falls under the output and outcome levels of the project indicators.

<sup>20</sup> Coordination with the Local Disaster and Risk Reduction Management Councils (LDRRMC) of the municipalities will be forged for their involvement in the development of the municipal and baywide CRM plans. The LDRRMC will also be consulted by the Project specialists in appropriately designing infrastructure/ support facilities that will be strong enough to withstand a changing climate, particularly water surges, flooding, intense rainfall or extreme heat.

Narrative Summary	Performance Indicators <sup>15</sup>	Means of Verification	Assumptions/ Risks
	<ul style="list-style-type: none"> <li>• 3,814 ha of rehabilitated/ protected sea grass beds managed sustainably.</li> <li>• 22 marine species stock enhancement projects implemented.</li> <li>• 5,200 units of supplemental artificial reef deployed.</li> <li>• 5,150 ha of fish sanctuary provided with delineation markers.</li> </ul>		municipal fisheries/ coastal resources.
<b>Component 2 Outcome<sup>21</sup></b> Income of fishing households in the target communities increased through sustainable engagement in diversified livelihood activities.	By EOP, in 103 target municipalities and cities: <ul style="list-style-type: none"> <li>• Fishing households involved in fishery enterprises increased to 30% from a baseline of 20% (30% are women from a baseline of 20%).</li> <li>• One microenterprise established per coastal <i>barangay</i> operating.</li> </ul>	<ul style="list-style-type: none"> <li>• RIMS + Impact Survey.</li> <li>• Outcome Survey.</li> <li>• Project M&amp;E.</li> <li>• LGU records.</li> </ul>	<ul style="list-style-type: none"> <li>• No major financial shocks that affect the growth of livelihood enterprises.</li> </ul>
<b>Component 2, Output 1:</b> Fishing households organized into livelihood groups.	<ul style="list-style-type: none"> <li>• 4,454 groups generating profit from fishery enterprises (50% of members are women).</li> </ul>	<ul style="list-style-type: none"> <li>• Project M&amp;E.</li> <li>• Group/cluster financial records.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued willingness of fishing and other poor hhs in coastal communities to work collectively in livelihood groups/ clusters.</li> </ul>
<b>Component 2, Output 2<sup>22</sup>:</b> Livelihood fishery projects with corresponding climate- proofed infrastructure / facility support implemented.	<ul style="list-style-type: none"> <li>• 1 BFAR fully operational hatchery assisted.</li> <li>• 7 community-based hatchery development and enhancement facilities established.</li> <li>• 515 communal seaweed solar dryers<sup>23</sup> with storage constructed.</li> <li>• 49 mobile ice makers and 94 chest freezers managed sustainably.</li> <li>• 1,200 linear meters of fish landing facilities constructed.</li> <li>• 50% of the livelihood projects will be</li> </ul>	<ul style="list-style-type: none"> <li>• Project M&amp;E.</li> <li>• LGU records.</li> </ul>	<ul style="list-style-type: none"> <li>• LGU leadership continuing support to allocate timely counterpart funds.</li> </ul>

<sup>21</sup> Not all households in the covered 1,098 barangays will be engaged in enterprises, only those that are or will be members of the People's Organizations (PO) that will qualify to establish a livelihood sub-project. Thus, the Project will only target an increase of 50% (30% from a baseline of 20%) involvement of households in the covered barangays. Increasing the target will result to commensurate increase in the number and cost for livelihood sub-projects and will entail additional manpower to implement (i.e. community facilitators, LGU technical staff).

<sup>22</sup> In PY1 the Project will assess the existing BFAR hatcheries to determine their potential use as source of juveniles for the Project's livelihood and stock enhancement needs. Based on the results of the assessment, RPMO will recommend to the PSCO, whether the local hatchery will be worth assisting or not in relation to becoming a supplier of juveniles to POs.

<sup>23</sup> Output 2 pertains to construction of 515 communal seaweed solar dryers with storage. Support to seaweed farming is part of the livelihood programme to reduce the pressure on overfishing as well as improved income for the fishing households.

Narrative Summary	Performance Indicators <sup>15</sup>	Means of Verification	Assumptions/ Risks
	implemented by women.		
<b>Component 3 Outcome:</b> BFAR and LGUs delivered Project services on time and to the satisfaction of coastal communities	<ul style="list-style-type: none"> <li>• Implementation is completed within project period without cost overrun.</li> <li>• At least 95% disbursement of IFAD loan and grants by end of project.</li> <li>• Annual expenditures are &gt;90% of the AWPB estimates, PY1-5.</li> <li>• &gt;75% of target fishing hhs from PY3-5 satisfied with the services provided.</li> </ul>	<ul style="list-style-type: none"> <li>• Project M&amp;E, Audit reports.</li> <li>• RIMS+ impact survey.</li> <li>• Outcome survey.</li> </ul>	<ul style="list-style-type: none"> <li>• Despite changes in BFAR and LGU leadership, new officials honour MOAs and other agreements entered into by all the parties involved.</li> </ul>
<b>Component 3, Output 1:</b> Project management structures, systems, procedures at all levels established	<ul style="list-style-type: none"> <li>• All project financed structures functioning PY1-5.</li> <li>• 100% of MOAs between BFAR and LGUs and other implementing agencies signed and implemented.</li> <li>• All manuals and guidelines followed.</li> </ul>	<ul style="list-style-type: none"> <li>• Project M&amp;E.</li> <li>• LGU records.</li> </ul>	
<b>Component 3, Output 2:</b> Project managed in a timely, cost effective, transparent and in a gender and a culturally sensitive manner.	<ul style="list-style-type: none"> <li>• Complete, accurate financial records prepared and audited annually.</li> <li>• Adherence to planning and reporting procedures and formats PY1-5.</li> <li>• Timely, efficient, and gender and culturally responsive M&amp;E activities PY1-5.</li> <li>• Annual dissemination of project lessons learned/knowledge PY4-5.</li> <li>• BFAR permanent staff and contract staff are in post with qualifications and experience appropriate for their terms of reference PY1-5.</li> <li>• At least 30% of the Project staff are female PY1-5.</li> </ul>	<ul style="list-style-type: none"> <li>• Project M&amp;E.</li> <li>• BFAR/ Project administration records.</li> </ul>	

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

Action Area	Action Agreed	Date	Whom
<b>Project implementation</b>	1. Re-examine the justification for investments in watchtowers and fish landing centres under Component 1 based on a case by case basis, and re-programme funds if appropriate	31 December 2016	PSCO and RPMOs
	2. Establish and populate (and then maintain as part of the project's Management Information System) a project-wide database of information on the BMCs, FARMs, FLETs, municipal waters and zoning ordinances, fisher registration/licensing, CRMs, and POs	31 January 2017 (Regions V, VIII, and XIII) 31 March 2017 (ARMM)	PSCO and RPMOs
	3. Finalise the ToR for the PRSA so that assessments provide the baseline and planning needs of the Project across Component 1 and 2	15 November 2016	PSCO
	4. Ensure MoAs signed between BFAR and all LGUs that the project will work with	31 December 2016 (Regions V, VIII, and XIII) 31 March 2017 (ARMM)	RPMOs
	5. Establish the project's website, MIS and M&E arrangements	31 March 2016	PSCO
	6. Finalise recruitment of all project staff	31 December 2016	PSCO and RPMOs
	7. Revise the PIM	31 December 2016	PSCO
	8. Establish RCSCs in all four Regions	31 December 2016	RPMOs
	9. Adopt a differentiated approach to targeting for project implementation, with all <i>barangay</i> supported for Component 1 but not necessarily for Component 2, and with phasing of component 2 livelihood projects to target half of the beneficiaries in 2017 and 2018, and the remainder from 2019	Ongoing	RPMOs
<b>Fiduciary</b>	10. Fill vacant positions for Regional Finance Officers and Regional Finance Assistants	30 November 2016	RPMOs
	11. Signature by the DA Secretary of the MoA with ARMM	30 November 2016	DA-BFAR
	12. Coordinate a date for the annual project audit to be completed by COA	31 December 2016	PSCO and RPMOs



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

Results #	Objectives/Expected Results	Indicators		Implementation targets				Budget (PHP '000)					
		Project Indicators	RIMS Indicators	Appraisal (Total)	Planned (Annual)	Achieved (Annual)	%	APPRAISAL	PLANNED (ANNUAL)	Spent (Cumulative)	%	Spent (Annual)	%
								TOTAL	TOTAL				
C1	Component 1: Coastal Resource Management (CRM)												
	Purpose: Fishing communities adopted sustainable management of fishery and coastal resources.												
1.1	Output 1.1: Capabilities of LGUs and fishing communities to enforce sustainable management of fishery and coastal resources established.	103 LGUs formulated/ updated multi-year CRM and fishery management/ investment plans which are integrated into the MDP/ CDP.	Likelihood of sustainability of NRM groups formed/ strengthened  Likelihood of sustainability of climate-resilient rural infrastructure										
	Activity 1.1.1 Bay management councils (BMC) formed, strengthened and sustained with bay-wide fishery ordinances	Activity 1.1.1.1 BMCs formed	Groups involved in NRM formed/ strengthened	11	11	-	0%	8,792	1,262			-	0%

implemented.													
	Activity 1.1.1.2 BMCs strengthened and sustained												
	Activity 1.1.1.3 Bay-wide fisheries ordinances implemented												
Activity 1.1.2 LGUs delineated municipal waters with accompanying zoning ordinances	Activity 1.1.2.1 LGUs delineated their municipal waters and zoning ordinances approved by Sangguniang Bayan		103	60	-	0%	13,200	7,576				-	0%
Activity 1.1.3 Development of database and support to the municipal fishery licensing system	Activity 1.1.3.1 Database program developed		103	60	-	0%	6,538	3,788				-	0%
	Activity 1.1.3.2 Support to the mun. fishery licensing system												
Activity 1.1.4 Sustainable Operation of the patrol boats for surveillance and law enforcement.	Activity 1.1.4.1 121 patrol boat engines and equipment procured		121		-	0%	63,657						
	Activity 1.1.4.2 Operation of patrol boats sustained												



	Activity 1.1.5 Construction and maintenance of climate-proofed bay management and multi-purpose buildings (BMMB) and climate-proofed watch towers	Activity 1.1.5.1 11 climate-proofed BMMB constructed and maintained	Value of infrastructure protected from extreme weather events	11	7	-	0%	26,165	16,572			-	0%
		Activity 1.1.5.2 103 climate-proofed watch towers constructed and maintained	Value of infrastructure protected from extreme weather events	103	50	-	0%	32,729	15,782			-	0%
					<b>Total Budget for Output 1.1:</b>				151,081	44,980		-	0%
1.2	Output 1.2: Municipal/city and bay-wide fishery and coastal resources management and investment plans implemented.	Output 1.2.1103 LGUs formulated/ updated multi-year CRM and fishery management/ investment plans which are integrated into the MDP/ CDP.	Effectiveness of NRM and conservation programmes										
	Activity 1.2.1 Conduct Participatory Resource and Social Assessment Study (PRSAS)	Activity 1.2.1.1 Institution to conduct the PRSAS contracted		11	11	-	0%	55,738	27,094			-	0%
		Activity 1.2.1.2 PRSAS evaluated and validated											
		Activity 1.2.1.3 PRSAS accepted and disseminated											

