



Investing in rural people

Aide memoire

Republic of Philippines

Fisheries, Coastal Resources and Livelihood (FishCORAL) Project

Supervision Mission: 1 to 14 September 2017

A. Introduction¹

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)². 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 methodology³. 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.

¹ 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.

² 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.

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

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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.

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 identifying areas of necessary improvement	PSCO	31 October 2017
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.

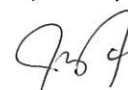
34. To improve capacities at central and regional offices, it is recommended that: i) FishCORAL recruits a chief technical advisor embedded within the PSCO, at least for 12 months; ii) given differing performance between Regions, staff visit other Regions to observe successful lessons to take back to 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 of 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 9th 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**⁴ 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



⁴ Assessment is made of compliance with the general conditions of the Financing Agreement.

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 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.).

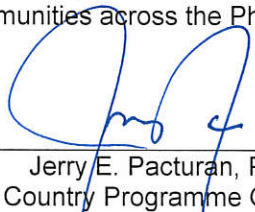
82. Notwithstanding, the mission also found that the need for acceleration and rapid expansion in programme of work has challenged FishCORAL teams in ensuring that investments (i) are identified through broadly consultative processes, addressing expressed needs with full local buy-in and (ii) are strategic 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.

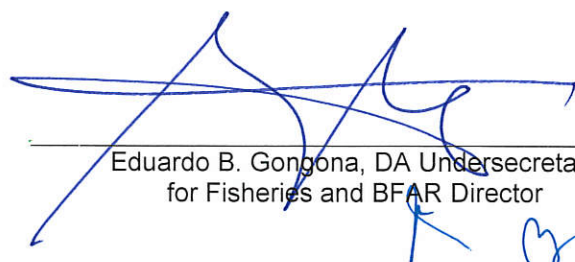
The MTR must include a mandate to either reduce the scope of the project, extend project duration to its original timeframe, or agree on realistic exit strategy for BFAR to accomplish original targets after loan closing.

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.


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23 October 2017

Date


Eduardo B. Gongona, DA Undersecretary
for Fisheries and BFAR Director

30 October 2017

Date