

## **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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## Contents

A.	Introduction	1
B.	Overall assessment of project implementation	1
C.	Outputs and outcomes	2
D.	Project implementation progress	6
E.	Fiduciary aspects	10
F.	Sustainability	13
G.	Impact	14
H.	Conclusion	14

## Appendices and Annexes

Appendix 1:	Summary of project status and ratings	17
Appendix 2:	Updated logical framework: Progress against objectives, outcomes and outputs	19
Appendix 3:	Summary of key actions to be taken within agreed timeframes	25
Appendix 4:	Physical progress measured against AWP&B, including RIMS indicators	27
Appendix 5:	Financial: Actual financial performance by financier; by component and disbursements by category	41
Appendix 6:	Compliance with legal covenants: Status of implementation	45
Appendix 7:	Knowledge management: Learning and Innovation	47
Appendix 8:	Progress Against Previous Mission Recommendations	48
Appendix 9:	Supervision Mission Schedule and Persons Met	50
Appendix 10:	Audit Log	52
Appendix 11:	Summary of implementation support provided by IFAD	54
Appendix 12:	Fiduciary risk assessment – data sheet	56
Annex 1:	List of suggestions and recommendations in the supervision mission report (but not included as agreed actions)	67
Annex 2:	Action on list of suggestions made in October 2016 supervision report	70
Annex 3:	Progress on list agreed actions from May/June 2017 support mission	75
Annex 4:	ToR for PSCO CRM component 1 coordinator for the FishCORAL project	77
Annex 5:	ToR for PSCO project management expert to Support FishCORAL Project Management	78
Annex 6:	ToR for Chief Technical Advisor	<b>Error! Bookmark not defined.</b>

## Abbreviations and acronyms

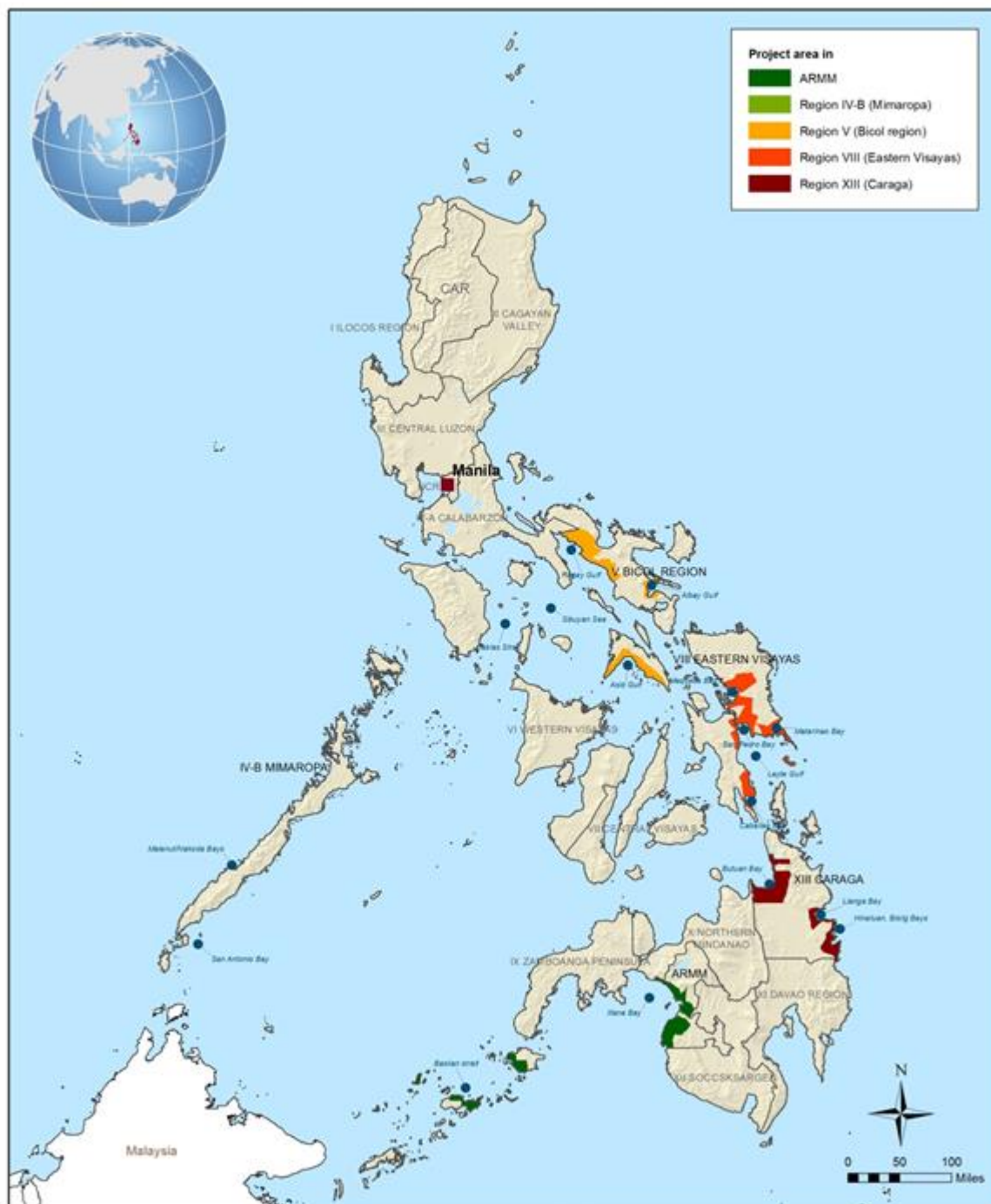
AGMC	Albay Gulf Management Council
AIP	Annual investment Plan
AO	Agriculture Officer
APP	Annual Procurement Plan
ARMM	Autonomous Region of Muslim Mindanao
ARG	ARMM Regional Government
AWPB	Annual Work Plan and Budget
BAC	Bids and Awards Committee
BFAR	Bureau of Fisheries and Aquatic Resources
BMC	Bay Management Council
BMMB	Bay Management and Multi-purpose Building
BSP	<i>Bangko Sentral ng Pilipinas</i> (Central Bank of the Philippines)
BTr	Bureau of Treasury
CAAR	Consolidated Annual Audit Report
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
eNGAS	electronic National Government Accounting System
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
ha	hectares
IFAD	International Fund for Agricultural Development
IGDS	Institutional and Gender Development Specialist
IGO	Institutional and Gender Officer
IR	Implementing Rules
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
MPIU	Municipal Project Implementing Units
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
PCRA	Participatory Coastal Resource Assessments
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
RRA	Regulations of Republic Act
SEC	Security and Exchange Commission
SOE	Statement of Expenditure
ToC	Theory of Change
ToR	Terms of Reference

## Map of Project Areas

### The Philippines

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



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.

IFAD 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\$ 43.7 million, comprised of: an IFAD loan of EUR 27.3 million (approximately US\$ 29.4 million); an IFAD grant of USD 0.7 million; government contributions of US \$6.1 million; and counterpart contributions by Local Government Units (LGUs) of US\$ 5.6 million. FishCORAL became effective on the 26 October 2015 and is scheduled for completion date on 31 December 2020. The goal is reduced poverty in the target coastal communities of the 11 target bays in Regions V, VIII and XIII and the Autonomous Region in Muslim Mindanao. FishCORAL's specific objective is that coastal communities sustainably manage their fishery and coastal resources, generating livelihood benefits for targeted households. Project activities are organised around 3 components: (i) Coastal Resource Management; (ii) Livelihood Development; and (iii) Project Management.

2. This memoire records the findings and recommendations of the project's second Supervision Mission, which took place from 1 to 14 September 2017. The mission's objectives were to assess the progress of project implementation; identify implementation issues and bottlenecks; and agree on a set of actions to resolve constraints and improve implementation. The team consulted with: project staff at the Bureau of Fisheries and Aquatic Resources (BFAR) at national and regional levels; Mayors and Municipality and City staff in Local Government Units (LGUs) in the regions; and communities and People's Organisations (POs)<sup>2</sup>. This aide memoire was reviewed and discussed with key stakeholders at the mission's wrap-up meeting in Manila on 14 September 2017.

## B. Overall assessment of project implementation

3. The overall assessment of project implementation, and the likelihood of achieving development objectives, are both rated *moderately satisfactory* (4) based on IFAD's performance assessment methodology<sup>3</sup>. Cumulative disbursement from the IFAD loan amounts to 14% till 31 July 2017, and 35% for the IFAD grant. Funds actually expensed by FishCORAL were only 4% of the IFAD loan and 3% of the grant. In 2016, the Project achieved 26% of its Annual Work Plan and Budget (AWPB) target. As of 31 July, expenditure had been just 1% of the total planned for 2017- in part due to continuing use of 2016 budget, and in part due to timelines for procurements launched in 2017. Nonetheless a package of preparatory steps, such as recruitments, trainings, preparation of bids, purchase of vehicles and equipment, have been completed to enable the project to move to full gear.

4. The main risk facing the project is its reduced duration by Government. The last supervision mission emphasised the need for accelerated implementation given that the previous Government administration requested IFAD to reduce the implementation period to a five-year project in the Financing Agreement (FA), from 7 years envisaged during project design. While the mission was pleased to note that Project implementation has now been fully rolled and begun to accelerate, it notes that FishCORAL continues to face challenges and delays. There has been no progress in accomplishing the project's outcome targets, and limited progress in meeting project outputs in Coastal Resource Management and Livelihood Development. Project management requires improvements at both the Project Support and Coordination Office (PSCO) and RPMO levels.

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<sup>1</sup> Graeme Macfadyen, Team Leader and fisheries specialist; Yolando Arban, Expert in project management; Arthur Tantuan, Procurement Specialist; Zidni Marohombsar, Financial Management Specialist; and Enrico Andreini, fisheries expert. Mr. Jing Pacturan, IFAD Country Programme Officer, participated in the kick off meeting. Mildred de los Reyes and Ianah Olonan (NEDA) participated in the mission and field visits.

<sup>2</sup> The mission undertook field visits to Region VIII (Eastern Visayas): Palo, and *barangay* San Vicente, Pong-oy, Telegrafo, San Pedro, and Casulongan; Calbiga and Pinabacdao municipalities and *barangay* Calingonan, Barobaybay, Poblacions 1 and 2, and Calampong. Region V (Bicol): Naga, Legazpi and Sorsogon cities and *barangay* Banquerohan and Salvacion; in Manito municipality and *barangay* Cabacongan. Region XIII (Caraga): Butuan City; Nasipit and Barobo municipalities, and *barangay* Gamut, Sacol and Punta. For security reasons, the ARMM Regional Project Management Office (RPMO) and local stakeholders travelled to Davao to meet with the mission team.

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

5. Project activities and outputs are at diverse levels of advancement in different Regions; but the prevalent feature of implementation across the regions is that it has not progressed beyond planning, community mobilisation and launch of some tenders. None of the planned infrastructure investments have yet been completed, and while equipment for offices at regional and LGU level has generally been provided, limited equipment has so far been provided for livelihood projects. While important progress has been made towards laying the ground for later achievements, it seems unlikely that the upcoming Mid-term Review (MTR) in 2018 will be able to observe significant emerging outcomes.

6. With respect to project management and organisation, the agreed actions contained in the 2016 supervision mission report (and in the follow-up mission of May 2017) have been partly completed, often with delays compared to the agreed timeframes. A number of contracted staff positions remain vacant, and while the motivation levels and capacity of some staff are good, the performance and capacity of some personnel appears weak, raising questions about their ability to ensure quality and timely implementation for successful achievement of the project objective. One systemic problem is the general attempt to stick to the multi-year annual plan, without sufficient technical assessment of whether all planned interventions specified in the Project design are strategic or indeed demanded across the various locations; or are feasible to implement in any given year.

## C. Outputs and outcomes

7. **Component 1. Coastal Resource Management (CRM)** is considered to be *moderately unsatisfactory* (3). The intended outcome from the component is “*Fishing communities adopted sustainable management of fishery and coastal resources*”:

8. **Output 1: Capabilities of LGUs and fishing communities to enforce sustainable management of fishery and coastal resources established.** Progress in this output has been variable across the Regions, but generally slow. Five of the 11 Bay Management Councils (BMCs) have been formed, and others are being organised, with work in Region V being the most advanced. In this Region, the Albay Gulf Management Council (AGMC) has hired staff, determined annual dues to fund the operations budget of the AGMC, and agreed on the location of the AGMC Bay Management and Multi-purpose Building (BMMB). The Ragay Gulf Management and Development Council have held three meetings, assigned officers, agreed on how much each municipality will contribute, and is organizing a planning workshop in 2018.

9. There has also been some progress in establishing and training of Fisheries Law Enforcement Teams, FLETs (e.g. in Region VIII and XIII). While PSCO data show that the delineation of municipal waters by the Project has not been undertaken, some agreements over delineation have been reached, partly with support from the Project (e.g. in Region 13). Procurement of the 121 patrol boats is underway, and delivery is expected by year end. Site identification of all 11 Bay Management and Multi-purpose Buildings (BMMBs) has been completed and procurement initiated; construction is underway in one. Though none of the 103 watchtowers, nor the jetties/timber piers or landing facilities, have been constructed, sites have been identified and the Regions are at different stages of procurement. RPMOs report that the need and location of watchtowers was validated in accordance with 2016 supervision mission recommendations.

10. **BMCs.** For those five existing BMCs, meetings have been held only quarterly. In the case of ARMM, there is no MOA that establishes rules, procedures and governance among participating stakeholders. Since BMCs are the key institutional mechanism to ensure long-term sustainability of CRM improvements, BMC arrangements must be finalised as a matter of urgency. Further, there must be sufficient incentives to ensure that members see the benefits of participation; meetings must be frequent enough (at least monthly in the initial period); and arrangements for BMC functioning must be formalised through MoAs or by-laws. The RPMOs are to provide support to meetings (e.g. preparation of meeting agendas, providing inputs to ensure it results in specific actions with assigned responsibilities, and drafting of minutes) until such time as the BMCs are able to do so themselves.

11. **Patrol Boats.** The mission was pleased to note that LGUs confirmed their allocation of the required operations and maintenance budgets (staff and fuel). Nonetheless, little planning has been provided as to how the boats are to be used effectively to deter illegal fishing. Project personnel

should assist LGUs and the FLETs with the preparation of operational plans based on an assessment of illegal fishing risks (i.e. where, when, and by whom); and ensure that those plans are put into practice with appropriate sanctions for non-performance.

12. *Watchtowers.* It is not clear to the mission that the effectiveness of watchtower investments has been strategically considered. Due to requirements over proof of land title, the mission's site observations and discussions with LGUs found that many LGUs recognise that the watchtowers are either not really necessary or planned in inappropriate locations. RPMOs must therefore continue to provide critical assessment with LGUs on the need for investments before they take place. An additional constraint is that in some locations budgets per watchtower are too low to interest suppliers; higher budgets will be needed in the case of failed bids.

13. The mission observed that the Bay Management Multipurpose Building in Butuan city (Region XIII) is being constructed within the BFAR compound (BFAR funds have been coupled with project funds to allow for a larger building). An agreement should be signed between BFAR and LGUs involved to ensure continued access and sustained use of the facility by LGUs.

14. **Output 2: Municipal/city and bay-wide fishery and coastal resources management and investment plans implemented.** The Participatory Resource Socioeconomic Assessment (PRSA) is still at the procurement stage in all regions, despite the 2016 supervision mission emphasis on the critical need for its rapid completion. With BMCs only recently formed, there has been no progress towards the formulation/updating of 103 multi-year fishery management/investment plans at LGU level, or the development of bay-wide multi-year CRM and fishery management/ investment plans. Yet, notwithstanding delays in establishing the PRSA and BMCs, RPMOs are beginning to engage with some LGUs on their CRM plans; some LGU plans have been collected; and participatory coastal resource assessments (PCRAs) have been completed in some LGUs to inform CRM plan updates.

15. *PRSA.* The reasons for the delay in PRSA, which is essential for providing key baseline data for effective programming of FishCORAL activities, are a combination of weak technical capacity at the PSCO and RPMO level to develop the technical elements of the ToR, and challenges in identifying qualified contractors in the regions. Of the 4 regional PRSA proposals lodged to date, only one (Mindanao State University) is of good quality and includes a detailed outline of outputs within the allotted timeframe. The poor methodology offered in other proposals suggests that quality of the PRSA outputs may ultimately be compromised. While a briefing for potential bidders/contractors was held by the PSCO in August, it is still necessary to fully implement the TOR recommendations of the 2016 supervision mission, particularly with respect to consistent methodology and quality outputs. In this regards, the mission recommends that: i) final contracts or supplemental revisions include TOR revisions that ensure improved methodology and format of outputs; ii) contracts are finalised with suitable implementers, finding a solution for Regions V and VIII; and iii) the PSCO provides guidance to the contractors during the completion of the PRSAs.

16. *CRMs.* A key issue is that the Project has not prioritised work on CRM plans with different LGUs based on when the plans are due for renewal. The mission reiterates that project staff identify the years/dates when different LGUs will need to revise CRM plans and engage with LGUs accordingly. Further, the PSCO should provide RPMOs a template based on best practice in CRM contents and approach (e.g. integrated, based on the ecosystems approach to fisheries), which can be used for benchmarking and identifying areas of improvements during revisions.