	Activity 1.2.2 Formulation/ updating of CRM and fishery management/ investment plans by the 103 LGUs and integration to the Municipal/ City Development Plans.	Activity 1.2.2.1 CRM Plans formulated/ updated and integrated to the MDP/ CDP	Environmental management plans formulated	103	103	-	0%	45,215	4,840			-	0%
	Activity 1.2.3 Adoption of bay-wide multi-year fishery and CRM investment plans by LGUs	Activity 1.2.3.1 Bay-wide multi- year fishery and CRM investment plans formulated		103	103	-							
	Activity 1.2.4 Fish landing facilities constructed/ rehabilitated.	Activity 1.2.4.1 11 fish landing facilities constructed		11				32,393					
					<b>Total Budget for Output 1.2:</b>			133,346	31,934				
1.3	Output 1.3: Habitats for fishery and coastal resources rehabilitated and established.												
	Activity 1.3.1 Rehabilitation and sustainable management of critical mangrove areas.	Activity 1.3.1.1 Rehabilitation of mangrove areas contracted		1,100				29,769					
		Activity 1.3.1. Mangrove rehabilitation completed											
		Activity 1.3.1.3 Mangrove managed sustainably											

Activity 1.3.2 Established and delineated/ rehabilitated fish sanctuaries managed sustainably.	Activity 1.3.2.1 Fish sanctuaries established and managed												
	Activity 1.3.2.2 Fish sanctuaries provided with delineation markers		5,450	500	-	0%	166,057	14,554				-	0%
Activity 1.3.3 Establishment of marine species stock enhancement projects.	Activity 1.3.3.1 Project proposals prepared and contracted												
	Activity 1.3.3.2 Stock enhancement projects implemented		22				9,486						
Activity 1.3.4 Supplemental artificial reef (AR) constructed and deployed.	Activity 1.3.4.1 Construction of ARs contracted												
	Activity 1.3.4.2 ARs constructed and deployed		5,200				5,605						
Activity 1.3.5 Protection and rehabilitation of sea grasses	Activity 1.3.5.1 Sea grasses rehabilitated		3,815				22,261						
Activity 1.3.6 Establishment of other resource management measures.	Activity 1.3.6.1 Resource management measures suitable to the 11 target bays/ gulfs identified		80	16	-	0%	54,538	17,825				-	0%

		Activity 1.3.6.2 Selected resource management projects implemented											
					Total Budget for Output 1.3:			287,716	32,379	-	-	-	0%
1.4	Output 1.4: Technical support of 1 PSCO, 4 RPMOs, 14 PFOs and 103 LGUs to the communities.												
	Activity 1.4.1 Provision of technical assistance (TA) and support to LGUs and communities	Set of equipment procured											
	Activity 1.4.1.1 PSCO		1	1	-	0%	1,810	1,811			-	0%	
	Activity 1.4.1.2 RPMO		4	4	-	0%	3,702	3,701			-	0%	
	Activity 1.4.1.3 PFO		14	14	-	0%	4,375	4,375			-	0%	
	Activity 1.4.1.4 LGU		103	103	-	0%	34,206	34,206			-	0%	
	Vehicle procured												

		Activity 1.4.1.5 PSCO		2	2	-	0%	3,179	3,178			-	0%
		Activity 1.4.1.6RPMO		4	4	-	0%	6,358	6,358			-	0%
		Activity 1.4.1.7 Motorcycles for operations		117				15,588					
		Activity 1.4.1.8 TA of contract staff of PSCO provided		1	1	-	0%	21,424	4,138	951	4%	951	23%
		Activity 1.4.1.9 TA of contract staff of 4 RPMOs provided		4	4	-	0%	76,464	14,900	355	0.46%	355	2%
		Activity 1.4.1.10 TA of community facilitators to 1,098 barangays provided		1,098	1,098	-	0%	170,019	16,882	2,031	1%	2,031	12%
		Activity 1.4.1.11 TA of government support staff provided		122	122	-	0%	97,828	18,880				
		<b>Total Budget for Output 1.4:</b>						434,953	108,429	3,337	1%	3,337	3%

					<b>Total Budget for Component 1:</b>			<b>1,007,096</b>	<b>217,722</b>	<b>3,337</b>	<b>0.33%</b>	<b>3,337</b>	<b>2%</b>
C2	<b>Component 2:</b> Livelihood Development												
	<b>Purpose:</b> Income of fishing households in the target communities increased through sustainable engagement in diversified livelihood activities.												
2.1	Output 2.1: Fishing households organized into livelihood groups.												
	Activity 2.1.1 Group formation and strengthening	Activity 2.1.1.1 People's organizations (POs) formed/ activated	People trained in fish production practices and technologies	1,098	1,098	-	0%	14,490	6,503			-	0%
					<b>Total Budget for Output 2.1:</b>			14,490	6,503	-		-	0%
2.2	Output 2.2: Livelihood fishery projects with corresponding climate-proofed infrastructure / facility support implemented.												
	Activity 2.2.1 Livelihood development in 103 municipalities/ cities	Activity 2.2.1.1 Livelihood technical working group formed		4	4	-	0%	1,406					

		Activity 2.2.1.2 Livelihood projects selected and approved											
		Activity 2.2.1.2.1 Seaweed Farming		675	187	-	0%	72,141	19,676			-	0%
		Activity 2.2.1.2.2 Fish Culture		224	70	-	0%	23,924	7,365			-	0%
		Activity 2.2.1.2.3 Aquasilviculture		33	10	-	0%	3,528	1,053			-	0%
		Activity 2.2.1.2.4Mudcrab Fattening		200	50	-	0%	21,457	5,261			-	0%
		Activity 2.2.1.2.5 Oyster/ Mussel Culture		54	4	-	0%	5,800	421			-	0%
		Activity 2.2.1.2.6 Fish Processing		320	80	-	0%	34,332	8,417			-	0%
		Activity 2.2.1.2.7 Other Fishery Enterprises		1,080	180	-	0%	116,680	18,939			-	0%

	Activity 2.2.1.3 Livelihood projects established	Enterprises accessing facilitated non-financing services	2,586	581	-	0%						
	Activity 2.2.1.4 Livelihood projects evaluated		2,586	581	-	0%						
Activity 2.2.2 Community-based and BFAR hatchery development and enhancement facilities	Activity 2.2.2.1 Design of the hatchery facilities prepared		9	4	-	0%						
	Activity 2.2.2.2 Construction/rehabilitation of hatchery facilities contracted											
	Activity 2.2.2.2.1 BFAR Reg. 5 hatchery facilities		1	1	-	0%	5,787	5,787			-	0%
	Activity 2.2.2.2.2 Communal hatchery facilities		6	2	-	0%	7,676	2,526			-	0%
	Activity 2.2.2.2.3 ARMM hatchery facilities		2	1	-	0%	2,857	1,578			-	0%
Activity 2.2.3 Construction of communal seaweed solar dryer in stilts with storage	Activity 2.2.3.1 Site assessed and selected											
	Activity 2.2.3.2 Solar dryers constructed		515				250,644					



	Activity 2.2.4 Provision and sustainable management of mobile ice makers and chest freezers	Activity 2.2.4.1 Site for mobile ice makers assessed and selected											
		Activity 2.2.4.2 Mobile ice makers procured and installed		49				79,047					
		Activity 2.2.4.3 Site for chest freezers assessed and selected											
		Activity 2.2.4.4 Chest freezers procured and installed		294				15,812					
					<b>Total Budget for Output 2.2:</b>			641,091	71,022	-		-	0%
					<b>Total Budget for Component 2:</b>			655,581	77,525	-		-	0%
C3	<b>Component 3:</b> Project Management and Coordination (PMC)												
	<b>Purpose:</b> BFAR and LGUs delivered Project services on time and to the satisfaction of coastal communities.												

3.1	Output 3.1: Project management structures, systems, procedures, at all levels established.												
	Activity 3.1.1 Setting-up of PSCO and RPMO	Activity 3.1.1.1 Project orientation and team-building conducted		5	5	5	100%						
	Activity 3.1.2 Approval of MOA between BFAR and LGUs and other involved agencies	Activity 3.1.2.1 MOA with LGU prepared		103	103	40	39%						
		Activity 3.1.2.2 Consultation with LGUs on the MOA conducted		103	103	-	0%						
		Activity 3.1.2.3 MOAs approved by the Sangguniang Bayan		103	103	-	0%						
	Activity 3.1.3 Setting-up and operations of 1 PSCO, 4 RPMOs, 14 PFOs and 103 MPIUs	Activity 3.1.3.1 Orientation on the Project and MOA conducted		8	8	8	100%						
		Activity 3.1.3.2 Consultation with LGUs on setting up of local offices conducted		103	103	-	0%						
		Activity 3.1.3.3 Operational costs											
		Activity 3.1.3.3.1 Travel		5	5	-	0%	32,316	6,103	3	0.01%	3	0%

		Activity 3.1.3.3.2 Operations		118	118	-	0%	85,966	13,988	372	0.43%	372	3%
		Activity 3.1.3.3.3 Repair/ Maintenance		122	122	-	0%	31,769					
	Activity 3.1.4 Setting-up of systems and guidelines	Activity 3.1.4.1 Project Implementation Manual (PIM) completed		1	1	1	100%						
		Activity 3.1.4.2 M&E, and Knowledge Management System Manual completed		1	1	-	0%						
		Activity 3.1.4.3 Guidelines on Procurement completed		1	1	1	100%						
					<b>Total Budget for Output 3.1:</b>			150,051	20,091	375	0.25%	375	2%
3.2	Output 3.2: Project managed in a timely, cost-effective, transparent and sensitive to gender.												
	Activity 3.2.1 Preparation of planning and budget forms	Activity 3.2.1.1 MYPIB prepared and finalized		1	1	1	100%	10,940	1,869	262	2%	262	14%

		Activity 3.2.1.2 AWPB prepared and finalized		5	5	-	0%						
	Activity 3.2.2 Preparation of progress/ accomplishment reports	Activity 3.2.2.1 Monthly progress reports prepared and submitted to DA and IFAD		300	60	45	75%						
		Activity 3.2.2.2 Quarterly progress reports prepared and submitted to DA and IFAD		100	20	15	75%						
		Activity 3.2.2.3 Annual progress reports prepared and submitted to DA and IFAD		25	5	-	0%						
	Activity 3.2.3 Conduct of review mission and preparation of mission documents	Activity 3.2.3.1 Review mission coordinated		6	1	1	100%						
		Activity 3.2.3.2 Review mission required documents prepared and submitted		6	1	1	100%						
					<b>Total Budget for Output 3.2:</b>			10,940	1,869	262	2%	262	14%
					<b>Total Budget for Component 3:</b>			160,991	21,960	637	0.40%	637	3%
					<b>Total Budget :</b>			1,823,667	317,208	3,974	0.22%	3,974	1.25%

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

(as of 30 September 2016)