17. **Output 3: Habitats for fishery and coastal resources rehabilitated and established.** Mangrove rehabilitation has taken place on 50 ha so far (in Region VIII) and there has been some limited identification of other areas (among the 1,100 ha to be rehabilitated) in consultation with LGUs and the Department of Environment and Natural Resources. None of the planned 3,800 ha of seagrass areas have been identified yet for rehabilitation and protection. No stock enhancement projects have commenced, although the Regions have proposed projects for validation (milkfish and mud crab in Region V, abalone and giant clam in Region VIII, sea cucumber and giant clam in Region XIII, and nursery cages for finfish in ARMM). Region V has identified sites and ARMM has prepared design specifications for artificial reefs, though no investments have yet been made. Procurement

processes are underway for delineation markers in Region VIII, XIII, and ARMM, while Region V has prepared designs. Thus, progress in delineating and rehabilitating 5,150 ha of fish sanctuaries has been limited – only 92 of a total planned 1,658 markers for 2016 and 2017 have been installed (all in Region VIII) so far. More rapid implementation of this output is hindered by the delay in the PRSA, required to inform the need and location for habitat and resource rehabilitation.

18. **Component 2. Livelihood Development.** Performance in implementing this component is rated as *moderately unsatisfactory* (3). The expected outcome is: *Income of fishing households in target coastal communities increased through sustainable engagement in diversified livelihood activities*. The two associated outputs are discussed below.

19. **Output 1: Fishing households organized into livelihood groups.** FishCORAL has organized and/or reactivated 529 people's organizations (POs) with a total membership of 15,848 individuals, i.e. 17.5% of the targeted 91,000 fisherfolk/households that would benefit from livelihood development. This falls somewhat short of the 2016 target of 581 groups, and there has been zero performance against 2017 targets. Of the 529 groups recorded as functioning by the Project, just over one third (191 POs, with 5,904 intended individual beneficiaries) have project proposals approved.

20. Generally, the Project follows standard procedures in formulating livelihood proposals as indicated in the project livelihood development manual, from selection of POs to approval of project proposals. PO members participate in the selection of livelihood interventions during assembly meetings called for by the Project. CFs typically present a menu of fishery related livelihood projects (known/felt to be potentially viable/sustainable) from which participating POs can choose. While in some ways this is a sensible initial strategy, it has limited the generation of other potentially innovative projects beyond the list. The key player in preparing proposals is typically the CF, with some PO leaders and LGU agricultural officers. The mission observed that in a number of cases LGUs are not fully aware of the content of proposals. Aside from the POs, the LGUs are key stakeholders as they can provide technical guidance, are obliged to provide financial counterpart funding to the Project, and are tasked to supervise project implementation in collaboration with the Project.

21. *Community Participation and Prioritisation.* The mission observed that community understanding about the Project may be mixed, with a focus on livelihood activities and less understanding of the link between improved resource management under component 1 and livelihood activities. Discussions with BFAR and with the community reveal that there are practical actions to mitigate disaster risks; but such mitigating actions are not yet reflected in livelihood proposals. This is an evolving context, as BFAR shall support the selection of appropriate technology for livelihood proposals that will protect coastal and marine resources and that are balanced with profitability and viability requirements, while community awareness and cooperation is gradually strengthened.

22. *Strengthening People's Organisations.* POs have generally received some orientation about the project and some specialized orientation activities related to gender and business planning, although based on the mission's observations greater care needs to be taken in some cases to ensure that all/more POs members participate in orientation and support provided by the CFs. The Project has not yet developed a capacity assessment checklist or itemised training interventions for POs, although a few selected POs in Region XIII have benefited from the completion of four of an eight-module CF training programme (self-awareness, organisation diagnosis, values formation, vision mission and goals setting, policy formulation, meeting procedures, livelihood operational planning, community savings mobilisation). The mission also noted that most POs organized or reactivated themselves primarily to access the project's livelihood projects. The project should promote activities such as savings generation (some POs in Regions XIII and VIII have started savings mobilization) to help strengthen POs and enable them to pursue self-capitalisation and income-generating opportunities.

23. The Project should provide additional guidance and support to CFs and livelihood staff where necessary: i) establishing the direct beneficiaries i.e. whether households or individuals (some POs have both husband and wife counted as individual project beneficiaries); ii) assessing the financial viability of proposals – despite recent business planning training of staff, many CFs continue to face challenges in completing financial calculations; iii) regulating the per capita investment in livelihood proposals (some projects like milkfish cage culture have a high investment of about PHP 75,000 per

individual) vis-à-vis the number of households; and iv) considering other innovative livelihood projects, including non-fishery related activities, that could support the intended outcomes of component 1.

24. Improved implementation progress on this output will require: i) more involvement of PO members and LGUs in the preparation of project proposals; ii) supporting readiness (in technical and operational terms) of the POs to initiate the livelihood proposals (not just focussing on disbursing funds for the livelihood projects); iii) generating other innovative types of livelihood proposals that support component 1 (backed up by sufficient technical support).

25. **Output 2: Livelihood projects (fishery and non-fishery) with corresponding climate-resilient infrastructure/ facility support implemented.** Progress for this output has been minimal. The Project has approved only 78 livelihood projects out of a total target of 2,586 over the course of its lifetime. Progress has also been limited on establishing community-based hatcheries; and the provision of communal seaweed solar dryers with storage facilities. On the other hand, there has been good progress with the procurement and instalment of 49 mobile icemakers and 94 chest freezers.

26. *Livelihood projects.* Currently, the range of projects identified fall within five categories: i) fish farming; ii) invertebrate farming; iii) seafood processing; iv) seaweed farming; and v) ecotourism. The regional Technical Working Groups (TWGs) have approved only 78 (2.7%) projects for delivery. Key issues are: (i) the need for continued and greater stakeholder participation in identifying alternative livelihood projects that might offer potential (as discussed above); ii) variable quality in the proposals and business plans; iii) weak comprehension level within POs and households of the likely financial benefits; and iv) risks to overall sustainability of the projects, given the weak technical capacity of POs. The mission recommends that: (i) POs/CFs explore different livelihood options (fishery and non-fishery) that may compliment existing activities; (ii) further review takes place of proposals (including addressing existing calculation discrepancies and missing information); (iii) for each activity, project teams provide clear information to POs as to what the dividends are likely to be per household; and (iv) continued and improved assessments of potentially negative environmental impacts of projects (e.g. collection of wild fingerlings for ongrowing).

27. *Community-based hatcheries and solar dryers.* Of the seven planned community-based hatcheries, Region V has advanced the procurement process for the revival of the BFAR milkfish hatchery facility in Tiwi. In Region VIII most equipment has been procured and is waiting to be delivered, though bids have been re-posted for some remaining equipment due to lack of bidders. A lack of interest by suppliers was also experienced in Region XIII. The ARMM RPMO is currently preparing a list of equipment needed for the two planned communal hatcheries. Of the targeted 150 communal-seaweed solar dryers with storage facilities, only 59 POs have been selected to receive them. Even for these, sites have only been partially validated; none have yet been completed.

28. *Ice-makers and freezers.* Region V is currently process for 5 mobile icemakers and awaiting PSCO's review of bidding documents for 15 chest freezers. Region VIII has successfully delivered 80 stand-up freezers, to 64 POs. Region XIII and ARMM both opted out of mobile icemakers (wisely so, given poor earlier experiences with maintenance and running costs) and instead have chosen to make investments in 113 upright freezers and 152 chest freezers. The change in strategy, from mobile icemakers at the municipal level to chest freezers or upright freezers at the PO level, is supported in terms of bringing asset acquisition and management closer to the communities, and should have beneficial effects for the community in terms of preserving the value of the products. However, the POs need to clearly specify the intended utilisation and the management and maintenance arrangements. Further, there is some risk that the capacity of the equipment may be small in relation to needs. The mission recommends the Project engage with stakeholders on these issues.

Agreed action	Responsibility	Agreed date
1. Ensure all BMCs to have a MoA to guide their functioning	RPMOs	31 March 2018
2. Develop operational plans for patrol vessels at LGU level to guide surveillance activities based on assessment of risks of illegal activity	RPMOs/LGUs	Once vessels provided
3. Develop template for benchmarking current CRM plans and	PSCO	31 October 2017

identifying areas of necessary improvement		
4. Identify any LGUs where investment in watchtowers are not required because of concerns over effectiveness	RPMOs	31 December 2017
5. Review content of PRSA contracts and amend where necessary to ensure consistent/good methodology and outputs	PSCO	31 December 2017
6. Prepare organisational needs assessment of POs and schedule training by BFAR, LGUs, and service providers, to support livelihood project and CRM implementation	RPMOs	Continuous
7. Review and expand the menu/positive list of fisheries and non-fishery related livelihood activities eligible for funding	Livelihood specialist in PSCO and RPMOs	30 November 2017

## D. Project implementation progress

29. **Project Management** is *moderately unsatisfactory* (3). Progress has been made in establishing project management and coordination bodies; hiring project staff; finalising the Project Implementation Manual (PIM), preparation and adjustment of AWPBs and annual procurement plans (APP), and in setting up systems for implementing and monitoring the project. In this regards, MoAs have been signed between BFAR and all 103 city/municipal LGUs. There are now 79 city/municipal project management offices (C/MPMO); and 23 municipal project implementing units (MPIUs) directly under the BFAR ARMM. While the MoAs indicate LGU's project responsibilities in general terms, the mission recommends providing clear agreements or guidelines on the operation and maintenance of infrastructure and equipment (e.g. BMMBs, watchtowers, patrol boats). Some RPMOs could do more to ensure sufficient engagement with and briefing of LGUs/mayors.

30. **RCSCs.** Progress has been made in agreeing permanent and alternate members of Regional Coordination and Support Committees (RCSCs), except in ARMM. There is less progress in the inclusion of the IFARMC in the RCSCs, except in Region XIII. Aside from reviewing/ approving the Regional AWPB and APP, the RCSC should act as a multi-stakeholder body to support implementing the Project. This function of the RCSC is not sufficiently utilised in preparing and reviewing project proposals. While the principal members of the RCSC may not have sufficient time in providing technical support, their alternates or technical staff in their respective offices may assist.

31. **Staffing.** Currently, the project has a total of 101 BFAR regular staff (51% female) to assist in the implementation of the project, and 195 contracted staff (59% female). Some key positions are still vacant at the national level (i.e. rural infrastructure engineer) and at the regional levels (e.g. M&E, CRM and livelihood officers). At the national level, the project coordinator is overseeing component 1. This is not viable as the coordinator is tasked with overall implementation of the Project. The mission recommends hiring a dedicated CRM specialist to guide component 1.

32. Of critical concern to the mission are the varying levels of technical capacity of PSCO and RPMO staff. Many staff are capable and performing well, but the mission found some are not sufficiently skilled in their technical areas to support effective project implementation, do not display sufficient critical thinking about why activities are being implemented in support of outcomes (or may be constrained in doing so, due to pressure to implement the Project as designed without flexibility), are not taking responsibility for performance weaknesses, and are not sufficiently managing and supporting those below them in the project's hierarchy. These weaknesses relate to almost all aspects of the Project (e.g. CRM, livelihoods, gender and institutional strengthening, M&E, planning, KM, etc).

33. The mission noted the support provided by the regional BFAR offices in the implementation of the Project and assistance to contracted staff in the field. Notwithstanding, Regional Directors could do more to ensure that organic BFAR staff adequately support the project, and ensuring availability of Technical Working Group members for timely review of proposals. At the national level, the BFAR Bids and Award Committee (BAC) and Finance Group support the Project; however, the mission noted that greater support by BFAR regular staff is needed in day to day management of the project.

34. To improve capacities at central and regional offices, it is recommended that: i) FishCORAL recruits a chief technical advisor embedded within the PSCO, at least for 12 months; ii) given differing performance between Regions, staff visit other Regions to observe successful lessons to take back to their own Regions (for example 1-2 CFs from ARMM could visit savings clubs being run by POs in Region XIII, and train other ARMM CFs on how to effectively promote such clubs); iii) the national and regional office pursue partnerships with experienced NGOs to address delivery challenges (e.g. in livelihoods); and iv) all staff should be subject to rigorous, transparent performance-based evaluation as the basis for contract renewal, with new recruitment subject to IFAD no objection.

35. *Community Facilitators.* Given their frontline role, the mission was gratified to see that in most cases CFs appear motivated and happy, are benefitting from monthly meetings with RPMOs, and staff retention has been good. Region V's strategy of clustering its CFs and assigning a team leader has eased communication and facilitated preparation and review of documents. In some regions, some CFs have been assigned CRM, livelihood, M&E and finance support functions without additional remuneration. Despite 2016 recommendations, many CFs do not have insurance as specified in the FA; they should either be required to do so through their own cover, or cover should be provided by FishCORAL. The Project should consider increasing CF salaries in 2018 to ensure good retention.

36. *Facilities, vehicles and logistics.* Office space, use of project vehicles and facilities, internet connectivity, and communication among project staff must be constantly examined and any challenges resolved. For example, in Region V the FishCORAL office has no cabled internet, and pocket Wi-Fi connection is intermittent. In addition, office space is cramped and project staff share desks with the Fisheries and Aquatic Resource Management Council (FARMC) staff. It is recommended that accessible office space with internet connectivity is rented. Further, the project must ensure that project vehicles, goods and services (including those provided to LGUs) should be solely for project purposes. Logs of usage/mileage should be kept.

37. **Coherence between AWPB and Implementation** is rated as *moderately unsatisfactory* (3) given annual and cumulative physical progress compared to approved AWPB. The Project has expended PhP 56.4 million (26%) against the 2016 budget; and only PhP 4.9 million (1%) against the 2017 budget. Combined, the Project has spent 8% of its total budget as of 31 July - well below the expected expenditure (22%) for this type of project with one third of project duration already elapsed. Activities planned for 2016 were carried over and are being implemented in the current year so that achievement of 2017 plans is low. There have been no disbursements for PO livelihood projects; and not much has been accomplished from the project's catch-up plan (for utilizing the 2016 budget by the second quarter of 2017). The mission notes that the 2017 AWPB was only submitted in April 2017. The PSCO should submit AWPBs and procurement plans no later than 60 days before the beginning of the relevant project year as per the FA. Any unutilized budget and unrealized planned activities for 2017 can be rolled over to the following year, but the RPMO should ensure that the 2018 physical and financial forecast for is realistic and in line with implementation capacity.

38. The process of preparing AWPBs follows government procedures where fund allocation of the succeeding year is determined in the preceding year. However, fund determination for 2017 is based on the multi-year plan and has not been adjusted based on the 2016 performance and the capacity to deliver. As a result, the 2017 project implementation is still preoccupied with completing the backlog of targets from 2016 and is not aligned to executing the 2017 AWPB. A new catch-up plan (developed by RPMOs and PSCO in July 2017) is still being finalised, but appears optimistic rather than realistic. For example, there was no major adjustment in reducing the target for livelihood projects.

39. Based on the current implementation progress, it is anticipated that by year end the Project will only deliver at the most 60% of its 2017 targets in Regions V, VIII and XIII, and very few of the 2017 targets in ARMM. In the rush to deliver/disburse, the quality of outputs may suffer. The same situation will occur in 2018 unless there is a change in the approach to planning to set more realistic targets, and/or speeding up implementation through other mechanisms e.g. hiring NGOs, service providers or contracted individuals on a per activity/output basis.

40. **Flow of funds to ARMM.** In addition to annual work planning, an annual MoA is programmed with ARMM to govern release of funds to this autonomous region. The 2016 MoA was only concluded in November 2016, and corresponding release of funds was in December. For 2017, the MoA was only signed in August 2017. Thus the tranching fund transmission is only expected in the last quarter. In practice 2016 funds are used in 2017, to execute the 2016 AWPB; while the 2017 AWPB will most likely be implemented in 2018. To avoid the same situation in the coming years, the mission recommends BFAR and ARMM sign a multi-year MoA. Work on agreeing this MoA for 2018 onwards should start immediately, to ensure its readiness for 2018. This process has to be accompanied by clear recalibrating; and careful planning, execution, and reporting of rolled-over targets.

41. **Monitoring and Evaluation (M&E)** is found to be *moderately satisfactory* (4). The PSCO has hired separate M&E and KM Officers. At the regional level, there is still a need to designate a full time M&E officer in Region VIII, and complete orientation of the newly designated staff in Region V. The PSCO plans to disseminate M&E guidelines, approved by IFAD in August, to field staff by October 2017. In the meantime the PSCO is coordinating with RPMOs on the use of M&E/report templates. Follow-up of the M&E/database system is done in collaboration with regional officers. A MIS database has been established; and the Project has articulated its Theory of Change (ToC) as follow-up to IFAD's M&E workshop. The TOC is expected to guide better planning, critical monitoring and evaluation of results once shared more broadly with all project staff. The mission concurs with project management's judgement that the project logframe should be revised during the MTR.

42. The Mission noted that: i) planned targets not accomplished during the reporting period are just added/carried over to the succeeding reporting period; and ii) reports include issues/problems encountered/bottlenecks but do not include monitoring of actions taken to resolve the issues. It is suggested that the project should have a clear reporting of accomplishment based on periodic targets (i.e. monthly, semesterly or annually) and the cumulative targets.

43. FishCORAL's databank is based on physical accomplishment reports from RPMOs. Draft and samples of data from the databank are already uploaded at the project's developer website. Reconciling of files is on-going and updating will be monthly. There are existing data (e.g. PO profiling, FishR and BoatR) which can be uploaded as part of the project's database. Database information is still very limited as the PRSA is not yet conducted. Data/information generated from participatory coastal resources assessment (PCRA) should be included in the project's database.

44. The project website has been developed but is not yet live, and will be available online upon completion of procurement of the server. While the Project has pursued a web-based databanking, it should take note of the poor internet connection experienced in the Regions, particularly in Region V, which makes it difficult to submit their report and data on time. 4G-enabled smart phones are found functional even at the *barangay* level, and it is recommended that the Project explore their use or use of text messages in uploading data and information to the project's databank. Further, it is recommended that the Project should start utilizing data already in hand (e.g. PO profiles, FishR and BoatR) to support planning and deciding appropriate CRM and livelihood interventions.

45. **Gender Focus** is assessed as *moderately satisfactory* (4). Women constitute 39% of the 15,848 members in the 529 POs covered by the project. Of the 5,904 beneficiaries that will benefit from the 191 approved livelihood proposals, 40% are women. In both cases, the percentage of women participation is still within the 40%-50% women participation target. The staff have not yet assessed gender disaggregation in leadership roles; and the extent to which women have influenced PO policies and operations. During the mission's field visits, POs reported an increase in women membership due to the Project. In terms of project staffing, there is good gender balance, with 51% of the BFAR regular staff and 59% of the contracted staff being women. At the RPMO level, 54% are women while among the CFs, women constitute 58%, against a project target of at least 30%.

46. The Project has hired an institutions & gender development specialist at the PSCO, institutional and gender officer at the RPMOs, and CFs have received training in incorporating a gender perspective. The Project also hosted the 9<sup>th</sup> IFAD Philippine Gender Network Assembly, a forum for IFAD projects and partners in the country that advocates for gender mainstreaming in development projects. FishCORAL has established guidelines on mainstreaming gender in livelihood projects,



within the M&E manual. Efforts to empower women should be continuously supported by the Project, and specific guidelines on gender issued (separate from the M&E guidelines).

47. **Poverty focus** is *moderately satisfactory* (4). The project aims to reduce poverty incidence for 1,098 coastal villages, which have a high poverty incidence. In response to 2016 mission recommendations (for the use of prioritization criteria, selection processes, and phasing-support in *barangay* under components 1 and 2), the PIM has been updated to include additional assessment criteria for *barangay* selection; and some secondary poverty-related data are being used to inform project activities. Nonetheless, this could still be improved as it is still unclear how effective the current selection processes are. Clearer rules on the identification, selection, and prioritization of *barangay* with high poverty incidence should be provided through PIM amendments.

48. **Effectiveness of targeting approach** is assessed as *moderately satisfactory* (4). Fishing is one of the poorest occupancy groups in the Philippines and this fisher-community project certainly has a well-targeted poverty focus. However, the ambitious project scope, to support 188,000 households and their organisations in 1,098 coastal *barangay* within 5 years, suggests the project is overextended. The mission noted that: (i) some *barangay* listed in ARMM in the design appear to be incorrect, revisions need to be validated by the PSCO/RPMO; and (ii) the ability to target the poorest may be diluted where the Project is working with existing POs (whose membership is already defined). Within the latter POs, FishCORAL should promote self-targeted production activities that respond to specific needs and interests of the poorest households. In the creation of any *new* POs, poverty and gender targeting must be ensured.

49. **Innovation and learning** is assessed as *moderately satisfactory* (4). The Project has the *potential* to contribute to learning around successful models of participatory and consultative bay-level CRM, incorporating an ecosystems approach to fisheries, LGU financing for effective law enforcement, and innovative PO livelihood projects. Given its early stage of implementation, FishCORAL has not yet generated learning about project innovations, but it is exposing BFAR to new areas of work that is already establishing an important learning space for future initiatives.

50. **Climate and environment focus** is considered as *moderately satisfactory* (4). The CRM Component 1 has a strong and direct focus on environmental improvements, and investments in habitat and resource rehabilitation. Project design places a particular focus on the analysis of natural disaster risks and climate change concerns. Procurement guidelines being used require investments to consider/avoid potentially negative environmental effects of investments, and plan for disaster risk. There may be opportunities, not yet identified by the Project, for livelihood projects to generate income while simultaneously supporting environmental benefits e.g. in eco-tourism. The potential to diversify and stabilize higher household incomes also increases their adaptation to climate change.

51. **Partnerships** are rated as *moderately satisfactory* (4). The project has satisfactorily engaged the LGUs in the project. Although not all are fully and sufficiently aware of project modalities and objectives, in general the Project has succeeded in mobilizing the LGUs to support the project in terms of providing funding counterpart for CRM and livelihood projects and in appointing LGU staff in assisting the project implementation. The project has also partnered with the CIP Food START+, an IFAD regional grant project, in training community facilitators (Farmer Business School Approach with Climate Change and Gender Perspectives and Business Planning Workshop). In Region V, the RPMO has tapped services of individuals from ILO and from the Caritas Diocese of Libmanan as resource persons, while in Region XIII has engaged with Spanish and US international NGOs.

52. Partnerships outside the LGUs and IFAD funded projects however could be strengthened. As recommended during the project follow-up and implementation support mission in May-June 2017, Regions have had initial talks with government agencies, for example Department of Trade and Industry (DTI) on livelihoods, and the National Commission on Indigenous Peoples on IP concerns. A MoA with the DTI and other agencies may be useful in some cases and should be explored. There has been little progress so far on collaborating with DA, DOST and DSWD at the municipal and regional levels for livelihood project complementation and technical support. Considering the technical requirements for livelihood development, the project needs to expand the focus of working with LGUs

to one which also links more with NGOs, universities, and civic-driven organisations. During the mission, one community noted that their LGU is partnering with a local university in developing short video productions by students, an approach that could be replicated across the project.

53. **Knowledge Management (KM)** is *moderately satisfactory* (4) and activities have been mainly on documenting project activities which are uploaded to social media like the project's Facebook (FB) account, the IFAD PH knowledge Learning Market FB, and the IFAD Asia Group FB. KM activities now also include developing/crafting project kits such as project briefs/flyers, FAQs, and a newsletter on project activities and accomplishments. FishCORAL is developing a website but this is not yet live. KM products are largely for project promotion at the national level, but not well utilized at the community level. The FAQs is a good output for informing LGUs, POs and other partners about the Project, and could incorporate more pictures/caricatures. Translating it to local dialect/language of the target groups would be beneficial. At the regional and community level, KM activities are largely photographic documentation of project activities. If approached systematically, such documentation can be utilized to capture "before project" situation and assist later in documenting project results.

54. As noted earlier, the Project could better utilise local colleges and universities in the production and dissemination of KM materials. As part of the project's learning process, this mission reiterates the suggestion of the 2016 supervision on: 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 workshop. The mission recommends the development of a clear KM strategy to guide stakeholders on what knowledge to capture, share and learn from.

Agreed action	Responsibility	Agreed date
8. Draft a multi-year MoA for project implementation in ARMM	ARMM RPMO	31 October 2017
9. Develop guidelines and criteria for staff performance evaluation, and the responsible offices for completing the evaluation	PSCO	30 November 2017
10. Recruit CRM specialist and project management specialist at PSCO level, and vacant M&E, CRM and livelihood coordinators at RPMO level	PSCO/RPMOs	31 December 2017
11. Ensure AWPB and APP for 2018 for IFAD contain realistic targets, with targets for that year only. 2017 catch up plans to be presented separately	PSCO/RPMOs	31 October 2017
12. Ensure that all MPMOs/MPIUs are functional	PSCO/RPMOs	31 December 2017
13. Complete rigorous performance-based evaluation of project staff	BFAR Management	31 December 2017 and then continuous
14. Draft a KM framework and strategy for use by RPMOs and PFOs	PSCO	31 December 2017

## E. Fiduciary aspects

55. **Financial management (FM)** is *moderately unsatisfactory* (3) based on an assessment of existing project FM arrangements. Implementation of fiduciary processes and controls remain acceptable. BFAR applies government accounting policies, guidelines and procedures on project financial transactions. BFAR and contractual staff are assigned at the national and regional offices to perform FM functions. CFs, with proper guidance from RPMOs, have a shared responsibility in meeting the project's fiduciary obligations at the LGU and *barangay* levels, such as in monitoring proper use of project equipment for its intended purpose, and mobilizing and reporting counterpart contributions. CFs should also be able to promptly identify and raise to RPMO any FM-related issues and concerns emerging in the field. The mission reminds the PSCO and RPMOs to ensure that appropriate inventory procedures are consistently undertaken on project assets and equipment.

56. Project financial records were updated up to March 31, 2017 as of the mission, except ARMM updated to August 2017. All RPMOs, with the exception of ARMM (which is awaiting a server and

better internet connections), have been using electronic National Government Accounting System (eNGAS) in recording and reporting financial transactions. RPMOs are required to submit monthly financial reports to PSCO on a monthly basis. Download of funds to RPMOs has totalled US\$ 2.9 million (PhP 133.9 million) by 31 July 2017. No project funds have been released to LGUs yet, but transfers are expected towards the end of 2017. The PSCO and RPMOs must be able to maintain updated books of accounts, and to closely monitor the status of any advances to LGUs. The PSCO also needs to install eNGAS at the RPMO in ARMM as soon as possible.

57. **Risks.** The mission conducted a Fiduciary Risk Assessment, including an assessment of the organisational structure, qualification of project staff in their respective positions, disbursement, budgeting, reporting, internal control and transactions reviews. Controls over payment processing, documentation, and filing, including eligibility for financing of expenditures are in place as noted from the review of disbursement vouchers and of supporting records for selected transactions reported in Statement of Expenditures (SOE) submitted to IFAD. The mission notes delays in the submission of SOEs and WAs by PSCO, payment processing at RPMOs, and recording of financial transactions. In addition, project assets and equipment are yet to be properly tagged, in line with project guidelines. Most POs will likely need considerable support in improving capacities for financial record-keeping.

58. **Disbursement** is rated as *unsatisfactory* (2). Based on IFAD data there are very minimal expenditures reported for the loan, which pertains only to WA# 2 amounting EUR 63 000 in May 2017. A total of US\$ 1.3 million in loan expenditures are currently being processed at the PSCO for IFAD replenishment. The grant's authorised allocation for US\$ 240 000 was advanced in October 2016. Overall there is a total disbursement rate of 4%, whereas IFAD project disbursement profiles would suggest a typical disbursement rate of 22% at this stage. The loan disbursement rate of 14%, which included the initial advance to the Designated Account, is low compared to time elapsed against the new 5 year duration, i.e. 34%. Concrete measures must be in place to expedite and effectively monitor progress of project disbursements, including formulation of a disbursement plan and prompt resolution of challenges.

59. **Counterpart funds** are rated as *moderately satisfactory* (4). The government has current appropriations for counterpart funding of US\$ 1.3 million (PhP 65.0 million) that are valid for obligations until the end of 2018. As of 31 July 2017, US\$ 402 000 (PhP 18.7 million) in government counterpart had been disbursed. There is still no available information on actual counterpart funds provided by LGUs (which should be collected by RPMOs), although the mission was informed by LGUs that they are allocating funds for FishCORAL expenditures in their 2018 budgets. The PSCO should prepare guidelines for the RPMOs on recording of counterpart contributions, including valuation of in-kind contributions, and implement specific measures in order for the RPMOs to properly monitor and report counterpart contributions of both LGUs and POs.

60. **Compliance with loan covenants**<sup>4</sup> is *moderately satisfactory* (4). Most of the loan and grant covenants are being complied with. The mission highlights Section 7.06 of the FA with regards to the use of project-procured equipment, facilities, and vehicles, and Section 7.11 with regards to the need for insurance cover for project personnel including the CFs. Earlier sections of this memoire have stipulated associated recommendations.

61. **Procurement** is *moderately satisfactory* (4). The procurement team at CPSO has worked actively and diligently to expedite and complete procurement processes, but progress in procurement has been slowed by delays in overall project implementation, particularly the final identification and approval of investments under CRM and livelihoods components. There have also been some problems with low interest by suppliers. As mentioned elsewhere, the mission also has concerns about the extent to which investments respond to real user needs; and the degree to which operation and maintenance of investments has been considered, which has varied across different cases.

62. **Procurement Planning.** In the absence of PRSA and updated CRM plans, procurement under component 1 is based on pre-identified projects in the project design. With the recent hiring of some

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<sup>4</sup> Assessment is made of compliance with the general conditions of the Financing Agreement.

CRM officers, more LGUs will be able to update their CRM plans thereby identifying more contextualized CRM projects for investment. With respect to livelihood projects, apart from expanding the menu of projects, it is necessary to ensure PO engagement in identifying viable project proposals and to extend technical inputs by project staff, thereby strengthening co-ownership of the process and improving procurement planning in terms of specifying real needs and identifying what to procure.

63. The mission notes inconsistent supervision of the Project's procurement activities across the regions, resulting in delays. The mission emphasizes that FishCORAL must identify what will be procured in terms of defining the technical specifications (for goods), identifying the site and scope of work (for infrastructure), and developing terms of reference (for consulting services) and contract terms, but that the ultimate responsibility in managing the procurement process rests with the organic employees (the BAC Secretariat, TWG and BAC) in ensuring that bidding documents and processes are compliant with RA 9184. The mission recognizes the engagement of BAC Secretariat and of the BAC in assisting the Project in the preparation of the bidding documents. The mission expects that organic staff responsible for procurement will be more engaged with contract employees to ensure timely procurement. In this regard, it may be advisable for the BFAR Regional offices to designate a focal person in the BAC Secretariat for the Project. In case of bottlenecks related to time availability of organic staff, the mission requests FishCORAL to assign temporary staff that can assist the BAC (e.g. in preparing documents for the BAC, registering findings and meeting minutes, preparing decision memos), thereby expediting procurement processes that are critical to the project's success.

64. In Region XIII, the POs and LGU partners expressed preference for POs to directly undertake procurement of livelihood investments. Apart from utilizing the Community Participation in Government Procurement as expressed in the last follow up mission, the Project may want to consider utilizing Commission on Audit (COA) Circular No. 2007-001 which prescribes the "Revised Guidelines in the Granting, Utilization, Accounting and Auditing of the Funds Released to Non-Government Organizations/People's Organizations" and COA Circular No. 2012-001 dated 14 June 2012 which prescribes the Revised Guidelines and Documentary Requirements for Common Government Transactions. Such modality was successfully utilized in the KALAHI-CIDDS Project. This could be piloted with existing PO's *with an established track record of good fiscal management, and for small ticket items only*. The necessary supplement to the livelihood guidelines may be issued based on the above COA Circular and outlining rigorous processes of oversight by RPMO and the CFs. The mission believes that this modality should be trialled and appropriately scaled as it could skirt the inherent delays of the regular government procurement processes.

65. *Procurement processes and procedures.* Procurement processes conducted so far are consistent with the national law, RA 9184. The mission only noted isolated instances where the required prior issuance of a NOL to draft bidding documents from IFAD was not requested as required in letter to the borrower (LTB) and PIM. The Project is advised to ensure that RPMOs properly refer the BAC to the FA, LTB and the approved Project Procurement Guidelines in identifying instances where a NOL is required before commencement of procurement. A sample review was conducted by the mission of procurement via shopping/small value procurement; the mission noted the need to incorporate, in the format of Requests for Quotation, the recent documentary requirements under the 2016 Revised IRR of RA 9184 to establish the legal, technical and financial eligibility of suppliers.

66. In ARMM, the mission was informed that the Office of the Regional Governor (ORG) is requiring the review by his office of all infrastructure contracts for award. The Project is advised to clarify the extent of the review required by the ORG because a further review layer will inevitably delay project implementation. It is suggested that, in the interest of fast tracking project implementation, the BFAR ARMM explore the possibility of being officially delegated by the ORG with the authority to proceed with the award in instances considered by the ORG as appropriate.

67. *Contract management.* The mission highlights the need to continually update the contracts register. Also, in Region XIII, the Notice To Proceed (NTP) issued to the contractor of the BMMB was duly received by the contractor but did not indicate the date of receipt. Upon spot verification from the contractor's personnel and security guard of BFAR, the project is already delayed by at least 40 days. A supply contract for the provision of IT equipment also has the same issue. The date of receipt

indicated in the NTP is critical information to determine if the contract is being implemented within the contracted period and to determine the amount of liquidated damages.

68. **Procurement Records Management.** The mission highlights Sec. 8.01(Implementation Records) of IFAD's General Conditions for Agricultural Development Financing which forms part of the FA that requires the Government of the Philippines to maintain records and documents relating to procurement, among others, until project completion date and retain them up to 10 years thereafter. For this purpose, the mission emphasizes the need for the Project to ensure an accurate and durable procurement records management system.