**Table 5A: Financial performance by financier (in USD '000)**

<b>Financier</b>	<b>Approval (USD '000)</b>	<b>Current (USD '000)</b>	<b>Disbursements (USD '000)</b>	<b>Percent disbursed</b>
<b>IFAD loan</b>	<b>29,960</b>	<b>29,960</b>	<b>4,300</b>	<b>14.35%</b>
<b>IFAD grant</b>	<b>690</b>	<b>690</b>	<b>0</b>	<b>0.00%</b>
<b>Government</b>	<b>6,126</b>	<b>6,126</b>	<b>17</b>	<b>0.28%</b>
<b>LGU</b>	<b>5,637</b>	<b>5,637</b>	<b>0</b>	<b>0.00%</b>
<b>Community</b>	<b>1,328</b>	<b>1,328</b>	<b>0</b>	<b>0.00%</b>
<b>Total</b>	<b>43,741</b>	<b>43,741</b>	<b>4,317</b>	<b>9.87%</b>

**Table 5B: Financial performance by financier by component (in USD '000)**

Component	IFAD Loan			IFAD Grant			Government			LGU			Community			Total		
	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%
<b><u>Component 1.</u></b> Coastal Resources Management	18,411	63	0.3 %	212	0	0.0 %	2,517	9	0.4 %	2,715	0	0 %	128	0	0.0 %	23,982	72	0.3 %
<b><u>Component 2.</u></b> Livelihood Development	11,333	0	0.0 %	478	0	0.0 %	1,754	0	0.0 %	1,200	0	0 %	1,200	0	0.0 %	15,965	0	0.0 %
<b><u>Component 3.</u></b> Project Management and Coordination	217	6	2.6 %	0	0		1,855	8	0.4 %	1,722	0	0 %				3,793	14	0.4 %
<b>TOTAL</b>	<b>29,960</b>	<b>69</b>	<b>0.2 %</b>	<b>690</b>	<b>0</b>	<b>0.0 %</b>	<b>6,125</b>	<b>17</b>	<b>0.3 %</b>	<b>5,637</b>	<b>0</b>	<b>0 %</b>	<b>1,328</b>	<b>0</b>	<b>0.0 %</b>	<b>43,741</b>	<b>86</b>	<b>0.2 %</b>

**Table 5C-1: IFAD loan disbursements (in USD '000)**

Category description	Original Allocation	Revised Allocation	Disbursements	W/A pending	Balance	Percent Spent
<b>A. Civil Works</b>	2,271	2,271	0	0	2,271	0.00%
<b>B. Goods/Services</b>	16,894	16,894	0	65	16,829	0.39%
<b>C. Consultancies</b>	10,794	10,794	0	4	10,790	0.03%
<b>Authorized Allocated</b>	0	0	4,300	0	-4,300	
<b>Total</b>	<b>29,959</b>	<b>29,959</b>	<b>4,300</b>	<b>69</b>	<b>25,590</b>	<b>14.58%</b>

**Table 5C-2: IFAD grant disbursements (in USD '000)**

Category description	Original Allocation	Revised Allocation	Disbursements	W/A pending	Balance	Percent Spent
<b>D. Consultancies</b>	690	690	0	0	690	0.00%

**Appendix 6: Compliance with legal covenants: Status of implementation**

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
<b>Section B6 and B3 of the Loan and Grant</b>	Proceeds from the Loan and Grant shall be deposited in the Account of the Treasurer of the Philippines, in the designated account for the Project in the Bangko Sentral ng Pilipinas		Complied	
<b>Section B7 of the Loan</b>	The Borrower shall provide counterpart financing for the Project in the amount of approximately USD 6,120,000 and additional counterpart funds of USD 5,640,000 to be mobilised by LGU during the implementation period		Complied	
<b>Section C1 of the Loan and Grant</b>	The Lead Project Agency (LPA) shall be the, Department of Agriculture - Bureau of Fisheries and Aquatic Resources (DA-BFAR) or any successor thereof		Complied	
<b>Section D1 of the Loan and the Grant</b>	The following is designated as an additional condition precedent to withdrawal: a Project Implementation Manual shall be been submitted to the Fund		Complied	The PIM needs further revisions and updates on the gaps identified in the mission report.
<b>Schedule 1, para 1 of the Loan and the Grant</b>	The Project shall target around 1098 coastal villages in 14 provinces, with 103 municipalities or cities bordering 11 bays/gulf Bicol Region (Region 5 – 3 bays of Ragay Gulf (Bicol side), Asid Gulf and Albay Gulf. Eastern Visayas (Region 8 – 4 bays of Leyte Gulf, Matarinao Bay, Maqueda Bay and Silago – Cabalian Bay), Caraga (Region 13 – 2 bays of Butuan Bay and Lianga/Hinatuan/Bislig Bays) and the Autonomous Region in Muslim Mindanao (ARMM – 2 bays of Illana Bay and the area between Basilan and Sulu) of the Borrowers territory . The 14 province includes Masbate, Camarines Sur, Sorsogon, and Albay in Region 5; Eastern Samar, Western Samar, Layte and Southern Leyte in Region 8; Agusan del Norte and Surigao del Sur in Region 13 and Lanao del Sur, Sulu, Maguindanao and Basilan in ARMM . The main criteria for selection of beneficiary will be based on the social economic conditions of fishing households, using up to date list of poor households from the Department of Social Welfare and Development. The Project will identify potential beneficiaries by targeting eligible registered people's organisations (POs) and their fishing community members. The target group will include PO members, either self-selected, based on their interest in the proposed livelihood enterprises or through participatory wealth ranking. The Project will establish new PO's in response to demand from the target group.		Complied	The project is working in the designated Regions and Bays. Specifically targeting of villages and POs is underway
<b>Schedule 1 II Implementation arrangements of the Loan and Grant</b>	The Project will mainly implemented by DA-BFAR, in cooperation with the LGUs. Additionally other agencies would be tapped for its implementation especially those that also have jurisdiction over coastal and marine resources such as DENR, NFRDI, PCG, PNP and NAMRIA, through the FARMCs an interagency advisory body to the LGU's and bay management councils. NCIP (National Peoples Commission for Indigenous		Partially complied	Cooperation by the project does not yet involved all the stated parties



Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	Peoples) should be engaged and consulted if IPs are found to live in any of the target costal communities following IFAD approach and procedures for engaging people in development. The livelihood development will be aligned with priority commodities identified by the BFAR regional roadmaps to ensure their suitability for the target locations and thus contribute to their sustainability.			
<b>Schedule 1 II Implementation arrangements of the Loan and Grant</b>	Operationally a Project Steering Committee (PSC) will be established to be chaired by the Secretary of the Department of Agriculture or the Undersecretary for Fisheries and co-chaired by the Director or DA-BFAR. A Project Support and Coordination Office (PSCO) will be established under DA-BFAR Central Office. The PSCO shall be directly accountable to the DA-BFAR Director and will be headed by a Project Director. At the Regional Level a Project Coordination and Support Committee (RCSC) will be established to be chaired by the DA-BFAR Regional Directors.		Partially complied	Designation of the project director underway during the mission, and RCSCs not yet established
<b>Schedule 1 II Implementation arrangements of the Loan</b>	Bay Coordination and Support Committees will be organised for each target bay, primarily to coordinate and oversee all activities relevant to the CRM component.		Not yet applicable	
<b>Schedule 1 II Implementation arrangements of the Loan</b>	A memorandum of agreement will be executed with each of the involved LGU's and other implementing agencies, specifying the task, responsibilities and financing arrangements. In the case of ARMM, the Office of the Regional Governor will serve as executing party in the MOA with DA-BFAR Central Office, instead of DA-BFAR ARMM.		Underway	
<b>Schedule 1 Paragraph 5 of the Loan and Grant</b>	The PSCO will submit the consolidated AWPB and PP no later than 60 days before the beginning of the relevant project year.		Not complied	Delayed due to the late start-up of the Project
<b>Schedule 1 Paragraph 6 of the Loan and Grant</b>	The Borrower and IFAD shall conduct annual supervision missions and follow up missions throughout the project implementation period		Complied	IFAD and the GOP have fielded several implementation support missions to date
<b>Schedule 1 Paragraph 7 of the Loan and Grant</b>	The Borrower and the Fund shall conduct a comprehensive mid-term review to assess Project implementation progress and to determine appropriate implementation arrangements and resource allocations		Not yet applicable	The MTR is not due.
<b>Schedule 1 Paragraph 8 of the Loan and Grant</b>	The Borrower shall submit semi-annual progress reports on the implementation of the Project and within 3 months of the project completion a comprehensive project completion report		Complied	The semi-annual progress report was submitted to the 2016 supervision mission. The project completion report is not yet due.
<b>Schedule 2</b>	Withdrawals in respect of expenditures for start-up cost for Categories 2 and 3 incurred		Complied	

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
<b>Paragraph 3 of the Loan</b>	before the satisfaction of the general condition precedent to withdrawal shall not exceed an aggregate amount of USD 200,000			
<b>Schedule 2 Paragraph 3 of the Grant</b>	Withdrawals not exceeding in the aggregate amount of USD 40,000 may be made from the Grant Account for expenditures incurred before the effective date but after 28 Nov 2015. Retroactive financing		Not utilised	
<b>Schedule 3 Special Covenants paragraph 1 of the Loan and Grant</b>	The borrower/recipient confirms its commitment to engage with the private sector as implementing partners and service providers, in order to ensure project objectives are met		Complied	
<b>Schedule 3 Special Covenants paragraph 2 of the Loan and Grant</b>	The borrower/recipient ensures that the Project shall follow the government procurement regulations as may be amended from time to time, using national implementing rules and regulations to the extent they are consistent with IFAD Procurement Guidelines		Complied	
<b>Schedule 3 Special Covenants paragraph 3 of the Loan and Grant</b>	The Project shall maintain its own monitoring system to be able to properly evaluate Project implementation, including the socio economic and environmental impact thereof. The Lead Project Agency shall ensure the criteria established and required by IFAD under the RIMS as communicated by IFAD shall be incorporated into and form a part of the Projects monitoring and evaluation system.		Not yet complied	Project MIS still needs to be established
<b>Schedule 3 Special Covenants paragraph 4 of the Loan and Grant</b>	The borrower/recipient shall comply with the requirements under IFADs Policy on Preventing Fraud and Corruption in its activities and operations as amended from time to time		Complied	
<b>Section 7.11 of the General Conditions applicable to the Loan and Grant</b>	The Borrower/Recipient or the LPA shall appoint a Project Director and other key project personnel in a manner specified in the Agreement or otherwise approved by IFAD. All key project personnel shall have qualification and experience specified in the Agreement or otherwise approved by IFAD and the LPA shall exercise best efforts to ensure the continuity of these key personnel throughout the Project Implementation Period. LPA shall ensure project personnel is insured against health and accident risks to the extent consistent with sound commercial practises of its customary practises in respect of its national civil service, whichever is appropriate.		Partially complied	All CFs should be covered by insurance

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?**

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Too early to provide comment on what has worked well, as the project has only effectively been operations for the last couple of months

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

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Project start-up was delayed by a large number of administrative steps/processes needing to be completed prior to the borrower receiving the first withdrawal. The change in Government in the Philippines resulted in further delays.

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**Innovation: Describe any interesting innovation noted during supervision**

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Too early for the project to have demonstrated any innovation.

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**Innovation: How might this be replicated by others, or up-scaled here?**

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Too early to provide comment on replication or scaling up.

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## **Appendix 8: Progress Against Previous Mission Recommendations**

Not applicable, being the first supervision mission.

## Appendix 9: Supervision Mission Schedule and Persons Met

### Mission Schedule and Persons met

Place/date	Activity/persons met
<b>Manila (all mission members)</b>	
1 October	Mission arrives in country.
2 October	Team meeting, mission planning and documentation review
3 October	Kick off meeting with BFAR/project staff to discussion mission objectives, schedule and project progress to date
<b>Visit to Region 8 (all mission members)</b>	
4 October	Travel from Manila to Tacloban Briefing meeting and discussions with regional BFAR and RPMO staff
5 October	Meeting with Mayor of Lawaan Municipality in municipality office Meeting in <i>barangay</i> Guinob-an (Lawaan) with community POs and stakeholders, mayor and Municipality staff (fisheries/agricultural officers) Meeting with Municipality staff (fisheries/agricultural officers) in Tanauan municipality office Meeting in <i>barangay</i> Bislig (Tanauan) with community POs and stakeholders and Municipality staff Meeting in <i>barangay</i> Cogon (Palo, Leyte) with community POs and stakeholders and Municipality staff (fisheries/agricultural officers)
6 October	Meeting with project community facilitators Wrap-up meeting with Region 8 project staff Travel to Manila
<b>Visit to Region 5 (Team 1)</b>	
7 October	Travel to Naga City Meeting with BFAR and RPMO staff at regional BFAR office
8 October	Meeting in Pasacao municipality with mayor, municipality officers (fisheries/agricultural officers) and POs Travel to Legazpi city Meeting with Legazpi City mayor and staff (fisheries/agricultural officers) Meeting with POs in <i>barangay</i> Lamba (in Legazpi)
9 October	Travel to Manila Team meeting and field visit de-briefings
<b>Visit to ARMM (Team 2)</b>	
7 October	Travel to Cotabato City. Meeting at ARMM Regional Office with ARMM Regional Governor Chief of Staff, ARMM Regional Planning Development Office Director, ARMM DSWD Representative and ARMM BFAR Regional Officials. Meeting with RPMO Officials and Staff, and Project contractual staff at BFAR Regional Office.
8 October	Meeting in <i>barangay</i> Sarmiento (Parang, Maguindanao) with Fisherfolk PO leaders and observation of existing fisheries projects
9 October	Travel to Manila
<b>Manila (all mission members)</b>	
10 October	Writing of Aide Memoire
11 October	Writing of Aide Memoire and preparation of mission report appendices and annexes Meeting with PSCO staff
12 October	Pre-wrap up meeting
13 October	Aide Memoire Revisions and preparation of mission report appendices and annexes, and preparation of presentation for final wrap up meeting
14 October	Wrap up meeting Mission team departs

## **Appendix 10: Audit Log**

Not applicable. The Audit for Calendar Year 2016 will be completed early in 2017.

### Appendix 11: Summary of implementation support provided by IFAD

<b>Dates</b>	<b>Activity</b>	<b>IFAD Resource Persons</b>	<b>FishCORAL Project Participants</b>
12-16 October 2015	IFAD/NEDA M&E / RIMS Training	Yolando Arban Vivian Azore Jesse David, NEDA Willy de Perio, NEDA	Jessica Munoz Zenaida Silao Elymi-AR Tunacao Joelle Benavidez, Reg. 5 Noemi Lanzuela, Reg. 5 Viodela Pen, Reg. 8 Noel Pugoy, Caraga Rizalinda Abing, Caraga Hairodin Arap, ARMM Moses Pangilame, ARMM
01-04 December 2015	IFAD Loan Administration and Supervision Workshop	Shankar Kutty Yolando Arban	BFAR Central and Regional Officers
25-29 January 2016	Annual Country Programme Review	Benoit Thierry Tawfiq El Zabri Yolando Arban Vivian Azore	Jessica Munoz Marjuie Grutas, Reg. 5 Justerie Granali, Reg. 8 Judith Rojas, Caraga Janice Musali, ARMM
03 May 2016	Meeting with IFAD Mission	Omer Zafar Yolando Arban Vivian Azore	Jessica Munoz Zenaida Silao Raul dela Cruz Michelle Abulad
28 June 2016	Meeting with IFAD Officers	Tawfiq El-Zabri Yolando Arban Vivian Azore	Jessica Munoz Zenaida Silao Raul dela Cruz Michelle Abulad
04 July 2016	Meeting on Financial Concerns	Virginia Cameron Yolando Arban Vivian Azore	Jessica Munoz Zenaida Silao Raul dela Cruz Michelle Abulad
11 July 2016	Meeting on Procurement Concerns	Shankar Kutty Vivian Azore	Jessica Munoz Zenaida Silao Raul dela Cruz Allan Urtal Michelle Abulad
26-29 July 2016	7 <sup>th</sup> Assembly of IPGN	Vivian Azore and IPGN Team	Joelle Benavidez, Reg. 5 Nonie Enolva, Reg. 5 Judith Rojas, Caraga

## Appendix 12: Fiduciary risk assessment – data sheet

### PROJECT SUPERVISION

#### Fiduciary Risk Assessment – Data Sheet.

<b>Country:</b> Philippines	<b>Loan Number:</b> IFAD Loan No. 1258-PH; and IFAD Grant No. 1275-PH
<b>Project Name:</b> Fisheries, Coastal Resources and Livelihood Project (FishCORAL)	
<b>Executing Agency:</b> Bureau of Fisheries and Aquatic Resources (BFAR)	<b>CPM:</b> Omer Zafar
<b>Reviewing Finance Officer/FMS:</b> Virginia Cameron/ Mohammad Zidni Marohombsar	<b>Date of this Review:</b> October 3-14, 2016

Topic	Rating H/M/L	Issues / Comments / Recommendations
<b>A. Inherent Risks</b>		
<b>B. Control Risks</b>		
<b>1. Organization and Staffing</b>		
a. Adequacy of organizational structure to meet functional needs of the project	<b>L</b>	Organizational structures are adequate. The Project's organizational structure (BFAR and PSCO) is presented in the Project Implementation Manual (PIM), as well as for RPMOs V, VIII, XIII and BFAR-ARMM. The Finance Division at BFAR Central Office and RPMOs are comprised of the Budget and the Accounting Sections.
b. Availability of clear job description for key project positions, including fiduciary positions.	<b>L</b>	Duties and functions of project personnel including all key positions at the national and regional levels are detailed in Annex 2 (Scope of Work of Project Staff) of the PIM.
c. Adequacy of project financial management staff (numbers and skill) matching functional needs of project.	<b>L</b>	Project FM staffing is adequate. Organic or permanent BFAR Officers (i.e., Accountants and Budget Officers) at the Central and Regional Offices are assigned to the project. A National Finance Officer (NFO) and National Finance Assistant (NFA) were also hired, as contractual staff for the project. However, the positions for Regional Finance Officers (RPMOs VIII, XIII and ARMM) and Assistants (RPMOs VIII and ARMM) are yet to be filled as of the mission (Aide Memoire par 46). The Project should also consider assigning bookkeepers under Regional Accountants.
d. Availability and adequacy of operating manuals and guidelines for staff.	<b>L</b>	PIM as of May 2016 is available, subject to refinements arising from the results of the mission. Also, the Government Accounting Manual (GAM) primarily provides national accounting policies, guidelines and procedures.



e.	Existence of performance based evaluation system in place and timely completion of performance evaluation for all staff.	L	Performance appraisal is conducted semi-annually for organic or permanent officers. Contracted staff submit accomplishment reports twice a month every payroll processing, and contracts are renewed every one (1) year.
f.	Adequacy of health insurance coverage for all staff (where applicable).	L	Mission emphasized Project's need to provide personnel with insurance against health and accident risks (Aide Memoire par 50). Contractual staff pay their own monthly mandatory contributions for health and social security, while the government pays that for organic or permanent project officers.
g.	Timely payment of social security fees (where applicable).	L	Monthly mandatory contributions for health and social security are deducted by RPMOs VIII from salary of Project staff and remitted in their behalf.
h.	Staff adequately informed about IFAD's anti-corruption policy and relevant contact details.	L	Project staff members are informed, and are being advised to report to BFAR Management.
<b>2. Budgeting</b>			
a.	Timely preparation and approval of AWPB.	M	2016 AWPB was submitted to IFAD on April 8, 2016. Planning workshop to cover 2017 budget is scheduled in October 2016. The PSCO should submit 2017 AWPB to IFAD not later than Nov 1, 2016.
b.	AWPB in line with exp. categories in Financing Agreement (FA) Schedule 2.	L	In the 2016 AWPB, expenditure categories in FA were further classified into investment costs: 1. Works – civil works; 2. Equipment, Materials and Supplies – vehicles, equipment, materials and supplies; and 3. Consultancies – technical assistance and studies, training and workshops, and contract staff.
c.	Financing sources and implementing agencies for each category in AWPB are identified.	L	Detailed AWPB for PSCO and the RPMO's were submitted, including financing sources (i.e., IFAD loan and/or grant, GPH, LGU and community counterparts).
d.	Linkage of AWPB and Procurement Plan are identified (for cost estimate and activities).	L	APP is based on AWPB.
<b>3. Fund flows and Disbursements / Withdrawals</b>			
a.	Timeliness of Funds disbursed by different sources, (and co-financiers funding if applicable)	L	IFAD have made an advance to the loan's Designated Account (DA) maintained by the PSCO, while advance of grant proceeds is still in process. GPH has appropriated and allotted counterpart financing for 2016 (Aide Memoire par 48 and 49). For GPH counterpart funds, the Project submits to DBM its Monthly Disbursement Program (MDP) for one (1) year for release of cash allocations semi-annually.
b.	Timeliness of counterpart funds disbursed.	M	There were no reported LGU and community counterparts as of the mission (Aide Memoire par 49). The Project must ensure that proper mechanisms are in place to effectively mobilize, monitor and report counterpart contributions by LGUs and POs.
c.	Efficiency of the funding channels. Timeliness and traceability of funds flows.	L	Funds flow through usual government procedures for foreign-assisted projects. IFAD funds are deposited to the Bureau of Treasury's account at the BSP (Central Bank), and transferred to Project Designated Accounts (DAs) maintained at the Land Bank.
d.	Efficiency of the funding channels for credit lines.	N/A	