69. **Audit** is rated as *moderately satisfactory (4)*. BFAR submitted the Project's Audit Report for 2016 in September 2017, after the due date of June 30, 2017. The Commission on Audit (COA) rendered a qualified opinion in its Independent Auditor's Report dated June 27, 2017 for the Project's consolidated financial statements due to delayed or non-submission of financial reports and disbursement vouchers to the Office of the Auditor by both the PSCO and RPMOs. The Project should ensure timely submission of future annual audit reports.

Agreed action	Responsibility	Agreed date
15. Submit pending Withdrawal Applications and SOEs to IFAD for replenishment of Designated Account.	PSCO	30 September 2017
16. Prepare guidelines on recording of counterpart contributions by LGUs and POs	PSCO	31 October 2017
17. Prepare procedural guidelines for the transfer of funds to community POs (in selected and justified cases for small ticket items)	PSCO	31 October 2017
18. Release to ARMM ORG its 2017 approved budget in tranches based on the Region's updated disbursement plan	PSCO	30 September 2017
19. Install and implement eNGAS at RPMO in ARMM.	PSCO	28 February 2018
20. Designate a focal person from the BAC Secretariat to assist the project in preparing the bidding documents	RPMOs	30 September 2017
21. Ensure all Notices To Proceed indicate the date of receipt by the supplier or contractor	PSCO/RPMOs	Continuous
22. Ensure contracts register is up to date	PSCO/RPMOs	Continuous
23. Submit draft 2018 AWPB to IFAD. Include a Disbursement Plan for the unutilized budget from the prior years.	PSCO	31 October 2017
24. Complete property tagging of all existing project assets and equipment	PSCO and RPMOs	31 October 2017

## F. Sustainability

70. **Institutional Sustainability** is *moderately satisfactory (4)*. Overall, at the *barangay* level, sustainability of POs and their livelihood activities require additional support, although there are important accomplishments in Region XIII, where PO savings clubs are being supported that can strengthen the sustainability of livelihood support extended under the project and that should be replicated in other regions. The mission recommends that efforts to accelerate execution to make up lost time and reduced project duration must be complemented by sufficient capacity development of POs to support productive and marketing activities. This reinforces the recommendation for a project management advisor that can help roll out significant capacity building and institutional strengthening of POs

71. **Empowerment and social sustainability** is *moderately satisfactory (4)*. Community Facilitators have been proactive in engaging different stakeholders in coastal resource appraisal and identification of livelihood projects. The impact of their work is compromised by the poor quality of many of the business proposals; and the operational and management aspects of key project outputs

are still not clear to all POs. Continued capacity building of RPMO staff and CFs should be planned and budgeted to ensure they can adequately support social sustainability of the livelihood projects.

72. **Economic/Financial, Technical, and Environmental Sustainability.** With the slow implementation progress, there are no investments yet present on the ground for which sustainability can be assessed. However the mission noted that in a number of cases (e.g. operation and maintenance of component 1 investments) the project team should do more to assist beneficiaries in the preparation of operational and maintenance plans. For component 2, sustainability will be critically dependent on efforts to ensure that livelihood projects are financially and technically sustainable.

73. **Quality of beneficiary participation** is assessed as *moderately satisfactory (4)*. The mission observed good interactions and interest by POs, LGUs, FARMCs and FLETs with the Project. Beneficiary participation remains high, but further delays could compromise this good will.

74. **Responsiveness of service providers** is *moderately satisfactory (4)*, being early to gauge.

75. **Exit Strategy** is rated as *moderately unsatisfactory (3)* given that the project duration has been reduced to a 60 month period instead of the original 84 months. Under this circumstance, a clear phasing strategy, including exit, is essential. The mission recommends that the PSCO work closely with all implementing agencies to determine what can still be accomplished within the next 3 years, and the different phasing and sustainability options for consideration by BFAR, oversight agencies and IFAD - for review during the MTR, to adequately prepare for project completion and post-project institutional arrangements, ownership/management of investments, and post-project funding.

76. **Scaling up** is rated as *moderately satisfactory (4)* as a default, given the aforementioned issue of exit strategy. As noted by the last mission, lessons learned and any innovation should be captured during the Project to attract funding and provide a foundation for scaling up after project completion.

## G. Impact

77. **Impact** is rated as *moderately satisfactory (4)* as default, given that FishCORAL has only been running for less than two years. Significant impact at this stage cannot be expected, though the Project does have the potential to generate significant impacts in the long term.

78. **Mid-Term Review.** The project MTR is scheduled for June 2018. The MTR shall consider current and expected utilisation of project financing, and make recommendations about fund utilisation. The MTR will provide an opportunity to re-consider elements of the project design and the realism of project targets given implementation performance; in particular in this regard, it will need to assess the justification for a request to the Government and IFAD to amend the duration of the Project to better reflect the original design.

## H. Conclusion

79. FishCORAL has witnessed a steady but slow progress in putting in place the necessary personnel, implementation guidelines, Memorandum of Agreements and other foundational elements for faster project delivery in the near future. However total expenditure from IFAD financing is only about 8% of the total project funding, while almost 40% of the project duration has elapsed. The project's slow delivery and limited duration classifies it as a potential problem project.

80. In view of the reduction in project duration to five years (compared to 7 years in the original project design), there is now a high level of urgency for accelerating delivery. FishCORAL still retains these same ambitious 7-year targets, but now with a reduced, 5 year duration. Of this 5 year duration, two years have now elapsed with limited investment activities visible on the ground.

81. In this respect, the mission recognises that a number of important procurement activities are currently underway that do not yet show up in the project's expenditures. IFAD also acknowledges that some of the causes for the slow start - including mid-year government elections in 2016 and time-consuming administrative steps (e.g. developing working arrangements with LGUs; recruiting full contingent of staff in 14 provinces including ARMM; staff training on new working modalities, etc.).

82. Notwithstanding, the mission also found that the need for acceleration and rapid expansion in programme of work has challenged FishCORAL teams in ensuring that investments (i) are identified through broadly consultative processes, addressing expressed needs with full local buy-in and (ii) are strategic for achieving project objectives- thereby ensuring that the most effective investments are pursued. A more flexible, demand-driven, and considered approach would be beneficial. Additionally, it is critically important that FishCORAL garners more engagement from BFAR's organic staff to support higher project delivery and performance.

83. Under this overall context, the achievement of the full project objectives in the remaining 36 months is now an immense challenge, and requires bold actions; there is no room for complacency. IFAD therefore recommends the following priority actions to be undertaken:

- (a) recruit an international-calibre Chief Technical Advisor with demonstrated experience in running community-based fisheries programmes;
- (b) contract qualified NGOs and firms to support livelihoods projects and strengthen community organisations;
- (c) recruit procurement specialists at regional offices to assist and expedite Bid Award Committees (BACs) in timely completion of contracting steps;
- (d) deliver an intensive work plan for October 2017 to June 2018, with intensive monitoring and supervision of its delivery, with particular attention to ARMM;
- (e) organize a thorough Mid-Term Review in June 2018, to be held with NEDA.

The MTR must include a mandate to either reduce the scope of the project, extend project duration to its original timeframe, or agree on realistic exit strategy for BFAR to accomplish original targets after loan closing.

84. The Project has the potential to generate very significant impacts, and to provide lessons that can be used for both replication of the project approach and scaling up. IFAD will continue to support all partners in ensuring that this potential can be realised, to the benefit of fishing communities across the Philippines.





## 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	23-Oct-2017						
Supervising Inst.	IFAD/IFAD						
No. of Supervisions	2	No. of Implementation Support/Follow-up missions	1				
Last Supervision	14 - Sep-2017	Last Implementation Support/Follow-up mission	05 Jun-2017				

					USD million	Disb. rate %
Approval	15 September 2015			Total financing	43.74	
Agreement	26 October 2015	Effectiveness lag		IFAD Total	30.11	
Entry into force	26 October 2015	PAR value	Not at risk	IFAD loan	29.42	14%
First disbursement	25 May 2016			IFAD grant	0.69	35%
MTR	30 June 2018	Last amendment	n/a			
Original completion	31 December 2020	Last audit	n/a	Domestic Total	13.09	
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	3	1. Quality of project management	4	3
2. Acceptable disbursement rate	4	2	2. Performance of M&E	3	4
3. Counterpart funds	4	4	3. Coherence between AWPB & implementation	2	3
4. Compliance with financing covenants	4	4	4. Gender focus	4	4
5. Compliance with procurement	4	4	5. Poverty focus	4	4
6. Quality and timeliness of audits	4	4	6. Effectiveness of targeting approach	4	4
			7. Innovation and learning	4	4
			8. Climate and environment focus	4	4
B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Coastal Resource Management	4	3	1. Institution building (organizations, etc.)	4	4
2. Livelihood Development	4	3	2. Empowerment	4	4
3. Project management and coordination	4	3	3. Quality of beneficiary participation	4	4
			4. Responsiveness of service providers	4	4
			5. Exit strategy (readiness and quality)	4	3
			6. Potential for scaling up and replication	4	4

B.5 Justification of ratings. The first supervision mission set many ratings at the default rating of 4 assessed against the project's potential rather than actual performance, given the early stage of implementation at that time. The second supervision mission has conducted careful review and adjusted all ratings based on an assessment of performance at the current time.

## Overall Assessment and Risk Profile

		Last	Current
C.1	Physical/financial assets	4	4
C.2	Food security	4	4
C.3	Quality of natural asset improvement and climate resilience	4	4
C.4	Overall implementation progress (Sections B1 and B2)	4	4
<p>Rationale for implementation progress rating</p> <p>Project implementation requires improvements, and while the project team show willing , low ratings for disbursement and AWPB implementation in particular are a concern. The number of ratings of '4' suggest that the overall rating is on the borderline between 3 and 4.</p>			
C.5	Likelihood of achieving the development objectives (section B3 and B4)	4	4
<p>Rationale development objectives rating</p> <p>In terms of the livelihood of achieving the development objectives, this can justifiably be rated as '4', given the good overall design, the theory of change of the project which is good, and a strong willingness shown by the project team to act on all the recommendations of the Aide Memoire and to speed up implementation performance. The Aide Memoire also places particular attention on making recommendations to ensure all weaknesses identified during the supervision mission having mitigating solutions.</p>			
C.6	<p><b>Risks</b> Short description of major risks for each section and their impact on achievement of development objectives and sustainability</p>		
	<p><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 are mis-procurement of items, if proper due diligence is not placed on whether investments are really needed/demand or if operational and maintenance plans are not put in place for project investments.</p>		
	<p><b>Outputs and Outcomes across the 3 Components</b> – key risks include: i) failure to improve the technical capacity of PSCO and RPMO staff so as to improve implementation progress, and be able to provide the necessary critical thinking about the effectiveness of project interventions, rather than just blindly implementing outputs specified in the project design in an attempt to meet government expectations over expenditure; ii) failure to sufficiently assess and build the capacities of POs; iii) a decline in the participation of beneficiaries of implementation progress continues to be slow or of perceived low quality; iv) staff turnover (especially of the Community Facilitators).</p>		
	<p><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, but should be being considered even at this stage of the project. The Aide Memoire requests the project team to have a short outline exit strategy for review by the MTR</p>		

## Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
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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. It may be hard/unrealistic to expect implementation to speed up such that all intended impacts can be realised in the remaining years of the project. The MTR in June 2018 should consider this issue in particular and make associated recommendations.

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

Narrative Summary	Performance Indicators <sup>5</sup>	Means of Verification	Assumptions/ Risks	Aggregated Progress
<b>Goal</b>				
Contribute to reduced poverty in target coastal communities of the eleven target bays in Regions V, VIII, XIII and ARMM. <sup>6</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>7</sup>.</li> <li>• Decreased child malnutrition (ages 0-5 years) by 4% from baseline of 24.4%.<sup>8</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>	Too early
<b>Development Objective</b>				

<sup>5</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>6</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>7</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>8</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.

Narrative Summary	Performance Indicators <sup>5</sup>	Means of Verification	Assumptions/ Risks	Aggregated Progress
Coastal communities sustainably manage their fishery and coastal resources generating livelihood benefits for the targeted households.	By EOP, in the Project area: <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>	Too early
<b>Component Outcomes and Outputs<sup>9</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>	Too early
<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</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>	<p>5 BMCs formed in Regions V and ARMM</p> <p>Ongoing delineation of municipal waters</p> <p>1 BMMB ongoing construction in Region Caraga (75% constructed)</p>

<sup>9</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.

Narrative Summary	Performance Indicators <sup>5</sup>	Means of Verification	Assumptions/ Risks	Aggregated Progress
	with accompanying zoning ordinances. • 103 sets of patrol boat equipment for surveillance sustainably operated. • 11 climate proofed <sup>10</sup> bay management and multi-purpose buildings constructed and maintained with 103 climate proofed watch towers constructed and maintained.			
<b>Component 1, Output 2:</b> Municipal/city and bay-wide fishery and coastal resources management and investment plans implemented.	• 103 LGUs formulated/ updated multi-year CRM and fishery management/ investment plans which are integrated into the CLUP/MDP and AIPs. • 11 bay-wide multi-year CRM and fishery management/ investment plans adopted by LGUs involved.	• Project M&E. • LGU records. • LGU Annual Investment Plans	• LGU leadership support to fishery/CRM development.	Ongoing CRM planning
<b>Component 1, Output 3:</b> Habitats for fishery and coastal resources rehabilitated and established.	• 1,100 ha of critical mangrove areas rehabilitated and managed sustainably. • 21,456 ha of established and delineated or rehabilitated fish sanctuaries managed sustainably. • 3,814 ha of rehabilitated/ protected sea grass beds managed sustainably. • 22 marine species stock enhancement projects implemented. • 5,200 units of supplemental artificial reef deployed.	• Project M&E. • LGU records.	• LGU leaderships support fishery / CRM protection and rehabilitation. • Laws/ordinances support protection and the sustainable management of the municipal fisheries/ coastal resources.	50 has. planted with mangroves in Region VIII  92 delineation markers for fish sanctuary installed.

<sup>10</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>5</sup>	Means of Verification	Assumptions/ Risks	Aggregated Progress
	<ul style="list-style-type: none"> <li>5,150 ha of fish sanctuary provided with delineation markers.</li> </ul>			
<b>Component 2 Outcome<sup>11</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>	Too early
<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>	529 POs formed/ activated with a total member of 15,848 (9,648 male; 6,200 female) which include 16 women groups
<b>Component 2, Output 2<sup>12</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>13</sup> with storage constructed.</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>	80 units of upright freezers delivered to 64 POs with a total of 2,569 members

<sup>11</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>12</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>13</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>5</sup>	Means of Verification	Assumptions/ Risks	Aggregated Progress
	<ul style="list-style-type: none"> <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 implemented by women.</li> </ul>			
<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>	Too early
<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>		<p>Central and regional project structures functional. 103 C/MPMOs and MPIUs have been designated, but not yet functional.</p> <p>MOAs with 103 city/ municipal LGUs signed</p> <p>PIM with livelihood, M&amp;E, and guidelines provided with NO by IFAD used by project staff</p>
<b>Component 3, Output 2:</b> Project managed in a timely, cost effective, transparent and in a gender	<ul style="list-style-type: none"> <li>Complete, accurate financial records prepared and audited annually.</li> <li>Adherence to planning and reporting</li> </ul>	<ul style="list-style-type: none"> <li>Project M&amp;E.</li> <li>BFAR/ Project administration</li> </ul>		2016 Audit submitted to IFAD in September 2017

Narrative Summary	Performance Indicators <sup>5</sup>	Means of Verification	Assumptions/ Risks	Aggregated Progress
and a culturally sensitive manner.	procedures and formats PY1-5. • Timely, efficient, and gender and culturally responsive M&E activities PY1-5. • Annual dissemination of project lessons learned/knowledge PY4-5. • BFAR permanent staff and contract staff are in post with qualifications and experience appropriate for their terms of reference PY1-5. • At least 30% of the Project staff are female PY1-5.	records.		IFAD AWPB/APP forms used  57% of the project staff are female (as of August 2017)



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

Action Area	Action Agreed	Date	Whom
<b>Project implementation</b>	1. Facilitate all BMCs to have a MoA to guide their functioning	31 March 2018	RPMOs
	2. Develop operational plans for patrol vessels at LGU level to guide surveillance activities based on assessment of risks of illegal activity	Once vessels provided	RPMOs/LGUs
	3. Develop template for benchmarking current CRM plans and identifying areas of necessary improvement	31 October 2017	PSCO
	4. Identify any LGUs where investment in watchtowers are not required because of concerns over effectiveness	31 December 2017	RPMOs
	5. Review content of PRSA contracts and amend if necessary to ensure consistent/good methodology and outputs	31 December 2017	PSCO
	6. Prepare organisational needs assessment of POs and schedule training by BFAR, LGUs, and service providers, to support livelihood project and CRM implementation	Continuous	RPMOs
	7. Review and expand the menu/positive list of fisheries and non-fishery related livelihood activities eligible for funding	30 November 2017	Livelihood specialist in PSCO and RPMOs
	8. Draft a multi-year MoA for project implementation in ARMM	31 October 2017	ARMM RPMO
	9. Develop guidelines and criteria for staff performance evaluation, and the responsible offices for completing the evaluation	30 November 2017	PSCO
	10. Recruit CRM specialist and project management specialist at PSCO level, and vacant M&E, CRM and livelihood coordinators at RPMO level	31 December 2017	PSCO/RPMOs
	11. Ensure AWPB and APP for 2018 for IFAD contain realistic targets, with targets for that year only. 2017 catch up plans to be presented separately	31 October 2017	PSCO/RPMOs
	12. Ensure that all MPMOs/MPIUs are functional	31 December 2017	PSCO/RPMOs
	13. Complete rigorous performance-based evaluation of project staff	31 December 2017 and then continuous	BFAR Management
	14. Draft a KM framework and strategy for use by RPMOs and PFOs	31 December 2017	PSCO
<b>Fiduciary</b>	15. Submit pending Withdrawal Applications and SOEs to IFAD for replenishment of Designated	30 September 2017	PSCO

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Account.		
16. Prepare guidelines on recording of counterpart contributions by LGUs and POs	31 October 2017	PSCO
17. Prepare procedural guidelines for the transfer of funds to community POs (in selected and justified cases for small ticket items)	31 October 2017	PSCO
18. Release to ARMM ORG its 2017 approved budget in tranches based on the Region's updated disbursement plan	30 September 2017	PSCO
19. Install and implement eNGAS at RPMO in ARMM.	28 February 2018	PSCO
20. Designate a focal person from the BAC Secretariat to assist the project in preparing the bidding documents	30 September 2017	RPMOs
21. Ensure all Notices To Proceed indicate the date of receipt by the supplier or contractor	Continuous	PSCO/RPMOs
22. Ensure contracts register is up to date	Continuous	PSCO/RPMOs
23. Submit draft 2018 AWPB to IFAD. Include a Disbursement Plan for the unutilized budget from the prior years.	31 October 2017	PSCO
24. Complete property tagging of all existing project assets and equipment	31 October 2017	PSCO and RPMOs

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

Results #	Objectives/Expected Results	Indicators		Implementation targets		Physical Progress				Budget (PHP '000)		Financial Progress (PHP '000)			
		Project Indicators	RIMS Indicators	Appraisal (Total)	Planned (Annual)	Achieved (Cumulative)	%	Achieved (Annual)	%	Appraisal (Total)	Planned (Annual)	Spent (Cumulative)	%	Spent (Annual)	%
C1	<b>Component 1:</b> Coastal Resource Management (CRM)														
	<b>Purpose:</b> 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	Activity 1.1.1.1 BMCs formed	Groups involved in NRM formed/ strengthened	11	11	5	45%	3	27%	8,792	2,985	1,730	19.68%	105	3.52%

	bay-wide fishery ordinances 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	43	0	0%	0	0%	13,200	5,500	0	0%	0	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	43	64	62%	2	5%	6,538	2,750	289	4.42%	32	1.16%	
		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	121	0	0%	0	0%	63,657	63,657	0	0%	0	0%	
		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	Activity 1.1.5.1 11 climate-proofed BMMB constructed and maintained	11	4	0	0%	0	0%	26,165	9,593	0	0%	0	0%	
		Value of infrastructure protected from extreme weather events													

	buildings (BMMB) and climate-proofed watch towers	Activity 1.1.5.2 103 climate-proofed watch towers constructed and maintained	Value of infrastructure protected from extreme weather events	103	53	0	0%	0	0%	32,729	16,947	0	0%	0	0%
	<b>Total budget and financial progress for Output 1.1:</b>									<b>151,081</b>	<b>101,432</b>	<b>2,019</b>	<b>1.34%</b>	<b>137</b>	<b>0.13%</b>
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	0%	0	0%	55,738	-	589	1.06%	126	-
		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	0%	0	0%	45,215	4,264	806	1.68%	26	0.61%

	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	0	0%	0	0%		2,132	0	-	0	0%
		Activity 1.2.3.2 Bay-wide multi-year fishery and CRM investment plans presented to the SB		103	103	0	0%	0	0%		2,132	0	-	0	0%
	Activity 1.2.4 Fish landing facilities constructed/ rehabilitated.	Activity 1.2.4.1 11 fish landing facilities constructed		11	3	0	0%	0	0%	32,393	10,658	0	0%	0	0%
	Total budget and financial progress for Output 1.2									133,346	19,186	1,395	1.05%	152	0.79%
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	330	50	4%	50	15%	29,769	8,792	0	0%	0	0%
		Activity 1.3.1. Mangrove rehabilitation completed													
		Activity 1.3.1.3 Mangrove managed sustainably													
	Activity1.3.2 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	1,250	92	2%	0	0%	166,057	31,642	0	0%	0	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	7	0	0%	0	0%	9,486	2,984	0	0%	0	0%
	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	2,200	0	0%	0	0%	5,605	2,344	0	0%	0	0%
	Activity 1.3.5 Protection and rehabilitation of sea grasses	Activity 1.3.5.1 Sea grasses rehabilitated		3,815	1,000	0	0%	0	0%	22,261	6,182	0	0%	0	0%
	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	0%	0	0%	54,538	3,900	0	0%	0	0%
		Activity 1.3.6.2 Selected resource management projects implemented													

	<b>Total budget and financial progress for Output 1.3:</b>									<b>287,716</b>	<b>55,844</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
1.4	Output 1.4: Technical support of 1 PSCO, 4 RPMOs, 14 PFOs and 103 LGUs to the communities.														
1.4	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	100%	-	-	1,810	-	1,286	71.05%	-	-
		Activity 1.4.1.2 RPMO		4	-	4	100%	-	-	3,702	-	2,002	54.08%	219	-
		Activity 1.4.1.3 PFO		14	-	14	100%	-	-	4,375	-	746	17.05%	-	-
		Activity 1.4.1.4 LGU		103	-	103	100%	-	-	34,206	-	10,438	30.51%	-	-
		Vehicle procured													
		Activity 1.4.1.5 PSCO		2	-	-	-	-	-	3,179	-	2,669	83.96%	-	-



		Activity 1.4.1.6 RPMO		4	-	-	-	-	6,358	-	5,338	83.96%	-	-	
		Activity 1.4.1.7 Motorcycles for operations		117	117	0	0%	0	0%	15,588	15,588	0	0%	0	0%
		Activity 1.4.1.8 TA of contract staff of PSCO provided		1	-	1	100%	-	-	21,424	4,192	4,160	19.42%	611	14.57%
		Activity 1.4.1.9 TA of contract staff of 4 RPMOs provided		4	-	4	100%	-	-	76,464	15,094	12,679	16.58%	778	5.16%
		Activity 1.4.1.10 TA of community facilitators to 1,098 barangays provided		1,098	-	1,098	100%	-	-	170,019	68,511	23,167	13.63%	1,229	1.79%
		Activity 1.4.1.11 TA of government support staff provided		122	-	122	100%	-	-	97,828	19,127	2,283	2.33%	0	0%
	Total budget and financial progress for Output 1.4:									434,953	122,512	64,768	14.89%	2,837	2.32%
	Total budget and financial progress for Component 1 :									1,007,096	298,974	68,182	6.77%	3,126	1.04%

C2	Component 2: 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	529	48%	121	11%	14,490	6,587	1,702	11.75%	270	4.10%
	<b>Total budget and financial progress for Output 2.1:</b>									<b>14,490</b>	<b>6,587</b>	<b>1,702</b>	<b>11.75%</b>	<b>270</b>	<b>4.10%</b>
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	100%	-	-	1,406	-	-		-	-
		Activity 2.2.1.2 Livelihood projects selected and approved		2,586	682	191	7%	0	0%						

		Activity 2.2.1.2.1 Seaweed Farming		675	238	0	0%	0	0%	72,141	25,367	0	0%	0	0%
		Activity 2.2.1.2.2 Fish Culture		224	80	0	0%	0	0%	23,924	8,527	0	0%	0	0%
		Activity 2.2.1.2.3 Aquasilviculture		33	10	0	0%	0	0%	3,528	1,066	0	0%	0	0%
		Activity 2.2.1.2.4 Mudcrab Fattening		200	50	0	0%	0	0%	21,457	5,329	0	0%	0	0%
		Activity 2.2.1.2.5 Oyster/ Mussel Culture		54	24	0	0%	0	0%	5,800	2,558	0	0%	0	0%
		Activity 2.2.1.2.6 Fish Processing		320	80	0	0%	0	0%	34,332	8,527	0	0%	0	0%
		Activity 2.2.1.2.7 Other Fishery Enterprises		1,080	200	0	0%	0	0%	116,680	21,317	0	0%	0	0%
		Activity 2.2.1.3 Livelihood projects established	Enterprises accessing facilitated non-financing services	2,586	682	0	0%	0	0%						

	Activity 2.2.1.4 Livelihood projects evaluated		2,586	682	0	0%	0	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	3	0	0%	0	0%						
	Activity 2.2.2.2 Construction/ rehabilitation of hatchery facilities contracted													
	Activity 2.2.2.2.1 BFAR Reg. 5 hatchery facilities		1	-	0	0%	-	0%	5,787	-	0	0%	-	-
	Activity 2.2.2.2.2 Communal hatchery facilities		6	2	0	0%	0	0%	7,676	2,558	0	0%	0	0%
	Activity 2.2.2.2.3 ARMM hatchery facilities		2	1	0	0%	0	0%	2,857	1,279	0	0%	0	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	150	0	0%	0	0%	250,644	71,945	0	0%	0	0%
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	22	0	0%	0	0%	79,047	35,174	0	0%	0	0%
		Activity 2.2.4.3 Site for chest freezers assessed and selected													
		Activity 2.2.4.4 Chest freezers procured and installed		294	132	80	45%	80	61%	15,812	7,003	0	0%	0	0%
	Total budget and financial progress for Output 2.2:									641,091	190,650	0	0%	0	0%
	Total budget and financial progress for Component 2:									655,581	197,237	1,702	0.26%	270	0.14%
C3	Component 3: Project Management and Coordination (PMC)														
	Purpose: 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	100%	-	-	-	-	2,371	-	1,494	-
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	100%	-	-						
	Activity 3.1.2.2 Consultation with LGUs on the MOA conducted		103	-	103	100%	-	-						
	Activity 3.1.2.3 MOAs approved by the Sangguniang Bayan		103	-	103	100%	-	-						
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	100%	-	-	-	-	75		-	-
	Activity 3.1.3.2 Consultation with LGUs on setting up of local offices conducted		103	-	103	100%	-	-						
	Activity 3.1.3.3 Operational costs													
	Activity 3.1.3.3.1 Travel		5	-	5	100%	-	-	32,316	6,181	4,960	15.35%	0	0%
	Activity 3.1.3.3.2 Operations		118	-	118	100%	-	-	85,966	17,048	1,823	2.12%	0	0%

		Activity 3.1.3.3.3 Repair/ Maintenance		122	-	122	100%	-	-	31,769	4,947	0	0%	0	0%
	Activity 3.1.4 Setting-up of systems and guidelines	Activity 3.1.4.1 Project Implementation Manual (PIM) completed		1	-	1	100%	-	-						
		Activity 3.1.4.2 M&E, and Knowledge Management System Manual completed		1	-	1	100%	-	-	-	-	289	-	-	-
		Activity 3.1.4.3 Guidelines on Procurement completed		1	-	1	100%	-	-						
	<b>Total budget and financial progress for Output 3.1:</b>									<b>150,051</b>	<b>28,176</b>	<b>9,518</b>	<b>6.34%</b>	<b>1,494</b>	<b>5.30%</b>
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	100%	-	-	10,940	1,358	1,941	17.74%	0	0%
		Activity 3.2.1.2 AWPB prepared and finalized		5	1	1	20%	0	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	12	50	17%	8	67%											
	Activity 3.2.2.2 Quarterly progress reports prepared and submitted to DA and IFAD		100	4	18	18%	2	50%											
	Activity 3.2.2.3 Annual progress reports prepared and submitted to DA and IFAD		25	1	5	20%	0	0%											
Activity 3.2.3 Conduct of review mission and preparation of mission documents	Activity 3.2.3.1 Review mission coordinated		6	2	2	33%	1	50%											
	Activity 3.2.3.2 Review mission required documents prepared and submitted		6	2	2	33%	1	50%											
Total budget and financial progress for Output 3.2:									10,940	1,358	1,941	17.74%	0	0%					
Total budget and financial progress for Component 3:									160,991	29,534	11,459	7.12%	1,494	5.06%					
Total budget and financial progress:									1,823,667	525,745	81,343	4.46%	4,890	0.93%					



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

(as of 31 July 2017)

**Table 5A: Financial performance by financier (in US\$ '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>	29,960	29,960	4,367	14.58%
<b>IFAD grant</b>	690	690	240	34.78%
<b>Government</b>	6,126	6,126	402	6.56%
<b>LGU</b>	5,637	5,637	0	0.00%
<b>Community</b>	1,328	1,328	0	0.00%
<b>Total</b>	<b>43,741</b>	<b>43,741</b>	<b>5,009</b>	<b>11.45%</b>

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

Component	IFAD Loan			IFAD Grant			Government			LGU			Community			Total		
	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%
<u>Component 1.</u> Coastal Resources Management	18,411	1,300	7.1%	212	4	1.8%	2,517	186	7.4%	2,715	0	0.0%	128	0	0.0%	23,982	1,490	6.2%
<u>Component 2.</u> Livelihood Development	11,333	38	0.3%	478	14	2.9%	1,754	2	0.1%	1,200	0	0.0%	1,200	0	0.0%	15,965	54	0.3%
<u>Component 3.</u> Project Management and Coordination	217	37	17.1%	0	0	0.0%	1,855	214	11.6%	1,722	0	0.0%				3,793	251	6.6%
<b>TOTAL</b>	<b>29,960</b>	<b>1,375</b>	<b>4.6%</b>	<b>690</b>	<b>18</b>	<b>2.6%</b>	<b>6,125</b>	<b>402</b>	<b>6.6%</b>	<b>5,637</b>	<b>0</b>	<b>0.0%</b>	<b>1,328</b>	<b>0</b>	<b>0.0%</b>	<b>43,741</b>	<b>1,795</b>	<b>4.1%</b>

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

<b>Category description</b>	<b>Original Allocation</b>	<b>Revised Allocation</b>	<b>Disbursements</b>	<b>Percent Disbursed</b>	<b>WAs pending</b>	<b>Balance</b>	<b>Percent Utilized (incl. pending WAs less AA)</b>
<b>A. Civil Works</b>	2,070	2,070	0	0.00%	0	2,070	0.00%
<b>B. Goods/Services</b>	15,400	15,400	0	0.00%	427	14,973	2.77%
<b>C. Consultancies</b>	9,840	9,840	62	0.64%	752	9,026	8.27%
<b>D. Authorized Allocation (AA)</b>	0	0	3,874		0	-3,874	
<b>Total</b>	<b>27,310</b>	<b>27,310</b>	<b>3,936</b>	<b>14.41%</b>	<b>1,179</b>	<b>22,195</b>	<b>4.54%</b>

**Table 5C-2: IFAD grant disbursements (in US\$ '000)**

<b>Category description</b>	<b>Original Allocation</b>	<b>Revised Allocation</b>	<b>Disbursements</b>	<b>Percent Disbursed</b>	<b>WAs pending</b>	<b>Balance</b>	<b>Percent Utilized (incl. pending WAs less AA)</b>
<b>C. Consultancies</b>	690	690	0	0.00%	18	672	2.61%
<b>D. Authorized Allocation (AA)</b>	0	0	240		0	-240	
<b>Total</b>	<b>690</b>	<b>690</b>	<b>240</b>	<b>34.78%</b>	<b>18</b>	<b>432</b>	<b>2.61%</b>

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

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
<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 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.		Partially complied	Only 5 of 11 Bay management Councils have been formed. Other partnerships need to be strengthened
<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.		Complied	Delay in the signing of 2017 MOA caused Project in ARMM to fall below targets
<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 2017supervision mission. The project completion report is not

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
<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	yet due. Isolated instances of failure to request prior NOL before start of procurement noted during the mission
<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.		Complied	
<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
<b>Schedule I(I)(4.2) Project Description</b>	Schedule 1, paragraph 4.2(iii) of the Financing Agreement stipulates for the "provision of start-up capital to eligible sub-projects" to "address the desired outcome of encouraging fisherfolk households to engage in diversified sources of income" as a livelihood projects implementation methodology, and as legal basis for a different approach to project implementation under the livelihood component		Not yet complied	

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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1. One positive example of good practice is the savings clubs initiated by the Project with some selected POs
- 

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

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1. Project implementation has been slow. Procurement problems have been one factor, but more important has been weak project management and poor staff capacities of some staff at both PSCO and RPMO levels. Also contributing to poor performance in ARMM in particular have been delays in signatures on Memorandum of Understanding for 2016 and 2017 between the Department of Agriculture (DA), BFAR-ARMM and the Office of the Regional Governor
- 

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

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1. The Project has not demonstrated any innovation so far
- 

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

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1. n/a
-

## Appendix 8: Progress Against Previous Mission Recommendations

Action Area	Action Agreed	Date	Whom	Progress
<b>Project management and Outputs</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	<u>Completed.</u> All RPMOs engaged in process to reconfirm need for watchtowers and jetties
	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	<u>Not yet completed</u> Work is still ongoing to establish the database at regional and central levels, but data are being collected and fed manually by the RPMOs to the PSCO in the meantime
	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	<u>Completed (late)</u> Significant delays occurred in finalising the ToRs (and in identifying suitable contractors to coordinate the PRSA and complete it at RPMO levels. Work has still not started on the PRSA even though it is intended to provide baseline data, and information to inform CRM plans and livelihood activities
	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	<u>Completed</u>  <u>Not yet completed</u>
	5. Establish the project's website, MIS and M&E arrangements	31 March 2016	PSCO	Work is still ongoing to establish the project website and associated MIS. It is expected that the site will be live in the next couple of months (and housed in BFAR's data centre) once a server has been procured. M&E guidelines completed and contained in PIM <u>Not yet completed in full</u>
	6. Finalise recruitment of all project staff	31 December 2016	PSCO and RPMOs	Most positions have now been recruited but a number remain unfilled at RPMO level



Action Area	Action Agreed	Date	Whom	Progress
				<u>Completed (late)</u>
	7. Revise the PIM	31 December 2016	PSCO	The revised PIM was submitted to IFAD on 25 April 2017. IFAD sent their comments on 25 July 2017. The PSCO incorporated the IFAD comments and submitted the PIM and response to IFAD on 08 August 2017. The NOL was issued by IFAD on 17 August 2017
	8. Establish RCSCs in all four Regions	31 December 2016	RPMOs	<u>Completed</u>
	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	<u>Completed</u> Differentiated approach included in the livelihood guidelines as part of the PIM. Project is not seeking to work in all barangay at present time
	10. Fill vacant positions for Regional Finance Officers and Regional Finance Assistants	30 November 2016	RPMOs	<u>Completed</u>
	11. Signature by the DA Secretary of the MoA with ARMM	30 November 2016	DA-BFAR	<u>Completed</u> (2017 MoA was similarly delayed and only signed in September 2017)
<b>Fiduciary Aspects</b>	12. Coordinate a date for the annual project audit to be completed by COA	31 December 2016	PSCO and RPMOs	<u>Completed (late)</u> The Consolidated Annual Audit Report (CAAR) of the DA-BFAR (which includes FishCORAL Account) for the year ended December 31, 2016 has been completed. However, in the FA, a separate FishCORAL Audit Report has to be submitted to IFAD. As agreed during the Loan Disbursement Workshop held on December 2015 and subsequent dialogue with IFAD officers, the Project audit report was to be submitted on or before August 31, 2017. It was finally submitted during the mission in September.