	Timeliness and traceability of funds flows, if applicable.		
e.	Special Account(s)/Dedicated Account(s) Management, Disbursements		
	i) Adequacy of the authorized allocation to ensure smooth flow of funds	<b>L</b>	The Loan's authorized allocation to DA amounted US\$4.3 million as of the mission. The advance to Grant's DA is currently in process at IFAD.
	ii) Appropriateness of disbursement methods used	<b>L</b>	Disbursement methods that may be used for the loan and grant per Letter to the Borrower (LTB) are advance withdrawal, direct payment, special commitment and reimbursement.
	iii) Adequacy of documentary support for SOE disbursements, reimbursements, direct payments and Special Commitments	<b>L</b>	No SOE submitted yet, but expenditures pertaining to salaries of contractual staff and community facilitators were adequately supported with proper documentation (i.e., payroll summary, DTR, accomplishment reports).
	iv) Timely preparation and accuracy of Withdrawal Applications (WA)	<b>M</b>	WA for advance in grant proceeds was submitted to IFAD just recently during the mission. The Project needs to implement the IFAD's SMART SOE process (Aide Memoire par 48).
	v) Authorization of WA preparation	<b>L</b>	BFAR Undersecretaries, and Assistant Directors for Technical, and Administrative Services are the authorized signatories on WAs for the loan and the grant.
	vi) Status on expenditures withdrawn from Special Account but not yet claimed for replenishment (old cases to be noted)	<b>M</b>	Withdrawals of loan proceeds from the DA totalled US\$ 339,336.69 as of September 30, 2016, including transfers totalling US\$ 321,440.00 to RPMO's V and VIII on July 26, 2016, and on August 31, 2016 to RPMO XIII. PSCO consolidates monthly submission of SOEs by the RPMOs.
	vii) Regularity of Special Account(s) Monitoring and monthly reconciliations and monthly reconciliations signed by the project manager.	<b>L</b>	NFO prepares monthly DA Reconciliation Statement for approval by Project Director.
	viii) Disbursement rate compared to the AWPB and whether satisfactory given the remaining implementation time. Provide comments as appropriate.	<b>M</b>	Due to delay in start-up activities, the Project has actually disbursed PhP3.177 million or 1.35% only of the budgeted PhP235.752 million in loan proceeds for 2016. The Project has projected to disburse 75% of 2016 AWPB until June 2017 (Aide Memoire par 47). PSCO will incorporate catch-up plan in its submission of the 2017 AWPB. Also, Project has to ensure signature of DA Secretary on MOA to enable ARMM to receive funds from PSCO and commence with its implementation. (Aide Memoire par 36).
	ix) Recovery of SA balances by loan closure.	<b>N/A</b>	

<b>4. Internal Controls</b>			
a.	Segregation of duties - are the following functional responsibilities performed by different units or persons:  (i) authorization of a transaction (ii) execution of a transaction (iii) recording of the transaction; and (iv) custody of assets involved in the transaction.	<b>L</b>	The Project Director approves transactions; the Accounting Unit records, while assets are under Admin functions.
b.	Clarity and adequacy of decision processes and sequence of events for control functions in project implementation reflected in the Financial Manual (or equivalent there-of).	<b>M</b>	The PIM provides adequate FM and disbursement guidelines. The GAM also details accounting processes and procedures. However, community FM and disbursement guidelines must also be incorporated in the PIM.
c.	Adherence to Financial Manual.	<b>L</b>	The Project complies with the PIM and the GAM.
d.	Effectiveness and efficiency of internal controls over inflows of funding sources other than IFAD.	<b>M</b>	Country systems and controls are being implemented over GPH and LGU counterparts. The Project must ensure that MOAs with LGUs and POs contain sufficient detail regarding the required counterpart contributions (Aide Memoire par 49).
e.	Adequacy of contract management (use of contracts register and monitoring form) and filing there-of.	<b>L</b>	The NFO consolidates contract registry being maintained by the RPMOs.
f.	Effectiveness and efficiency of internal controls over expenditures (full cycle from commitment, payment, receipt of good and services, approval of payments, classification, etc.)	<b>L</b>	Project transactions are reviewed accordingly by FOs and/or by Accountants, and approved by Project Director.
g.	Documentary evidence to confirm delivery and acceptance of contracted goods, works or services.	<b>L</b>	Certificate of Acceptance, and of Inspection are part of requirements and supporting documents for contract payments.
h.	Physical controls over cash, documents and records. Adequacy of filing systems. Is the petty cash subject to monthly	<b>L</b>	Original DVs and supporting documents are filed at the COA. PSCO and RPMOs also maintain copies. No PCF cash maintained.

	reconciliation as well as surprise checks; custody of cash box and control of keys.		
i.	Adequacy of physical management of cash.	<b>L</b>	Cash are deposited in Land Bank accounts and disbursed through check.
j.	Timely payment to suppliers and consultants.	<b>M</b>	It was noted in RPMO VIII that payments of salaries to community facilitators are received at least 15 days after cut-off date. RPMO VIII, with guidance from PSCO needs to improve procedures and lessen processing time of salaries.
k.	Eligibility of expenditures with respect to Financing Agreements.	<b>L</b>	Expenditures pertain to salaries of contractual staff and community facilitators.
l.	Legality/eligibility of advances from project funds and timely justification for use there-of.	<b>L</b>	Fund transfers were initially made to RPMOs, while additional funds will be downloaded soon based on projected expenditures.
m.	Compliance with financial management covenants in the Financing agreements and LTB.	<b>L</b>	Project satisfactorily complies.
n.	Adequacy of up-to-date record keeping for fixed assets and inventories.	<b>L</b>	There were no fixed assets and inventories as of the mission. Subsidiary ledgers will be maintained for project assets in accordance with the GAM.
o.	Adequacy of controls concerning project assets including:  i) Vehicle and other assets management ii) Fuel management iii) Travel authorisations	<b>L</b>	Controls on soft expenditures such as fuel, training, per diem, etc. are provided in the PIM. Also, physical count is to be conducted annually. Organic or permanent staff at the RPMOs will be accountable for all project equipment, through Acknowledgement Receipt of Equipment (ARE). Safeguards on equipment support will also be provided in the MOAs with LGUs.
p.	Adequacy of vehicles and assets insurance.	<b>L</b>	All vehicles to be procured will be insured with GSIS as required by the Government.
q.	Workshops:  i) Availability of list of participants ii) DSA paid to participants iii) Receipts for workshop expenditure	<b>L</b>	Procedures and controls for budgeting and expenditure on workshops are presented in the PIM.
r.	Adequacy of controls and authorization process for use of funds (payments, transfers,	<b>L</b>	Project Director approves disbursements from Project Peso Accounts. Bank accounts are also reconciled monthly.

	Cash/Bank balance management) / and other operational accounts – non-special account.		
s.	Banking arrangement and controls (reconciliation of bank statements with financial accounts).	L	FOs prepares monthly bank reconciliation statements; and Chief Accountant reviews and approves.
t.	Existence of a proper IT support unit in place.	L	IT units exist or Fisheries Information Management Center (R/FIMC) in CO and ROs except, ARMM.
<b>5. Accounting</b>			
a.	Basis of accounting (cash, accrual) and whether accounting standards are in line with IFAD's requirements (e.g. IFRS/IPSAS/IPSAS cash)	L	The Project's financial transactions are recorded and reported using the accrual basis of accounting; and in compliance with the Philippine Public Sector Accounting Standards (PPSAS), as prescribed by the COA.
b.	Adequacy and reliability of accounting system, (is double entry accounting used, specify software used, is budget data entered into the accounting system, can the accounting system produce regular automated financial reports?).	L	The Project uses the government automated accounting system or eNGAS at the Central Office and RPMO V. However, RPMOs VIII, XIII and ARMM do not have an automated accounting system. Their financial transactions are currently to be recorded and reported using spreadsheets. eNGAS dedicated to the Project will be installed in RPMOs VIII and XIII in 2016.
c.	Recordkeeping (including documentation and filing/archiving)	L	The COA retains all original signed copies of DVs and supporting documentation of Project's financial transactions.
d.	Fixed assets register maintained and reconciled (sample and physical check).	L	Schedules or SLs of equipment are to be maintained and reconciled with results of physical counts.
e.	Adequate documentation and controls for Information Systems, including documented accounting procedures, backup of financial records, integration of all sub-systems.	L	The GAM documents accounting procedures for government transactions.
f.	Adequacy of chart of accounts	L	Project chart of accounts are adequate.

	for project accounting purposes		
9.	Timeliness of recording transactions, regularity of performance and approval of reconciliations, controls on erroneous recordings.	<b>L</b>	JEVs are prepared for every transaction, and approved by the Project Accountant. JEVs are summarized at month-end.
h.	Appropriate/ adequate accounting and reporting of counterpart funds contributions (incl. tax and tax exemptions) as well as beneficiary contributions.	<b>M</b>	GPH counterpart are recorded and reported properly. However, recording and reporting procedures of LGU and community contributions need to be refined in the PIM.
<b>6. Reporting &amp; Monitoring</b>			
a.	Completeness, accuracy, usefulness, and timeliness of financial reports.	<b>M</b>	Quarterly financial statements are to be prepared accordingly. Consolidation will be done manually 30 days at the end of each calendar quarter.
b.	Interim FM reports and linkage to progress reports - timely preparation, submission to IFAD.	<b>L</b>	The Project provides FM Reports as required.
c.	Preparation of reports showing actual vs budget income/expenditure and AWPB execution rate.	<b>L</b>	Details are also to be presented in the AWPB.
d.	Follow up of previous aide-memoirs fiduciary recommendations.	<b>N/A</b>	This is the first project mission.
e.	Reasonable alignment between disbursement rate of recurrent versus investment cost categories.	<b>M</b>	The mission recommended that Project to consider any re-allocations of cost categories during the mid-term review.
<b>7. Internal Audit</b>			
a.	Existence of Internal Audit arrangements.	<b>H</b>	Currently, there are no internal audit arrangements for the Project. The Project to consider exploring internal audit arrangements for its transactions and operations.
b.	Adequacy of internal audit arrangements (organization - staff capacity).	<b>H</b>	No Internal Audit function at BFAR as a result of the reorganization. Internal Audit exists at the DA-CO but don't have planned activities on the Project.
c.	Adequacy of internal audit scope of work and quality of reports.	<b>N/A</b>	
d.	Assessment of matters raised in audit reports.	<b>N/A</b>	
<b>8. External Audit</b>			
a.	Adequacy of scope and TOR.	<b>L</b>	The Commission on Audit (COA) will conduct annual audit on the project financial statements, SOE and SA.

			The terms of reference (TOR) for project audit are incorporated in the PIM (Annex 5).
b.	Adherence to TOR.	<b>M</b>	The Project has still to discuss and agree with the COA the TOR (Aide Memoire par 58). The Project must also ensure that audit will comply with IFAD Guidelines on Project Audits.
c.	Timeliness of audit report.	<b>L</b>	The first project audit report, covering CY2016, will be due on June 30, 2017.
d.	Quality of audit.	<b>L</b>	The TOR for the project audit included the responsibilities of the auditor, and scope of work.
e.	Implementation of audit recommendations/agreed plan in place to address these.	<b>N/A</b>	No previous project audit.