## Appendix 9: Supervision Mission Schedule and Persons Met

### Mission Schedule and Persons met

Place/date	Activity/persons met
<b>Manila (all mission members)</b>	
31 August	Mission arrives in Manila
1 September	Kick off meeting with BFAR and project staff to discuss mission objectives, schedule and project progress to date Travel for some mission members to Region 8
<b>Visit to Region 8 (Team 1)</b>	
2 September	Meeting with BFAR, project staff, and CFs for briefing on project progress, Tacloban Palo, Leyte
3 September	Team 1a: Travel to San Juan and met the CFs, POs and LGUs in San Vicente and Pong-oy of San Juan, and travel to Tolosa and meet the LGUs and FLET members of Tolosa Travel to Tacloban/Palo Team 2a: Travel to Hinunangan, Leyte and met the CFs, POs, LGU and site visited in barangay Canipaan and San Pedro Island, Hinunangan Travel to Tacloban/Palo
4 September	Team 1a: Travel to Calbiga, Samar and met the mayor and MAO officers and staff in the municipality, the CFs, POs and LGUs in barangays Calingonan and Barobaybay Travel to Tacloban/Palo Team 2a: Travel to Pinabacdao Samar and met the CFs, LGUs, POs and in barangay Calampong Travel to Tacloban/Palo and exit conference with BFAR, project staff and CFs
<b>Visit to Region 5 (Team 1)</b>	
5 September	Travel to Manila Travel to Naga City Meeting with BFAR, project staff, and CFs for briefing on project progress, Naga City
6 September	Continue meeting with BFAR, project staff and CFs Travel to Daraga/Legazpi City
7 September	Travel to Sorsogon City and met the CFs, POs and LGUs in Salvacion, Bacon, Sorsogon Travel to Legazpi City
8 September	Travel to Manito, Albay and met the vice mayor and MAO officers and staff in Manito and met the CFs, LGUs and POs in Cabacongan, Manito Travel to Legazpi City and exit conference with BFAR, project staff and CFs
<b>Visit to Region XIII (Team 2)</b>	
2 September	Travel to Region XIII, Butuan city Meeting with BFAR, project staff, and CFs for briefing on project progress
3 September	Meeting and discussions with project staff Inspection of BMMB under construction in Butuan city Travel to San Francisco, Agusan del Sur for overnight stay
4 September	Travel to Barobo, Surigao del Sur and meeting with LGU and POs Travel to <i>barangay</i> Gamut, meeting with Anonang Gamut Fisherfolk Association (PO), and livelihood project site inspection Travel to Butuan city
5 September	Travel to Nasipit municipality and meeting with LGU and POs Travel to <i>barangay</i> Punta, meeting with Punta Fisherfolk and Seaside Dwellers Association (PO), and livelihood project site inspection Travel to <i>barangay</i> Tabigui for site inspection of proposed livelihood project Travel to Butuan city and field visit debriefing with BFAR and project staff on key observations/findings
6 September	Travel to Manila

Place/date	Activity/persons met
<b>Visit to ARMM (Team 2)</b>	
7 September	Travel to ARMM, Davao city Meeting with BFAR, project staff, and CFs for briefing on project progress and discussions
8 September	Meeting and discussion with LGUs and their staff, provincial fisheries officers, POs, and project staff on project progress
9 September	Travel to Manila
<b>Manila (all mission members)</b>	
9 September	Both field teams travel to Manila Writing of Aide Memoire
10 September	Writing of Aide Memoire Meeting with NGO ree.ph
11 September	Writing of Aide Memoire and preparation of mission report appendices and annexes Meetings with PSCO staff
12 September	Writing of Aide Memoire and preparation of mission report appendices and annexes
13 September	Detailed pre-wrap up meeting with project staff Meeting with Eduardo Gongona, Undersecretary for Fisheries and Director, BFAR
14 September	Wrap up meeting Mission team departs

**Appendix 10: Audit Log**

<b>Fiscal Year / Reference</b>	<b>COA Observations</b>	<b>COA Recommendations</b>	<b>Actions taken by Management</b>	<b>Status / Remarks</b>
CY2016 Management Letter - Item 1	The programmed activities and the establishment/construction of facilities per municipality were short of its targets in CY 2016, depriving the intended beneficiaries of the benefits thereof.	Management to require the RPMOs to ensure that the programmed activities were attained so as not to deprive the beneficiaries the benefits of the project; and coordinate closely with the LGUs for the successful implementation of the project.	Memo dated 14 July 2017 with subject FishCORAL 2 <sup>nd</sup> Semester Catch-up Plan was served to regional offices; said memo highlights strategies to fast-track the completion of activities, priority activities, deadlines set for completion of activities and obligation of funds, preparation of detailed weekly workplans; follow-ups were made with RPMOs on the status on priority activities.	Pending validation by the COA.
CY2016 Management Letter - Item 2	Cash allocation of P41.290 million or 84.96% of the total cash allocation received as of December 31, 2016 by the BFAR PSCO and 3 RPMOs amounting to P48.599 million from the Government Counterpart Funds was not utilized by management and reverted to the National Treasury, resulting in the delay in the implementation of the project.	Management to direct the officials concerned to ensure that programs, projects and activities are ready for implementation upon the release of the allocated fund; install budget performance tracking system to monitor the utilization of allotments in order to prevent the lapsing of cash allocations; and fast track the disbursement process in order to settle as soon as possible the due and demandable obligations to fully utilize available NCA balances.		Pending validation by the COA.
CY2016 Management Letter - Item 3	Incurrence of additional costs of P18,711.00 for the rebooking/rerouting without supporting the same with justifiable reasons is deemed unnecessary and wastage of government funds.	Management to stop the practice of paying rebooked/rerouted trips and plane tickets without any valid or justifying reasons; and require the personnel concerned to refund the amount equivalent to the charges for the rebooked/rerouted trips.	Will adhere to the recommendation of COA.	Pending validation by the COA.
CY2016 Management Letter - Item 4	Expenditures amounting to P0.620 million reported in the Financial Statements for the FishCORAL Project were erroneous due to misclassification and inconsistent use of proper accounts.	Management to require the Accountant to make the necessary adjustments to reflect the correct balance of the affected accounts as prescribed the GAM for NGAs; and review thoroughly the recording made by assigned accounting personnel before approval of the Journal Entry Vouchers.	Adjusted all the erroneous entry as per COA recommendation.	Pending validation by the COA.
CY2016 Management	Delayed and/or non-submission of disbursement vouchers,	Management to observe and comply strictly with the provisions of COA Circular No, 2009-	Notified the concern personnel to submit on	Pending validation by the COA.

Letter - Item 5	accounting reports, supporting documents and financial reports/statements to the Office of the Auditor averaging from 49-366 days, thus, precluding the timely review and verification of the FS and the timely transmission of the noted deficiencies.	006 dated September 15, 2009 and PD 1445 and immediately address the problem causing the delay in the submission; and instruct the personnel concerned to exert more effort and render overtime if needed to address the delay.	time the pertinent financial documents and strictly observe and comply with the said COA circulars.	
CY2016 Management Letter - Item 6	The procurement of eight units Crossover Utility Vehicles amounting to P8.460 million was made without the necessary Authority to Purchase from the Department of Budget and Management (DBM), contrary to Section 18 of the FY 2016 GAA General Provisions.	Management to submit the duly approved Authority to Purchase vehicles from the DBM and comply strictly with the provisions of Section 18 of the General Provisions of the FY 2016 General Appropriations Act.	Will adhere to the recommendation of COA.	Pending validation by the COA.

**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
October 2016	Meeting on Procurement Concerns	Shankar Kutty	Allan Urtal
05-09 December 2016	Financial Management Workshop	IFAD Officers	Raul dela Cruz
24-27 January 2017	9 <sup>th</sup> Annual Country Programme Review	Jerry Pacturan Yolando Arban Vivian Azore	Jessica Munoz Zenaida Silao Raymundo dela Cruz Jr. Job Parreno Iana Mariene Silapan
17-21 April 2017	IPGN Assembly	Vivian Azore and IPGN Team	BFAR Officers, Reg. 5 Jessica Munoz Ruel Cabile Iana Mariene Silapan
25 April 2017	Meeting with IFAD Officer	Virginia Cameron Vivian Azore	Raul dela Cruz
27 April 2017	Meeting with IFAD	Omer Zafar	Jessica Munoz

	Officers and Staff	Shankar Kutty Tawfiq El-Zabri Jerry Pacturan Yolando Arban Vivian Azore	Zenaida Silao Raul dela Cruz Raymundo dela Cruz Jr. Mariquit Alano Allan Urtal Job Parreno Iana Mariene Silapan
26-28 July 2017	M&E and RIMS Training	Tawfiq El Zabri Jerry Pacturan Yolando Arban Vivian Azore	Zenaida Silao Raymundo dela Cruz Jr. Job Parreno Darvin Rosa Sandra Gani
31 July 2017	KLMPE meeting	Jerry Pacturan Yolando Arban Vivian Azore	Iana Mariene Silapan
07 August 2017	Meeting with IFAD Officers	Omer Zafar Jerry Pacturan	Jessica Munoz Raul dela Cruz Zenaida Silao Mariquit Alano
17 August 2017	KLMPE meeting	Jerry Pacturan Yolando Arban Vivian Azore	Iana Mariene Silapan
22 August 2017	Meeting on Financial Concern	Zidni Marohombsar	Raul dela Cruz
24 August 2017	Training on M&E Tools on Policy Engagement	Jerry Pacturan Vivian Azore Jeff Knezovich	Raymundo dela Cruz Jr.
30 August 2017	Meeting with IFAD Officers re PRSA	Jerry Pacturan Enrico Adriene	Jessica Munoz

## Appendix 12: Fiduciary risk assessment – data sheet

### PROJECT SUPERVISION

#### Fiduciary Risk Assessment – Data Sheet<sup>14</sup>.

<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> September 1-14, 2017

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 remain 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 and Regional Offices 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.

<sup>14</sup> Include relevant findings of project supervision and progress reports, field visits, and audit report findings.



c.	Adequacy of project financial management staff (numbers and skill) matching functional needs of project.	L	Project FM staffing has been adequate. Organic or permanent BFAR Officers (i.e., Accountants and Budget Officers) at the Central and Regional Offices were delegated. Project National Finance Officer (NFO), and National Finance Assistant (NFA) were also hired, as contractual staff on a full-time basis. The RPMOs have already filled positions for Regional Finance Officers (FO's) and Finance Assistants (FA's). The NFA performs the bookkeeping at the PSCO while the FO's maintain the books at the RPMOs. In RPMO 13, finance personnel have been on-board in April and August 2017. Two (2) FAs are assisting the FO in RPMO-ARMM, which was the former head of the Finance at BFAR-CO.
d.	Availability and adequacy of operating manuals and guidelines for staff.	L	The revised Project Implementation Manual (PIM) was submitted by PSCO for approval by IFAD on April 25, 2017. Comments were adequately considered by the Project. Moreover, as indicated in the PIM, financial guidelines will be consistent with the Government Accounting Manual for National Government Agencies (GAM for NGAs) and IFAD policies, systems 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 submits 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	Contractual staff pays their own monthly mandatory contributions for health insurance, while the government pays that for organic or permanent project officers. It was noted in RPMO-ARMM that CFs from Lanao del Sur and Maguindanao do not currently have insurance coverage. RPMOs need to ensure adequate insurance coverage all staff (Aide Memoire par 37).
g.	Timely payment of social security fees (where applicable).	L	Contractual staff pays their own monthly mandatory contributions for social security, while the government pays that for organic or permanent project officers.
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 any pertinent information.
<b>2. Budgeting</b>			

a.	Timely preparation and approval of AWPB.	<b>M</b>	There was noted delay in the submission of the 2017 AWPB by the Project, which the IFAD received only in April 2017. The PSCO should submit the 2018 AWPB to IFAD not later than Nov 1, 2017. Moreover, the Project should ensure that financial forecast for 2018 will be realistic in line with implementation capacity taking into consideration backlog of physical targets (Aide Memoire par. 61).
b.	AWPB in line with exp. categories in Financing Agreement (FA) Schedule 2.	<b>L</b>	In the 2017 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.	<b>L</b>	Detailed AWPBs 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).	<b>L</b>	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)	<b>L</b>	IFAD have also made an initial advance of US\$240 thousand to the grant's Designated Account (DA) maintained by the PSCO. GPH has appropriated and allotted current counterpart financing for PhP65 million that is valid until the end of 2018 as per the National Budget Circular 567 issued by the Department of Budget and Management (DBM) in January 2017 (Aide Memoire par 63). However, the DBM during the wrap-up meeting clarified that they may issue appropriate guidance to clarify President's Veto Message that directed the obligation of all allotments under FY 2017 GAA no later than 31 Dec 2017. On the other hand, GPH funds appropriated in 2016 remain valid for obligations until the end of 2017. The Project submits to DBM its Monthly Disbursement Program (MDP) for one (1) year for release of cash allocations of GPH appropriations on a semi-annual basis.
b.	Timeliness of counterpart funds disbursed.	<b>M</b>	There were still no reported LGU and community counterparts as of the mission (Aide Memoire par 63 and Table 2). The Project must ensure that proper mechanisms are in place to

			effectively mobilize, monitor, and report counterpart contributions by LGUs and POs, including guidelines for consistent and proper valuation of in-kind contributions. PSCO will formulate template for tracking the required counterpart of each LGUs and POs, their commitments and actual contributions, including status for consistent monitoring.
c.	Efficiency of the funding channels. Timeliness and traceability of funds flows.	<b>L</b>	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. Timeliness and traceability of funds flows, if applicable.	<b>N/A</b>	
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 authorized allocations to DA's of the loan and the grant amounted US\$4.3 million and US\$240 thousand, respectively as of the mission. Available advances in the DAs remain adequate considering the slow progress in project disbursement.
	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>	Only one SOE was submitted for US\$67 thousand pertaining mainly to salaries of contractual staff and community facilitators. Expenditures 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>	The PSCO has still to finalize WA #3 for replenishment of expenditures paid from 1 Oct 2016 to 31 March 2017 totalling US\$730 thousand. Another WA #4 is still being reviewed by the NFO for expenditures paid from 1 April 2017 to 31 July 2017. The PSCO should be able to submit immediately the pending WAs and SOEs, and at least quarterly thereafter. (Aide Memoire par 62).
	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 both 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>	As of 31 July 2017, downloaded funds to RPMOs by the PSCO from the loan's DA have totalled US\$2.87 million, wherein the RPMOs have reported expenditures for US\$1.30 million. For RPMO-ARMM, the PSCO has still to make any partial release of its 2017 budget of PhP 93.29 million (Aide Memoire par 61) through the ARMM-Office of the Regional Governor in accordance with the special provisions of BFAR under the 2017 GAA. RPMOs submits monthly registry of expenses to PSCO for SOE consolidation. Also, advances to LGUs are expected towards the end of 2017. The Project must closely monitor status and timely liquidation of all funds to be downloaded to LGUs and/or POs (Aide Memoire par 59).
	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>H</b>	Actual disbursement as of 31 July 2017 is significantly low at 4% compared to project time elapsed of 34%. This is due to various concerns and challenges in implementation, including procurement. The Project has to resolve arising issues on a timely basis. (Aide Memoire par 43 and 62).
	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>	There is proper segregation of incompatible functions. 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, the Project needs to provide clear guidelines on recording of LGU and beneficiary actual counterpart, including proper valuation of in-kind contributions; and adequate FM procedures on direct transfers of livelihood funds to POs (Aide Memoire par 63).

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>	GPH and LGU counterparts are covered by country systems and controls. Although the Project must ensure adequate monitoring of actual status of LGU counterpart commitments (Aide Memoire par 63).
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, although it needs to be updated.
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 Regional Accountants, and approved by Project Director.
g.	Documentary evidence to confirm delivery and acceptance of contracted goods, works or services.	<b>L</b>	The OIC- Project Director issues Certificate of Acceptance. Also, Inspection and Acceptance Report is being accomplished for every delivery of goods and services and are part of requirements and supporting documents for every contract payments. The Project was also advised to coordinate with the COA to conduct more timely inspection of goods received.
h.	Physical controls over cash, documents and records. Adequacy of filing systems. Is the petty cash subject to monthly reconciliation as well as surprise checks; custody of cash box and control of keys.	<b>L</b>	Original DVs and supporting documents are filed at the COA. PSCO and RPMOs also maintain copies of project expenditures. No PCF cash being maintained.
i.	Adequacy of physical management of cash.	<b>L</b>	Cash are deposited in Land Bank accounts and disbursed through checks.
j.	Timely payment to suppliers and consultants.	<b>M</b>	There were noted invoices in process for payments at RPMOs in CARAGA and ARMM. Also in ARMM, the CFs raised their concern on delay in reimbursements of their travel expenses due to misunderstanding in policies, procedures and required documentation. The Project must ensure prompt processing of all invoices and claims, and to clarify and follow-through on proper documentation requirements for timely payments (Aide Memoire par 60).
k.	Eligibility of expenditures with respect to Financing Agreements.	<b>L</b>	Expenditures were eligible for financing using loan and grant proceeds.
l.	Legality/eligibility of advances from project funds and timely justification for use there-of.	<b>L</b>	Fund transfers were made to RPMOs, which submits monthly registers of expenditures to the PSCO for SOE consolidation.

m.	Compliance with financial management covenants in the Financing agreements and LTB.	<b>L</b>	Project satisfactorily complies with financial covenants.
n.	Adequacy of up-to-date record keeping for fixed assets and inventories.	<b>M</b>	The Project maintains subsidiary ledgers of project assets in accordance with the GAM. The Project will also maintain records of all fixed assets transferred and/or distributed to LGUs.
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). Fiduciary responsibilities on equipment support are also provided in the MOAs with LGUs.
p.	Adequacy of vehicles and assets insurance.	<b>L</b>	All vehicles procured are 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. Adequate supporting documentation for workshops or training is being required for payment of expenditures.
r.	Adequacy of controls and authorization process for use of funds (payments, transfers, Cash/Bank balance management) / and other operational accounts – non-special account.	<b>L</b>	Project and/or Regional Director approve disbursements from project bank accounts.
s.	Banking arrangement and controls (reconciliation of bank statements with financial accounts).	<b>L</b>	FOs prepares monthly bank reconciliation statements, which the Chief Accountant reviews and approves. The PSCO and RPMOs was also advised to consider using bank snapshots in its reconciliation of bank accounts to ensure timeliness of said control activity.
t.	Existence of a proper IT support unit in place.	<b>L</b>	IT units are in place or Fisheries Information Management Center (R/FIMC) in CO and ROs except, in ARMM. The PSCO will provide support to the RPMO in 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)	<b>L</b>	The Project's financial transactions are recorded and reported in accordance and 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?).	<b>L</b>	The Project uses the government automated accounting system or eNGAS at the Central Office and at RPMOs V, VIII, and XIII. The Project has yet to install and implement e-NGAS at RPMO in ARMM pending delivery of server and internet connection upon location transfer of the Regional Office (Aide Memoire par 59).
c.	Recordkeeping (including documentation and filing/archiving)	<b>L</b>	The COA retains all original signed copies of DVs and supporting documentation of project expenditures. The PSCO and RPMOs also maintain adequate copies of transactions and other records.
d.	Fixed assets register maintained and reconciled (sample and physical check).	<b>M</b>	The PSCO and RPMOs will maintain subsidiary ledgers or asset registers of all equipment purchased by the Project, including those distributed and transferred to LGUs; and reconcile asset register to results of annual physical count (Aide Memoire par 58).
e.	Adequate documentation and controls for Information Systems, including documented accounting procedures, backup of financial records, integration of all sub-systems.	<b>L</b>	The GAM documents accounting procedures for government transactions. The Project also manually maintains financial records.
f.	Adequacy of chart of accounts for project accounting purposes	<b>L</b>	Project chart of accounts is adequate, as prescribed by the COA.
g.	Timeliness of recording transactions, regularity of performance and approval of reconciliations, controls on erroneous recordings.	<b>M</b>	JEVs are prepared for every transaction, and approved by the Project Accountant. JEVs are summarized at month-end. However, the Project has still to update e-NGAS for transactions from April 2017. (Aide Memoire par 59).
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. Nonetheless, recording and reporting procedures of LGU and community contributions still need to be clarified by the PSCO to the RPMOs (Aide Memoire par 63).
<b>6. Reporting &amp; Monitoring</b>			

a.	Completeness, accuracy, usefulness, and timeliness of financial reports.	<b>M</b>	Quarterly financial statements are prepared and consolidated by the PSCO. However, only financial reports as of 31 March 2017 were completed as of the mission. The PSCO and RPMOs were reminded to ensure books of accounts are updated (Aide Memoire par 59).
b.	Interim FM reports and linkage to progress reports - timely preparation, submission to IFAD.	<b>M</b>	The Project was previously requested by the IFAD's Senior Finance Officer in April 2017 to start submitting quarterly financial reports, and to consider the Interim Financial Reporting (IFR) model shared to them. The PSCO Finance will have to continue discussing with IFAD regarding the appropriate IFR format for the Project taking into consideration available e-NGAS financial reports. The Project could start submission of quarterly IFRs for periods ending 30 June and/or 30 September 2017.
c.	Preparation of reports showing actual vs budget income/expenditure and AWPB execution rate.  <i>Ensure complete details (i.e. progress from preceding years)</i>	<b>L</b>	Financial accomplishments and progress against AWPBs as of 31 July 2017 were reported and considered during the supervision mission (Appendix 4 of the Aide Memoire).
d.	Follow up of previous aide-memoirs fiduciary recommendations.	<b>L</b>	The Project has acted accordingly on fiduciary recommendations in the previous Aide Memoires. The Project provided a report on the status of previous recommendations and actions taken during the Follow-up and Implementation Support Mission in May-June 2017, and during this Supervision Mission.
e.	Reasonable alignment between disbursement rate of recurrent versus investment cost categories.	<b>L</b>	There have been no changes in the percentage of appraisal amounts for recurrent costs (13%) and investment costs (87%) to total baseline costs. Any re-allocations of cost categories will be considered during the mid-term review.
<b>7. Internal Audit</b>			
a.	Existence of Internal Audit arrangements.	<b>H</b>	There are still no internal audit arrangements for the Project. The Project still has 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 still don't have any 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>L</b>	The PSCO continuously discusses project audit requirements with the COA in accordance with IFAD's Guidelines on Project Audit.
c.	Timeliness of audit report.	<b>M</b>	There was delay in the submission of the Project's first audit report covering CY2016. The PSCO submitted the required annual audit report only in September 2017. The PSCO should ensure regular coordination with the COA in order to complete annual audit and submit future audit reports within due dates (Aide Memoire par 73).
d.	Quality of audit.	<b>L</b>	The project audit was conducted in accordance with the International Standards on Auditing (ISA), and IFAD Guidelines for Project Audits. It covered financial transactions and implementation at the PSCO and at all the RPMOs.
e.	Implementation of audit recommendations/agreed plan in place to address these.	<b>L</b>	The PSCO has indicated that positive actions were already undertaken to comply with audit recommendations. The PSCO will have to address audit findings and fully implement audit recommendations as soon as possible. The PSCO should also provide satisfactory response to audit observations raised by the COA.

### 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>	Retaining full complement of qualified finance staff at the PSCO and at all the RPMOs throughout the duration of the Project.
2. Budgeting	<b>M</b>	(1) Timely submission to IFAD of AWPB based on realistic physical and financial forecast, which is in line with actual implementation capacity.

		(2) Regular monitoring and reporting of financial progress against approved budgets, including analysis of variances for appropriate actions.
3. Funds flow & Disbursement Arrangements	<b>M</b>	<p>(1) Establishing of: (a) guidelines and 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 POs.</p> <p>(2) Strict monitoring all fund transfers to RPMOs, any advances to LGUs, and downloads to POs.</p> <p>(3) Involving community facilitators in ensuring fiduciary obligations in the field are adequately met.</p>
4. Internal Controls	<b>M</b>	<p>(1) Strict monitoring of compliance by LGUs and/or POs to agreed fiduciary duties and responsibilities on project funds and assets.</p> <p>(2) Periodic physical count of project equipment at all levels and timely reconciliation with assets registers.</p>
5. Accounting	<b>L</b>	Monthly reconciliation of all cash accounts and subsidiary ledgers or asset registers with project books of accounts.
6. Financial Reporting and Monitoring	<b>M</b>	Timely consolidation and reconciliation of project books of accounts maintained by the PSCO and by all the RPMOs.
7. Internal Audit	<b>H</b>	Close coordination with the Internal Audit of DA-CO for possible internal audit activities covering the Project.
8. External Audit	<b>L</b>	Close coordination with the COA on external audit arrangements for the Project 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.*

Area	Recommendation	Whom	Rationale
Project implementation	1. Encourage BMCs to meet monthly	RPMOs	Important to build momentum around early establishment of the BMCs
	2. Support BMC meetings through preparation of agenda, ensuring meetings make agreed actions with assigned responsibilities, and preparation of minutes	RPMOs	BMCs must not be just talking shops, but encouraged to agree and record action
	3. Sign agreement between BFAR and LGUs in Butuan guaranteeing continued use by LGUs of BMMB post project	Regions XIII RPMO	Important to ensure that BMMB on BFAR land is utilised by LGUs post project
	4. Provides guidance and support to the contractors in each region during the completion of the PRSAs	RPMOs/PSCO	Need to ensure that PRSAs are proceeding as planned and that any problems during implementation are resolved by the project, rather than finding on delivery of outputs that quality is poor
	5. Identify the years/dates when different LGUs will need to revise CRM plans and engage with LGUs according	RPMOs	Best time to engage with specific LGUs is when they have to revise CRM plans anyway
	6. Disaster risk mitigating actions reflected in livelihood proposals	RPMOs/CFs	Need to ensure that livelihood projects are as 'climate proofed' as possible
	7. Care over establishing whether direct beneficiaries are from the same households (some POs have both husband and wife counted as individual project beneficiaries)	RPMOs/CFs	Project targets are in households
	8. Greater involvement of PO members and LGUs in the preparation of project proposals and more discussion/sharing of information on likely benefits per individual, and final contents of proposals	RPMOs/CFs	Need for greater participation by beneficiaries as barangay level remains
	9. Improved consideration of any potentially negative environmental impacts of projects (e.g. collection of wild fingerlings for on-growing)	RPMOs/CFs	Important to ensure no negative environmental impacts of investments
	10. Try to utilise RCSCs (or their members/alternates) more in	RPMOs/CFs	May be able to contribute

	preparing and reviewing project proposals		
	11. All CFs to be provided with uniforms/-shirts	RPMOs	Recommendation of last mission outstanding, and important to build sense of identity with project and give CFs increased credibility in the field
	12. Greater support in the day to day management of the project by BFAR regular staff	BFAR RDs and regional staff	Would be beneficial for project implementation
	13. Region V to rent office space	Region V RPMO	Need to improve internet connectivity
	14. Logs of usage/mileage kept to provide evidence that project equipment being used for project purposes	RPMOs/PSCO	Condition of FA
	15. Disseminate M&E guidelines to the Regions	PSCO	Guidelines ready but not yet disseminated
	16. Share expanded logframe and Theory of Change with regions	PSCO	Ready but not yet shared
	17. Assess women's role in leadership roles in POs supported by the project	RPMOs//CFs	Important for female empowerment that they are involved in decision-making in POs, and not just as PO members
	18. Guidelines on gender separated from the M&E guidelines	PSCO	To reflect the importance of gender targeting
	19. Foster greater partnerships and links with NGOs	PSCO/RPMOs	To date partnerships have been stronger with government agencies and NGOs can offer a lot to the project
	20. Translate KM products to local languages where/if considered useful	RPMOs	May help to better disseminate information about the project
	21. Capture 'before project' situation	RPMOs	Important for final evaluation and for demonstration of project successes to government to increase policy impact, and to public
	22. Draft an exit strategy prior to the MTR	PSCO	Considering exit now will aid with a clearer strategy later and MTR can provide inputs
<b>Fiduciary</b>	23. Report concerns over PO abilities to maintain financial records	CFs	Important for sustainability that POs are able to ensure good financial record-keeping. CFs best place to assess whether this is the case and identify those POs in need of support
	24. Start to collect data on counterpart contributions by LGUs and POs	RPMOs	Important for project to be able to demonstrate contributions in line with the FA
	25. Explore the possibility of BFAR ARMM being officially delegated by the ORG with the authority to proceed with the award of contracts in instances considered by the ORG as appropriate	BFAR ARMM	Would help to speed up implementation
	26. Submit pending Was and SOEs at least quarterly	PSCO	Highlighted in fiduciary risk assessment

27. Monitor status and liquidation of funds downloaded to LGUs and/or POs	RPMOs	Highlighted in fiduciary risk assessment
28. Ensure prompt processing of all invoices and claims	PSCO/RPMOs	Highlighted in fiduciary risk assessment
29. Reconcile asset register to annual physical count of assets	PSCO/RPMOs	Highlighted in fiduciary risk assessment
30. Ensure books of accounts are updated	PSCO/RPMOs	Highlighted in fiduciary risk assessment
31. Coordinate with COA to ensure that audits completed within due dates	PSCO	Highlighted in fiduciary risk assessment

## Annex 2: Action on list of suggestions made in October 2016 supervision report

This Annex provides a list of all the ‘softer’ suggestions and recommendations included in the last support mission report, and the action on them since October 2016. It should be noted that these suggestions were not agreed actions, but rather were provided by the last mission as helpful suggestions for the Project.