### Summary of Project Fiduciary Risk Assessment at Supervision

	<b>Risk Assessment H/M/L</b>	<b>Proposed Mitigation</b>
<b>Inherent Risk</b>		<b>N/A</b>
<b>Control Risks</b>		
1. Organization and Staffing	<b>L</b>	Fill vacancy for the required contractual positions of Regional Finance Officers and Regional Finance Assistants in the RPMOs.
2. Budgeting	<b>L</b>	Firm up catch-up plan for 2016 AWPB, and consider necessary measures and/or adjustments in preparing 2017 AWPB.
3. Funds flow & Disbursement Arrangements	<b>M</b>	Establish: (a) mechanisms in effectively mobilizing, monitoring and reporting LGU and PO counterpart contributions; and (b) community FM and disbursement guidelines for funds to be downloaded to the PO's. Ensure immediate signing of MOAs with ARMM and LGUs.
4. Internal Controls	<b>M</b>	Ensure that MOAs with LGUs include detailed fiduciary duties and responsibilities. Revisit and enhance PIM accordingly.
5. Accounting	<b>L</b>	Provide clear guidance on accounting procedures for LGU and community counterpart contributions.
6. Financial Reporting and Monitoring	<b>M</b>	Timely manual consolidation and reconciliation of project financial transactions at PSCO and RPMOs.
7. Internal Audit	<b>H</b>	Discuss and agree internal audit activities covering the Project with the DA-CO Internal Audit.
8. External Audit	<b>L</b>	Coordinate closely and agree TOR with the COA; and ensure external audit arrangements to be in accordance with IFAD's Guidelines on Project Audit.
<b>Overall Project Fiduciary Risk</b>	<b>M</b>	
H=High, M=Medium, L= Low		

## **Annex 1: List of suggestions and recommendations in the supervision mission report (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.*

<b>Component 1: Coastal Resource Management</b>	
<b>Recommended Action</b>	<b>Rationale</b>
1. Fully justify the provision of engines and equipment to LGUs/FLETS based on existing assets for fisheries patrols and other ongoing BFAR support	Need to avoid duplication of investments and efficient use of project funds
2. Ensure MoAs between BFAR and the LGUs provide sufficient detail about the provision of operational and maintenance costs for all project investments	Will help to safeguard the use of project investments in support of project outcomes, and condition of the FAs
3. For BMC buildings ensure that there is: (i) full agreement over locations; (ii) clarity of land title; and (iii) assurances and safeguards about capacities and budgets for their maintenance and operation by the LGUs; and (iv) agreement about whether and when to handover buildings to LGUs according to capacities	Need to ensure locations acceptable to all LGUs in each bay (and not just the LGU where the BMC is to be constructed), and mitigate risks for sustainable operations
4. Prioritise which LGUs should be supported and when in improvements in CRM plans	CRM plans are typically developed/updated every 3 years by LGUs, so project should focus on those LGUs with plans to be updated imminently.
5. Fishermen's POs should be involved in the implementation and subsequent maintenance/protection of project investments in habitat and resource rehabilitation	Will increase sense of ownership in villages and such POs can be effective in contributing to implementation and enforcement
6. Consult the Department of Environment and Natural Resources (DENR) on any mangrove rehabilitation	Mangroves fall within DENR remit as ‘forests’
<b>Component 2: Livelihood Development</b>	
<b>Recommended Action</b>	<b>Rationale</b>
7. Develop a standardised guide for CFs to use in sensitising LGUs and POs about the Project	No such guide exists at present, and this is important in ‘branding’ the Project and ensuring that CFs in particular know how to properly sensitise beneficiaries (including about their obligations)
8. Develop a guide for participatory social mobilization, livelihood identification, and PO strengthening with corresponding training for CFs	Capacities of CFs is very variable and their role in such functions is critical for project success
9. Ensure proper assessment of whether communal infrastructure investments support livelihood projects and are likely to be viable	Suggestions in design for hatcheries etc were made some time ago, private sector may be better able to provide such services (or already doing so), and investments must have maximum impact on livelihood projects to increase the chances of sustainability of such projects
10. Livelihood projects to include focus on quality improvements for catching sector as well as post harvest processing and aquaculture	Indicative project proposals don't include such livelihood projects, and they could add value without increasing fishing pressure through provision of direct inputs in fish catching
11. Consider potential of PO livelihood projects focussed around sales and transport to market of products by other PO livelihood projects	Other projects have found that transport to market is often a key limitation, and ‘marketing’ groups of this types can serves as consolidators of the outputs of other POs
12. Ensure really strong review/due diligence (in	Failure to so at the beginning of the project could



terms of technical <u>and</u> financial viability) of all PO livelihood projects to be supported	drastically reduce the ultimate impacts that the project can make
13. Take a flexible approach to funds provided per person per livelihood project	Different types of livelihood projects may have different investment requirements for them to be technically and financially viable
14. Consider both family/household and group investments	While all investments can be made through groups, some may support group activities while others might be more likely to succeed if left to families/households to run them (all groups should however be encouraged to save as groups)
15. Explain to the POs at the outset about the importance of making group savings	Savings represent a key mechanism for ensuring group cohesion and also for measuring/ensuring that groups are operational and likely to be sustainable.
16. Careful prioritisation of barangay, POs and potentially the households to be supported within them	Not all barangays have many fishermen, POs are of different capacities, project needs to ensure good poverty targeting, working through a phased approach will mean project resources are not spread too thin and that lessons can be learned as project expands
17. Seek to leverage complementary funds from outer sources to go alongside project resources	Project funds are limited considering the target number of beneficiaries
18. Ensure real focus on understanding the market for products produced by POs	Often easier to produce goods than to sell them at a profit in the market. Livelihood project investments must be underpinned by good knowledge of market potential
<b>Fiduciary aspects</b>	
19. Procurement general specifications for engines should be reviewed	May be a need to provide for engines of sufficient horse power to be effective for fisheries patrols, and provide separate specifications for engines and equipment
20. RPMOs to submit monthly financial reports on time (by the 3 <sup>rd</sup> of every month)	A project requirement and something that is not always happening at present
21. BFAR to consider assigning project bookkeepers under the Regional Accountant	May be issues from regional accountants with working effectively/fully with project financial staff
22. Ensure that the project adopts IFAD's SMART Statement of Expenditure (SOE) process, and PSCO staff to train RPMO staff	Failure to do so could result in IFAD refusing to approve future WAs
23. Ensure that LGUs and POs are clear about the obligations for counterpart contributions through inclusion of details in MoAs	A condition of the FA that they make such contributions
24. Provide project personnel with insurance against health and accident risks	Required of the IFAD general conditions
25. PSCO to retain any savings on equipment through procurement until the MTR rather than allowing RPMOs to use savings to purchase additional equipment	Not yet clear whether funds might be needed for other purposes
26. Consider re-programming component 1 infrastructure investment funds on fish landing facilities and watch towers to component 2	May be more effective and efficient use of funds in support of project objectives and the livelihood projects
27. Project staff competitively selected based on sound recruitment and selection processes, reflecting the content of The Republic Act No. 2260 in relation to family members	A requirement of ethical good practice and also consistent with IFAD rules
28. Advance a vast majority of major civil works	Would ensure that planning, design, procurement and contracting is completed in 2017, with the

procurement under component 1 in 2017	physical construction for component 1 investments undertaken and completed between 2017 and 2018
29. Develop a detailed manual outlining processes and procedures incorporating appropriate risk mitigation measures to engage PO's in simple procurement for the livelihood projects under Component 2, coupled with capacity support of the POs	Such procurement would establish ownership over the assets and increase accountability for results
<b>Project Management and Coordination</b>	
<b>Recommended Action</b>	<b>Rationale</b>
30. Request IFAD (either now or at Mid Term) for an amendment to the loan and grant FAs to provide for a 6-7 year project duration, rather than the current 5 years	More in line with original design, IFAD approval more likely to be provided (but still not certain) if requested now rather than later on, one year of implementation lost in start-up activities, original design was for 7 years.
31. Finalise project logo	Important for branding of project
32. Recruit CF-bay coordinators	Difficult for BFAR FOs or project livelihood experts to manage so many CFs, and efficiencies can be generated from CFs working as teams (but being given primary responsibility for particular barangay)
33. Provide CFs with uniforms	Serves to increase credibility of CFs with LGUs and communities/POs
34. Don't be afraid to terminate non-performing CFs at end of 2016, and ensure contracts are sufficiently performance based with clear results/outputs and break clauses	Recruiting new CFs now will be much less disruptive than doing so at the end of 2017
35. Ensure that meetings by RPMOs with CFs are held at least monthly and explore ways of keeping CFs happy (e.g. level of allowances, provision of insurance, etc)	Project needs to reduce turnover of CFs if possible as retention of CFs important for continuity in project implementation
36. Ensure all LGU PMOs are established	They haven't been yet, but important for the project to have such a presence in the LGUs, and also that CFs have access to project-supported investments in computers etc as they may need to use them to make reports
37. PSCO/RPMOs to maintain list of all MoAs with LGUs	Condition of the FA that they are in place with all LGUs to be supported
38. ToR for the livelihood officers reviewed and expanded at the end of 2016 to ensure a sufficient focus on marketing aspects of enterprise activities, with specific training in marketing for such staff provided if necessary to enable them to fulfil this function, or recruitment of new personnel if necessary	As noted above, eventual success of livelihood projects is likely to rest partly on whether the markets are fully understood and whether the project can provide good marketing support to PO livelihood projects to assist them accessing markets and meeting market needs
39. Consider a 'reward' approach to project funding allocated to Bays/LGUs (through/via RFMOs) for project investments in livelihood projects, whereby LGUs performing well are allocated additional funding for livelihood projects (not cash incentives) over and above yearly core/initial allocations	Can serve to improve project performance by introducing an element of competition between RPMOs and incentives for good performance. Note that cash incentives for staff are <u>not</u> what is intended.
40. Split M&E and KM positions in the PSCO	Two functions are sufficiently different and both require a lot work to support implementation
41. Revise project logframe	Logframe contains inconsistencies with FAs and also a lack of detail as to how many outputs/outcome are really to be assessed/measured
42. Ensure broader engagement with a range of different partners	To date, partnerships have focussed on LGUs and POs. Many other institutions and potential partners are working in the project regions on similar activities from which the project could learn, and duplication of

	activities must be avoided. As noted above, partnering could also generate additional funds in support of livelihood projects.
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## **Annex 2: Checklist of issues to be covered by project staff when introducing project to LGUs and POs**

*This annex is provided to serve as the basis of a briefing note or guidance to be provided to RPMO and CF staff when introducing the project to beneficiaries (LGUs, communities and POs). It responds to the recommendation made in paragraph 23 of the Aide Memoire and recommendation number 7 in Annex 1 above.*

*The intention of the annex is to provide a checklist of issues that should be included in a briefing note when the PSCO work up such a note to contain the actual content of the note. The PSCO should also assess whether it feels additional points/issues should be include.*

*It may also be useful as different RPMO staff start to introduce the project, for Frequently Asked Questions during the sensitisations to be fed back to the PSCO so that additional information and content responding to such questions can be added to the briefing note.*

### **Introduction to the FishCORAL project**

Points to be included should include:

- The funding amounts and sources for the project (e.g. IFAD, Government, Beneficiary contributions)
- The duration of the project and its end date in 2020
- The goal of the project
- The objective of the project
- The intended outcomes of components 1 and 2
- Summary details of activities/support provided by component 1 and 2 and the related outputs
- The institutional structure of the project (e.g. housing within BFAR, PSCO and RPMOs, MoAs with LGUs, etc)
- Other as deemed appropriate by the PSCO