<b>Component 1: Coastal Resource Management</b>	
<b>Recommended Action</b>	<b>Progress</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	Procurement of the patrol boats is programmed for the current year to be bid to private firms. Upon completion of the required documents, i.e. the boat specifications from the regions, BFAR sent the request for authority to procure the patrol boats to DA for endorsement to DBM. Based on interaction with LGUs/FLETS the latter would like to have more participation in the design of the patrol boats.
2. Ensure MoAs between BFAR and the LGUs provide sufficient detail about the provision of operational and maintenance costs for all project investments	Memoranda of Agreement (MOA) were already signed by 103 LGUs with the respective BFAR Regional Offices. The signed MoAs have in general terms the responsibility of the LGUs to provide O&M to project investments. It was agreed during the mission, that there should be supplemental agreements that will provide O&M details for each project investment (e.g. watchtower, patrol boats, etc).
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	These items are included in the procurement guidelines and in the PIM. The Project will formulate a MOA among the LGU members of the BMC and BFAR Regional Office. The BMMB will be turned-over to the host LGU with the provision that the ownership will be reverted to BFAR in case the BMC fails to maintain the BMMB. In the meantime, maintenance costs of the BMMB will be shouldered by the Project and will be included in the budget for the years 2018 to 2020, where applicable.
4. Prioritise which LGUs should be supported and when in improvements in CRM plans	There was no prioritisation done by the project on which LGU to assist. Upon recommendation of the follow-up mission, two CRM officers for Regions 5, 8 and ARMM and one CRM officer for Caraga would be hired to focus on the CRM plan formulation / revision. There are some LGUs which are ongoing their CRM revision, which needs assistance from the project in determining the content of the plan.
5. Fishermen's POs should be involved in the implementation and subsequent maintenance/protection of project investments in habitat and resource rehabilitation	Involvement of the POs are included in the project proposals, but needs to be revisited to give more details for the operation and maintenance by the POs.
6. Consult the Department of Environment and Natural Resources (DENR) on	This was discussed during the second PSC meeting where DENR was

any mangrove rehabilitation	present. Initial coordination meetings between DENR region and RPMOs were undertaken for mangrove rehabilitation.
<b>Component 2: Livelihood Development</b>	
<b>Recommended Action</b>	<b>Progress</b>
7. Develop a standardised guide for CFs to use in sensitising LGUs and POs about the Project	There is a CF guide used by RPMO officers and staff and CFs as reference in their Project orientations and meetings with LGUs and communities. The guide also uploaded in the FishCORAL and IFAD community webpages.
8. Develop a guide for participatory social mobilization, livelihood identification, and PO strengthening with corresponding training for CFs	These are included in the livelihood guidelines issued with NOL by IFAD. Regional workshops were conducted by the livelihood specialist to discuss the guidelines with regional and project officers. The project has not yet assessed the capacity of the POs, and based on the results come up with capacity building interventions. Trainings on Business Plan Development were conducted for the community facilitators in the four regions. PSCO provided continuous coaching and mentoring to the regional livelihood officers.
9. Ensure proper assessment of whether communal infrastructure investments support livelihood projects and are likely to be viable	The repair/rehabilitation of the hatchery facilities in Tiwi, Albay for Region 5 has been awarded and NOL issued on 24 August 2017. There are like fish drying facilities designed by the projects attached to the livelihood proposals. The project should continue to consult with the POs and the LGUs to make the communal infrastructure support the livelihood projects.
10. Livelihood projects to include focus on quality improvements for catching sector as well as post harvest processing and aquaculture	This is included in the final Livelihood Guidelines, page 14 on sustainable infrastructure and post-harvest equipment support
11. Consider potential of PO livelihood projects focussed around sales and transport to market of products by other PO livelihood projects	Included in the final Livelihood Guidelines, Page 47, Annex C, Item 2; however there are no proposals related to this. The project should expand the menu to guide the CFs and the POs when they identify livelihood projects.
12. Ensure really strong review/due diligence (in terms of technical <u>and</u> financial viability) of all PO livelihood projects to be supported	This has been the focus of IFAD's follow-up mission, the subsequent revision of the livelihood guidelines, and the business training. Consultation with TWG members reveal that they are strong on CRM and fishery related technology, thus, it was further suggested by the mission to engage the services of short term consultants in some regions to assist on reviewing the financial viability of projects.
13. Take a flexible approach to funds provided per person per livelihood project	While this is included in livelihood guidelines, the project has not studied carefully what is the acceptable per capita investment per livelihood project, e.g. bangus fish cage has a very high per capita investment that costs PhP 75,000 per individual.

14. Consider both family/household and group investments	Included in the livelihood guidelines, but not yet clear CFs in the application on this.
15. Explain to the POs at the outset about the importance of making group savings	While some POs have savings, the importance of savings and the subsequent savings generation per PO are matters that CFs should stress in PO strengthening.
16. Careful prioritisation of barangay, POs and potentially the households to be supported within them	This is included in the final Livelihood Guidelines, pages 17, 28 and 31 on beneficiary/ PO and project prioritization
17. Seek to leverage complementary funds from outer sources to go alongside project resources	While this is included in the livelihood guidelines, the livelihood proposals have only three sources of funding: project, LGUs and POs. This is an area that livelihood specialists should think on to leverage livelihood projects with other sources of funds especially with the private sector.
18. Ensure real focus on understanding the market for products produced by POs	This was the focus of the IFAD follow-up mission and the subsequent business planning training. Project should continuously work for lining livelihood products to the market.
<b>Fiduciary aspects</b>	
19. Procurement general specifications for engines should be reviewed	The engine specifications in the PIM and APP were followed; however, there were some comments from the LGUs and the FLET that these do not match specifications on what they need. Good to consult with the LGUs and FLETs
20. RPMOs to submit monthly financial reports on time (by the 3 <sup>rd</sup> of every month)	Financial reports were being secured directly from the PSCO Financial Officers; Regional Financial Officers submit their reports to the National Financial Officers.
21. BFAR to consider assigning project bookkeepers under the Regional Accountant	There are still problems related to this, as implementing this action varies from region to region.
22. Ensure that the project adopts IFAD's SMART Statement of Expenditure (SOE) process, and PSCO staff to train RPMO staff	The Project has adopted the IFAD's SMART SOE process.
23. Ensure that LGUs and POs are clear about the obligations for counterpart contributions through inclusion of details in MoAs	The LGU counterpart share is specified in the MOA. Both LGU and community counterpart shares are included in the CF guide and in all information documents distributed to the LGUs and communities / POs. As of date, actual provisions of counterpart funds have not happened.
24. Provide project personnel with insurance against health and accident risks	This still an issue that the project has to attend to in compliance with the Financing Agreement.
25. PSCO to retain any savings on equipment through procurement until the MTR rather than allowing RPMOs to use savings to purchase additional equipment	This is included in the procurement guidelines.



26. Consider re-programming component 1 infrastructure investment funds on fish landing facilities and watch towers to component 2	The project follows original program and will consider reprogramming by the mid-term review.
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	An updated profile was submitted during the mission and has corrected the engaging staff who is related to the project management.
28. Advance a vast majority of major civil works procurement under component 1 in 2017	The Project follows the original allocations in the Forward Obligational Authority (FOA) as instructed by DBM. Procurement is based on the APP.
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	Included in the final Livelihood Guidelines, page 21 on implementation and monitoring of sub-projects. A detailed manual is included in the Guidelines of FishCORAL Procurement. As earlier stated, the project should continuously provide technical support to POs based on needs assessment.
<b>Project Management and Coordination</b>	
<b>Recommended Action</b>	<b>Progress</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	This will be addressed during the MTR.
31. Finalise project logo	Already done and used by the project.
32. Recruit CF-bay coordinators	The RPMOs have reprogrammed their budget allocated for CF to included bay and/or region-wide coordinators, not yet complied with.
33. Provide CFs with uniforms	Not all regions have CF uniforms, e.g. Region V.
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	There were some CFs who were not rehired after the result of the evaluation of CF performance being undertaken by RPMO coordinators, Regional Office FishCORAL Focal Persons and Provincial Fishery Officers, while most who did not renew their contract left the project for better remuneration.
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)	Generally, CFs are happy with their work except for some issues related to transport allowance and health/life insurance. CFs meet regularly at the bay level.
36. Ensure all LGU PMOs are established	While there are EOs to establish the C/MPMOs, they are not functional; hence, the project should follow up that these local management units operate.

37.PSCO/RPMOs to maintain list of all MoAs with LGUs	All MOAs with LGUs are listed, and copies kept on file.
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	Included in the final Livelihood Guidelines, Pages 69-70, Annex G: Terms of Reference.
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	Not yet explored, still remains a recommendation.
40.Split M&E and KM positions in the PSCO	M&E officer has been hired. KM officer has been hired as well.
41.Revise project logframe	The project opts to revise the logframe at midterm however they have expanded it for M&E purposes.
42.Ensure broader engagement with a range of different partners	Partnerships are still focussed on LGUs. There are initiatives to work with other agencies like DTI and DENR and some NGOs. The project has to explore more still about engaging the private sector as partners.

### Annex 3: Progress on list agreed actions from May/June 2017 support mission

Action Agreed	Date	Whom	Progress
Complete the revised Livelihood Guidelines and submit the document to IFAD for No Objection (NO)	25 June 2017	PSCO	This was completed and submitted to IFAD as part of the PIM. The result of the discussions in the follow up mission were incorporated in the revised PIM IFAD issued the NO of the PIM on 17 August 2017.
Convene the RCSC in Region VIII	2 week of July 2017	RPMO	Representatives from the agencies were invited for a meeting on 16 June 2017 and a follow-up meeting on 25 August completed the assigning of permanent and alternate representatives per agency.
Create a CRM facilitation group per bay composed of BFAR/FishCORAL organic and contractual staff to assist priority LGUs in the formulation/updating of CRM plans based on a standard template; hire qualified consultants when needed	Creation of facilitation group and hiring of consultant(s) by end of June 2017	PSCO and RPMO	The project agreed during the June Mid-Year Planning Workshop to hire CRM officers for six months. Status of the hiring is as follows: Region 5 – ongoing Region 8 – ongoing Region 13 – on board by September 2017 ARMM – on going
Create a municipal water delineation team / task force per region headed by BFAR with members from relevant stakeholders (e.g. NAMRIA, DILG, IFARMC, BMC) to work for municipal water delineation	End June 2017	PSCO and RPMO	Creation of the task force still for discussion. However, updating on the status of water delineation is part of the CRM officers TOR.
Carry out a standard PCRA or social investigation using participatory tools in all project sites as input to the CRM and livelihood components of the project	End June 2017	PSCO	The RPMOs of Regions 5 and 13 have conducted PCRA. Standardization is not looked into by the PSCO, but left by each RPMO to execute. For Region 8, they have conducted social investigation. For ARMM, they have conducted municipal and barangay profiling
For 2016 livelihood projects with goods that are under procurement, revisit, revise and adopt realistic and sound project implementation arrangements (e.g., individual or collective/group operation), appropriate management structure including identification of a capable project manager for collective projects, financial assumptions and projections, among others, prior to project start-up	June 2017	RPMO	All recommendations were considered during the series of business plan development training conducted from July 3-29, 2017 to the different RPMOs. However, the mission noted that most of the livelihood proposals submitted for review and approval were not revised.
Hire a short-term livelihood and enterprise development expert to provide hands-on support to the livelihood officers and CFs in the development of livelihood projects and roll-out of projects approved. ToR to be attached in the Livelihood guidelines	June 2017	PSCO and RPMO	ToR included in the Livelihood Guidelines and hiring of livelihood officers are not yet completed

Action Agreed	Date	Whom	Progress
Conduct livelihood and enterprise development training and coaching for all CFs and livelihood officers in all 4 regions (with assistance from CIP FoodSTART+).	July – Aug 2017	RPMOs	Business planning workshops were conducted to all regions as planned. Workshop was facilitated by CIP FoodSTART+.
For 2017 livelihood projects that are not yet for procurement, revise and reformulate livelihood project proposals based on realistic business plans, including the conduct of market assessments, and survey of prices of the goods for procurement	June – July 2017	RPMOs	Field data survey (market assessments) was conducted by CFs prior to the conduct of Business Plan Development Training on July 2017. There were some cases that market survey was not well done by CFs.
Partner with DTI through their Negosyo Center program to obtain DTI support on simplified business planning and market information especially for processing projects	June 2017	RPMOs	Initial talks with DTI completed with most progress in Region XIII.
Collaborate with DA (e.g. PRDP), DOST, DSWD and LGUs at municipal and regional levels for livelihood project complementation and technical support	June 2017	RPMOs	Partnering with DA and DOST is in the initial stages. More proactive work is needed by RPMOs.
Ensure that NFARMC or IFARMC (fisherfolk representatives) are members of PSC or RCSCs	31 Aug 2017	PSCO and RPMOs	There is little progress in the inclusion of the IFARMC in the RCSCs, except in Region XIII
Complete the setting up of M/CPMOs, MPIUs and BMCs	30 July 2017	RPMOs	Five of the 11 BMCs have been organized and reactivated. C/MPMOs and MPIUs have special orders for their creation, but most of them are yet not yet functional.
Secure a special order from partner agencies naming the permanent member and alternate to the PSC and RCSCs	31 Aug 2017	PSCO and RPMOs	Except in ARMM, all the other regions have permanent and alternate members in the RCSC.
Update the M&E guidelines and complete the database roll out to all regions. Once done, conduct a follow up on the operations of the M&E/database system	30 July 2017	RPMOs	Data base updating is ongoing. Updated data from FishR and BoatR should be migrated to the database. There is also a need to improve and subsequently update the database of PO profiles.

## **Annex 4: ToR for PSCO CRM component 1 coordinator for the FishCORAL project**

### **Qualifications & Experience:**

- Higher degree in fisheries and/or coastal resource management
- At least 12 years of practical experience of working on fisheries-management and/or coastal resource management related projects
- Practical experience of fisheries monitoring, control and surveillance
- Practical experience of preparing fisheries and/or coastal resource management plans
- Highly computer literate
- Excellent relationship and negotiations skills
- Fluent in English (reading, writing and speaking)

**Duration:** Assignment of 6 months starting Nov/Dec 2017, renewable based on performance-based evaluation.

**Reporting:** Project Coordinator of the FishCORAL Project Support and Coordination Office (PSCO).

**General Objective:** Coordination of all activities and outputs related to component 1 of the FishCORAL project, at both PSCO level and Regional Project Management Office (RPMO) level. Special focus will be placed during the first 6-month contract on necessary performance improvements in component 1 before the Mid Term Review in June 2018, and in ensuring that the project is ready for the MTR mission.

**Expected Outcome:** Improved output performance for component 1 that will show emerging outcomes and impacts to the beneficiaries, and increased funds disbursement. By MTR in June 2018, it is expected that project performance for component 1 will be satisfactory (see project status and ratings of the second FishCORAL supervision mission as reference).

**Specific Tasks:** The CRM component 1 coordinator will be responsible for undertaking the following tasks, in close cooperation with the FishCORAL PSCO and RPMOs:

- Guide the Project PSCO and RPMOs in implementing the agreed actions of the FishCORAL second supervision mission related to component 1 on time, ensuring the quality of processes and outputs;
- Oversee and manage the activities of the CRM specialists at the RPMO level;
- Support the functioning and impacts of the Bay Management Councils established by the project
- Assist RPMOs and LGUs with the preparation of operational MCS plans for patrol boats, that are based on IUU risk assessment;
- Assist RPMOs and LGUs with the preparation of operational and maintenance plans for all project investments e.g. in watch towers, BMMBs, jetties, patrol boats;
- Assist the RPMOs in working with LGUs (and later BMCs) to revise/update/improve their coastal resource management plans, and to ensure that LGUs have made appropriate funding provisions for such plans to be implemented
- Assist the Project PSCO and RPMOs in finalising the component 1 aspects of the 2018 annual work plan and budget (AWPB) and annual procurement plan (APP) with realistic targets, costings, and activities;
- Help the Project PSCO and RPMOs strategize the delivery of backlog in the 2017 AWPB and APP on component 1;
- Help link the Project RPMOs to other service providers (government agencies, NGOs and other private sectors) that may play a role in assisting the project team with implementing component 1;
- Assist the project in preparing for the MTR on component 1 related activities, including: critically reviewing the design, strategies for CRM, targets/targeting, costings, implementation arrangements, partnerships, etc, and making initial recommendations for consideration by the MTR mission.

**Qualifications & Experience:**

- Higher degree in management or business administration, economics, or related subject.
- Practical experience of at least 12 years in programme/ project management to include managing fisheries and community development projects.
- Management expertise with development projects is required - including project management, planning, accounting, and procurement in internationally financed projects
- Good knowledge of computer applications
- Excellent relationship and negotiations skills.
- Fluent in English (reading, writing and speaking).

**Special Qualifications:** Experience with project planning, costing and budgeting.

**Duration:** Assignment of 12 months October 2017 – October 2018, with possibility of extension.

**Reporting:** Under Secretary of Fisheries/BFAR Regional Director

**General Objective:** Lead the project planning and execution including advising BFAR on management of financial and human resources, and provision of technical guidance on community mobilization and participatory planning and implementation. Assist the Project Support and Coordination Office (PSCO) and regional project management offices (RPMOs) of the FishCORAL to fast track project implementation, and provide guidance on project strategies and services to ensure project's intended results are met. Lead capacity building of BFAR decentralized offices. Special focus will be placed on necessary performance improvements before the Mid Term Review in June 2018, and in ensuring that the project is ready for the MTR mission.

**Expected Outcome:** Improved output performance that will show emerging outcome and impact to the beneficiaries and increased funds utilization based on standards set by the Government of the Philippines (GPH) and IFAD.

**Specific Tasks:** The Project Management Specialist will be responsible for undertaking the following tasks, in close cooperation with the FishCORAL PSCO and RPMOs:

- Ensure FishCORAL execution maximises local ownership and planning;
- Plan and organise an accelerated roll out of project activities;
- Ensure sound management and use of project resources, including strategic decision making on procurements;
- Support the BFAR management in an objective performance evaluation of project staff and in the timely selection of new staff where needed;
- Help the Project PSCO and RPMOs strategize the delivery of backlogs in the 2017 AWPB and APP, ensuring that at least 90% of the intended outputs in 2017 will be delivered by the first quarter of 2018;
- Assist the Project PSCO and RPMOs in crafting the 2018 annual work plan and budget (AWPB) and annual procurement plan (APP) with realistic targets, costing, and doable activities;
- Guide the Project PSCO and RPMOs implement the agreed actions of the FishCORAL second supervision and implementation support mission on time, ensuring the quality of process and outputs;
- Support the Finance Officer for a fast processing of withdrawal applications and timely flow of funds;
- Ensure delivery of the Procurement specialist and BAC for quality procurement of goods, works and services on a timely manner especially those related to livelihood proposals;
- Support the M&E specialist and the M&E officers in monitoring and reporting on results and prepare results-oriented progress reports linking physical performance with funds disbursement;
- Help link the Project PSCO and RPMOs to other service providers (government agencies, NGOs and other private sectors) to help implement the project, and in doing so, guide the project in managing contracts with service providers;

- Assist the project in preparing for the midterm review: in critically reviewing the design, strategies especially on livelihood development, targets/targeting, costing, implementation arrangements, partnerships among others, and in coming up with initial recommendations to the MTR mission.