### **Approach**

Points to be included should include:

- The 'partnership' approach to the design and project implementation, with the project intending to work with beneficiaries as real partners i.e. the beneficiaries should consider it 'their' project.
- The strong focus on poverty alleviation
- The need to target project activities for barangay and POs, based on poverty data, readiness to engage with and benefit from the project, and other appropriate criteria
- Differentiated approach to component 1 (covering all barangay in the bays) and component 2 (which may not)
- The phased approach of the project, and that work in some barangay wont be immediate
- Not just an input/asset provision project, but one which seeks to work with and support beneficiaries over 4-5 years with technical support as well. Note the important role of the CFs and the livelihood/marketing experts
- Strong focus on sustainability and setting up beneficiaries for sustainable improvements on completion of the project
- Other as deemed appropriate by the PSCO

### **Beneficiary contributions**

Points to be included should include:

- Why contributions are required i.e. they specified in the design and are a requirement of the financing agreement between IFAD and the government, they seek to demonstrate a commitment by beneficiaries, and they contribute to sustainability
- What is the scale of beneficiary contributions e.g. 10%
- The types of contributions that are eligible (noting different eligibilities for different types of project investments)
- LGU contributions need to be in LGU budgets
- Beneficiary contributions need to be articulated in livelihood proposals
- Other as deemed appropriate by the PSCO

### **Livelihood projects**

Points to be included should include:

- The types of projects that are eligible
- Any types of projects not eligible
- The process for developing proposals (consultative, demand-driven, but with technical support from CFs and RPMO staff to ensure that projects are viable) and their approval (by the project, RSCSs, etc) in terms of technical and financial viability
- The indicative structure/content of livelihood proposals
- The potential for community/PO-based procurement of items where possible
- Obligations of the POs in terms of beneficiary contributions, reporting/booking-keeping, making some level of group savings
- Other as deemed appropriate by the PSCO

### Annex 3: Sample Matrix of Products and Project Inputs

A two-pronged approach on capacity development may be pursued, at the individual beneficiaries / livelihood level and at the organizational / enterprise level, with inputs classified into production and post-harvest, processing / value adding and marketing.

The interventions at individual / livelihood level are specific to farm production and micro enterprise activities that can be pursued individually (without the need for collective or organizational support) while those at organizational level are interventions along the value chain that are best carried out through POs or commodity associations, e.g., agriculture standards would require a group-based internal control system especially for products sold to mainstream markets; common service facilities, and others.

Some livelihood and micro-enterprises with local market opportunities can be operated individually with technical or operational support at organizational level in terms of standards and provision of common service facilities but would not need collective marketing linkage or support. Other individual livelihoods can be scaled up in terms of yield and productivity including uplifting the quality standards and marketed collectively together with a robust and systematic enterprise support system at organizational level.

Intended to strengthen and provide the basis for more specific focus of livelihood and enterprise support, the following table presents the thematic / topical areas that will require capacity development interventions that may be in the form of training, mentoring and advisory services on entrepreneurship formation and business management and other forms of technical assistance. Such interventions should utilize disaster risk resilient approaches.

#### Matrix of Fishery Products with Capacity building interventions for livelihoods and enterprise models

Product	Livelihood / individual level		Organizational / enterprise level		
	Production	Micro-enterprise	Production & post-harvest	Processing	Marketing
Fish & Dried fish	<ul style="list-style-type: none"> <li>• Operation and maintenance of individual / collective fishing gears</li> <li>• Knowledge on fishery laws</li> </ul>	<ul style="list-style-type: none"> <li>• Improved drying techniques</li> <li>• Individual packaging, selling, recordkeeping of dried fish</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Common fish storage / refrigerating facility</li> <li>• Operation and maintenance of food grade drying facilities</li> <li>• Food safety standards</li> </ul>	<ul style="list-style-type: none"> <li>• Operation and maintenance of food grade processing facilities</li> <li>• Sardines in bottle</li> </ul>	<ul style="list-style-type: none"> <li>• Packaging and labelling techniques and equipment (e.g. vacuum pack packaging machine)</li> <li>• Facilitation and / or negotiations and collective marketing</li> <li>• Marketing management</li> </ul>
Squid & Dried squid	<ul style="list-style-type: none"> <li>• Operation and maintenance of individual / collective fishing gears</li> <li>• Knowledge on fishery laws</li> </ul>	<ul style="list-style-type: none"> <li>• Improved drying techniques</li> <li>• Individual packaging, selling, recordkeeping of dried squid</li> </ul>	<ul style="list-style-type: none"> <li>• Common fish storage / refrigerating facility</li> <li>• Operation and maintenance of food grade drying facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Operation and maintenance of food grade processing facilities</li> <li>• Squid in in bottles</li> <li>• Operation and maintenance of a grocery store to supply rice</li> </ul>	<ul style="list-style-type: none"> <li>• Packaging and labelling techniques and equipment (e.g. vacuum pack packaging machine)</li> <li>• Facilitation and / or negotiations and collective marketing of fresh / dried squid</li> <li>• Marketing management</li> </ul>

				and gasoline requirements of individual fishers • Food safety standards	
Blue swimming crab	<ul style="list-style-type: none"> <li>• Operation and maintenance of individual / collective fishing gears</li> <li>• Knowledge on fishery laws</li> </ul>	<ul style="list-style-type: none"> <li>• Individual marketing of undersize crabs (but not the illegal size)</li> <li>• Individual record keeping</li> <li>• Food safety standards</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance to laws and industry standards on crab size</li> </ul>	<ul style="list-style-type: none"> <li>• Operation and maintenance of a grocery store to supply rice and gasoline requirements of individual fishers</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitation and / or negotiations and collective marketing of fresh undersize crabs</li> </ul>
Seaweeds	<ul style="list-style-type: none"> <li>• Improved seaweed growing techniques</li> <li>• Disease management</li> <li>• Knowledge on fishery laws</li> </ul>	<ul style="list-style-type: none"> <li>• Improved individual drying facilities and techniques</li> <li>• Individual record keeping</li> <li>• Seaweed noodles and pickles processing</li> </ul>	<ul style="list-style-type: none"> <li>• Raw dried seaweeds standards</li> <li>• Baling machine</li> <li>• Seaweed evacuation tanks</li> </ul>	<ul style="list-style-type: none"> <li>• Common service equipment and facilities for seaweed pickles and seaweed noodles production</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitation and / or negotiations and collective marketing</li> </ul>

#### **Annex 4: Terms of Reference for proposed CF Bay Coordinators, PSCO M&E expert, and PSCO KM expert**

**National Monitoring and Evaluation Officer (NM&E)** will be responsible for M&E and supervision of the regional M&E/KM units. He/she will coordinate closely with other project units/specialists, officers and staff of other project management structures and other partners/stakeholders. He/she will work closely with the Planning Officer and the KM Specialist, and will report to the Project Coordinator.

Specifically, he/she will:

- Design and establish the FishCORAL Project's results-based Monitoring and Evaluation (RbM&E) System to regularly monitor and evaluate the physical and financial progress in achieving the Project's results (outputs, outcomes, impact); ensure that the design will be in accordance with the BFAR's M&E system and meet the requirements of oversight agencies (DBM, NEDA) and the International Fund for Agricultural Development's (IFAD) Results and Impact Management System (RIMS);
- Develop an M&E plan and conduct M&E capacity-building for the regional, provincial and municipal/city project management offices and other implementing agencies;
- Prepare, organize, and supervise the Project's baseline and RIMS study, participatory resource and social assessment (PRSA), interim results monitoring surveys (e.g. annual outcome surveys, project completion surveys and other studies) to measure outcomes/ interim impacts, capture good practices and generate lessons learned;
- Design a robust database that will include gender disaggregated data and guide the MIS staff in establishing the database and Project's management information system;
- Design a framework, processes and procedures for the evaluation of the performance of institutions and staff implementing the project;
- Prepare timely M&E reports and inputs to the Project Support and Coordination Office (PSCO), National Project Steering Committee (NPSC), BFAR, DA, oversight agencies and IFAD as regularly required;
- Undertake regular visits to the field to support M&E implementation and identify where adaptations might needed;
- Guide the regular sharing of the M&E outputs with project staff, implementing agencies and beneficiaries;
- Provide technical back-up in the consolidation of Project AWPBs and APPs;
- Participate in IFAD/GOP supervision and other review missions, and facilitate mission team members' access to M&E data;
- Perform other project M&E related duties as maybe required.

Minimum Qualifications:

- Must be a graduate of Agriculture/Fishery Economics, Business Management or related fields; a master's degree is an advantage;
- Must have undergone related trainings in monitoring and evaluation, and knowledge management;
- Solid experience in project development, monitoring and evaluation in foreign-assisted projects or government institution.
- Must be computer literate, with working knowledge of Microsoft Office;
- Good written and verbal communication, presentation and interpersonal skills; and
- Superior initiative and ability to work independently as well as in a team.



**National Knowledge Management (KM) specialist** will be responsible for knowledge management of the Project. He/she will coordinate closely with other project units/specialists, officers and staff of other project management structures and other partners/stakeholders. He/she will work closely with the Planning Officer, National Project M&E Officer, and will report to the Project Coordinator.

Specifically, he/she will:

- Prepare a knowledge management plan that will capture and generate lessons and knowledge from Project implementation, and a communication plan to share these learning and knowledge;
- Implement the plan in coordination with the PSCO, RPMOs, PPMOs and other implementing agencies;
- Promote collaborative tools to facilitate capture and share learning, good practices and innovations, and package them into knowledge products (e.g. publication, audio/visual productions, social media and other forms);
- Help disseminate information about the organization's knowledge sharing program to internal and external audiences, including organizing knowledge sharing events (such as knowledge fairs such as IFAD's annual knowledge and learning markets –policy engagement or KLM-PE, site visits, interviews), maintaining communications on knowledge sharing across the organization, participation in orientation and training sessions, and preparation of brochures/presentations.
- Promote knowledge sharing activities among Project staff and other implementing agencies to improve project implementation;
- Guide the regular sharing of the KM outputs with project staff, implementing agencies and beneficiaries;
- Actively participate in knowledge sharing activities initiated by the IFAD Philippines Country Programme and IFAD's Asia Pacific Regional Division;
- Undertake visits to the field to support KM implementation and identify where adaptations might be needed;
- Prepare knowledge management (KM) reports as required, working closely with the monitoring and evaluation, planning, finance and budget officers, technical staff and all implementing agencies;
- Work closely with the monitoring and evaluation (M&E) officer at the PSCO to complement the M&E activities and report preparation;
- Participate in IFAD/GOP supervision and other review missions, and facilitate mission team members' access to Project's KM documentation and products;
- Perform other project KM related duties as maybe required.

Minimum Qualifications:

- Must be a graduate of communications, social sciences and/or related fields; a Master's Degree is an advantage;
- Considerable knowledge in knowledge management, information, education and communication (IEC), information management;
- Familiarity with developing and delivering knowledge sharing and IEC programs;
- Preferably with experience in working with a government agency's IEC or KM group;
- Must be computer literate, with working knowledge of Microsoft Office;
- Good written and verbal communication, presentation and interpersonal skills; and
- Superior initiative and ability to work independently as well as in a team.

**Community Facilitator Supervisor (CFS)** will serve as the team leader of the community facilitators in a bay or any cluster of barangays as organized. He/she will coordinate closely with other regional based staff (e.g. CRM staff, Livelihood staff, Institution/Gender staff, ME/KM staff). He/she will report directly to the Regional Project Manager.

Specifically, he/she will:

- Guide, coach and supervise the performance of community facilitators in carrying their tasks;
- Ensure the regularity of meetings of community facilitators (CF) in a bay or any cluster of community facilitators as organized;
- Ensure quality of work of components 1 and 2 in the bay and if necessary, provide back-up/technical support to CFs;
- Work closely with the regional technical staff and the community facilitators in crafting strategy and guidelines for strengthening the POs/groups implementing sub-projects and in the conduct of CRM activities in a bay or any cluster of barangays as organized;
- Coordinate with BFAR's provincial fishery officer, provincial LGUs, Bay Coordination and Support Committee (BCSC), for effective and efficient scheduling and synergy of activities;
- Review and consolidate quarterly work plan and monthly reports of CFs to be submitted to RPMO;
- Together with regional technical staff and community facilitators, conduct periodic assessment of Components 1 and 2 implementation and CF performance in a quarterly basis and submit recommendations to RPMOs;
- Participate in meetings of BCSCs and to some extent at municipal/city PMOs when needed;
- Prepare and present reports during RPMO meetings and submit reports and documentation to RPMO regularly as specified;
- Together with regional technical staff and community facilitators participate in IFAD/GOP supervision and review missions;
- Perform other project supervisory related duties as maybe required.

Minimum Qualifications:

- Must be a graduate of community development, social science or other related fields;
- At least three years' experience in the implementation of projects (previously involved in special and foreign-funded projects is preferred, having supervisory function is an advantage);
- Must be computer literate, with working knowledge of Microsoft Office;
- Good written and verbal communication, presentation and interpersonal skills; and
- Superior initiative and ability to work independently as well as in a team;
- Strong teamwork, coordination, and partnering skills.

## Annex 5: Technical comment on the existing project logframe

Once the PSCO M&E officer is recruited it will be a priority of him/her to address a number of important issues with regards to the project logframe. To facilitate the work of the M&E officer, this Annex provides a number of comments on the logframe being used by the project, which the M&E officer may wish to bear in mind. The project should consider in general whether there are other differences in the design logframe (2012) and [Executive Board logframe](#) (2015) that require updating the design logframe, and whether/how they affect the comments made below on the logframe being used by the project.

1. The goal is stated differently in the logframe, the PDR, the loan FA, and the grant FA. The goal in the logframe should be consistent with that in the loan FA (given the relevant amount of funding provided by the loan and its legal nature), not with the PDR or the grant FA. Reference to the specific bays (included in the goal of the grant FA) should be made in the indicators of the goal and/or means of verification.
2. The project development objective in the logframe is also not consistent with the loan FA and should be, even if this requires the indicators to be repetition of the specific targets in the development objective of the loan FA.
3. The assumptions in the logframe for the goal and development objective are stated as issues that might prevent the indicators from being realised. Factors external to the project may however also contribute to the goal and objectives and should be recognised in the logframe, so that final evaluation of impacts can fully assess such externalities and their impacts on the project's role in contributing to the goal and objective, recognising the difference between contribution and attribution.
4. All indicators included in the logframe, should be included in a separate row so that the corresponding source of data/information for each indicator is clear. At present the logframe is not clear which sources of information relate to which indicators e.g. for the three goal indicators it is not clear which of the sources of information (RIMS+ Impact survey, NSCB FIES survey, LPGPMS, CBMS) would be used for which of the three indicators.
5. The baseline data used for a number of indicators is stated as being the RIMS completed in 2014. This survey may not be appropriate for all indicators given its geographical coverage compared to the coverage of the project in the four Regions. The PRSA to be completed by the project in the coming months is likely to represent a critical tool in the provision of vital baseline data.
6. The goal indicator '*Decreased poverty incidence by 5% from baseline of 42% (mean poverty incidence)*' needs updating to reflect the baseline poverty figures for 2015 when the project became effective, rather than the 42% which was the mean poverty incidence when the Project was designed. Likewise the goal indicator of '*Decreased child malnutrition (ages 0-5 years) by 4% from baseline of 24.4%*' will need to have the baseline figure of 24.4% updated, and thought should be given if the figure has changed significantly whether expecting a 4% decrease is still relevant as it may imply a proportionally different impact on the baseline figure.
7. The two Component 1 outcome indicators should be consistent in terms of whether they both refer to a 'sample' of areas or whether neither does.
8. Component 1 output 1 indicators make reference to institutions being '*formed, strengthened and sustained*', and equipment being '*sustainably operated*'. The indicators may need re-allocating as '*sustained*' is an outcome, '*formed*' and '*strengthened*' are sufficient as outputs. '*Sustainably operated*' is an outcome. Specific methods of measurement and means of verification also need to be specified to aid the project in determining/assessing whether the institutions and equipment have been '*formed*' (for example legally established), '*strengthened*' (for example self-assessment of participants based on surveys of project role in strengthening them, extent of funding available, etc), '*sustained*' (for example when did they last meet and how often have they met in the last 6 months), and '*sustainably managed*' (evidence of maintenance costs or activities).

9. Likewise Component 1 output 3 indicators refer to '*managed sustainably*' which is actually an outcome, as it includes behavioural change, so this indicator might be removed or moved to the outcome level? And specification is needed as to how that will be measured/assessed. These indicators may also need amendment once final agreement is made as to the levels of project investments made in support of rehabilitation of different types of habitats.

10. The first indicator for the component 2 outcome is not well suited to the specified outcome. Given that the development objective indicator already includes a measurement of income, the component 2 outcome indicator could usefully focus on the extent of the '*sustainability*' of '*diversified livelihoods*' i.e. the second part of the stated outcome without mention of income. The indicator might therefore be better specified as 'the fishing households involved in non fishing enterprises increased to X% from a baseline of X%'. The second proposed indicator ('*One microenterprise established per coastal barangay operating*') should be removed as the supervision mission in October 2016 advised that not all barangay need necessarily receive support under component 2 given the need for the project to target effectively. However to capture the expected '*sustainable*' existence of the livelihood activities, an indicator could be included of 'the % of the PO livelihood projects supported by the project assessed as operating sustainably by the end of the project' (it is not realistic to expect that all POs supported will be viable, but a target of 70% might be considered appropriate). 'Sustainability' of livelihood activity would need to be measured, but could be based on evidence of group savings, information/data in PO books on sales, etc.

11. The indicator for component 2 output 1 requires a better definition of 'profit' if it is to be retained. This could be measured/assessed based on a variety of approaches e.g. operational profit (e.g. revenues less operational costs), net profit (allowing for depreciation of assets), etc. Proxy indicators such as evidence of group savings may also be considered as may be more easily assessed than profits, and provide a clear indication that profits are being made (or that groups are functioning). However 'profit' does not measure the output, and an indicator related to whether groups are established and functioning after 2 years is probably sufficient.

12. For the component 2 output 1 indicator, the specific number of groups may need to be revisited given levels of project funding available and the amounts of funding possible per individual participating/benefiting as part of a PO.

13. Component 2 output 2 indicators will need amendment once final agreement is made as to the exact nature of project investments to be made that are most supportive of the livelihood projects to be proposed. It may not be necessary to include specific numbers of different types of investments in the logframe

14. For component 3 outcome, if the project introduces an incentive/reward based funding approach to project funds allocated to the LGUs, based on different criteria of performance as suggested by the supervision mission, an indicator could be introduced of the number of LGUs each year rated as 'poorly performing', 'performing', and 'performing strongly'.

15. For component 3 output 1 indicator '*All manuals and guidelines followed*' clarification/specification is needed as to how it will be measured/verified that they are being '*followed*', if the indicator is to be retained. However this indicator doesn't measure an output but rather activities, and could be omitted.

16. Component 3 output 2 indicator '*Adherence to planning and reporting procedures and formats PY1-5*' could be better specified to require data on the number of reports required submitted each year on time/not on time by RPMOs to the PSCO, and likewise the number of obligatory reports from the PSCO to IFAD provided on time/not on time. Or, given that the indicator does measure an output, but rather activities, it might be better to omit it.

17. Component 3 output 2 indicator '*Timely, efficient, and gender and culturally responsive M&E activities PY1-5*' could be assessed based on data in IFAD supervision reports on ratings of gender, with a target of 5 using the IFAD scoring rubric.

## **Annex 6: List of potentially useful references/resources and relevant projects**

### **References:**

1. The Identification and Assessment of Competencies and other Personal Entrepreneurial Characteristics of Entrepreneurs in Developing Countries, McBer and Company, USAID, 1987.
2. Micro and Small Enterprise Upgrading in the Philippines: The Role of the Entrepreneur, Enterprise, Networks and Business Environment, Aimee Hampel-Milagrosa, German Development Institute, Bonn, 2014.
3. Supply Chain Improvement of the Native Chicken Industry in Region VI by Joy Lizada, Reynold Tan & Joey Pedrajas, UP Visayas. Presented in the 2013 Biennial Convention of the Philippine Agricultural Economics and Development Association (PAEDA).
4. Evaluation of New Fishery Performance Indicators: A Case Study of the Blue Swimming Crab Fisheries in Indonesia and Philippines, World Bank, 2012.
5. OXFAM – ISEA Action Research Report on the Seaweed Sub-sector, Draft Unpublished Version, 28 April 2015
6. World Bank – Department of Agriculture Philippine Rural Development Project (PRDP) Seaweeds Value Chain Study for Palawan, 2015.
7. AsiaDHRRA Seaweed Study for Eastern Samar, 2015 by JEPacturan.
8. Agro-enterprise Facilitation Manual, 2<sup>nd</sup> Edition, Catholic Relief Services Philippines.
9. ICCO-SDC Seaweed Value Chain Study. No. 15, 2009.
10. Social and Economic Dimensions of Seaweed Carrageenan Farming, FAO, 2013.
11. ADB – BFAR Fisheries Resource Management Project (FRMP) Completion Report
12. Harmonized Gender and Development Guidelines for Project Development, Implementation Monitoring and Evaluation, NEDA and PCW, 2<sup>nd</sup> edition.
13. Participatory Coastal Resource Assessment Manual, USAID – Silliman University.
14. USAID – Growth with Equity in Mindanao (GEM) Project Completion Report.

### **Projects and Institutions:**

15. World Bank – Department of Agriculture (DA) Philippine Rural Development Project (PRDP), <http://www.daprdp.net/>
16. Department of Social Work and Development – Sustainable Livelihood Program
17. ADB – DSWD National Community Driven Development Project, Livelihood Grant Component, <https://www.adb.org/projects/47142-001/main>
18. World Bank – DA Mindanao Rural Development Project (MRDP), <http://mrdp.da.gov.ph/>
19. Pinoy ME Foundation, <http://www.pinoyme.com/>
20. Jollibee Foundation Farmer Entrepreneurship Program, <http://jollibeefoundation.org/farmer-entrepreneurship-program/>