



# Validation Report

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Reference Number: PCV: INO 2008-54  
Project Number: 26006  
Loan Number: 1570/1571  
November 2008

## Indonesia: Coastal Community Development and Fisheries Resources Management Project

Operations Evaluation Department

**Asian Development Bank**

## ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
BTOR	–	back-to-office report
CDPR	–	community development and poverty reduction
CFDR	–	coastal fisheries resource management
COREMAP	–	coral reef rehabilitation and management project
DGF	–	Directorate General of Fisheries
RM	–	resident mission
SDR	–	special drawing right
SF	–	special fund
EIRR	–	economic internal rate of return
HQ	–	headquarters
ha	–	hectare
M&E	–	monitoring and evaluation
NGO	–	nongovernment organization
OCR	–	ordinary capital resources
OED	–	Operations Evaluation Department
PCR	–	program completion report
REA	–	resource and environmental assessment
RRP	–	report and recommendation of the President
SEA	–	socioeconomic assessment
SF	–	Special Fund
TA	–	technical assistance
TAC	–	total allowable catch
USAID	–	United States Agency for International Development

## NOTE

In this report, “\$” refers to US dollars.

### Key Words

adb, asian development bank, coastal community development, environmental conservation, fisheries resources management, income generation, institutional strengthening, oed, operations evaluation department, participation, project completion report validation, social infrastructure

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### OED PCR Validation Report Form

A. Basic Project Data		PCR Validation Date:	August 2008	
<b>Project and Loan/ Grant Number:</b>	26006 1570- INO (SF) and 1571-INO(SF)		<b>Approved</b>	<b>Actual</b>
<b>Project Name:</b>	Coastal Community Development and Fisheries Resources Management Project	<b>Total Project Costs (\$M):</b>	71.0	49.8
<b>Country:</b>	Indonesia	<b>Loan/Grant (\$M): (SDR equivalent)</b>	41.0	27.7
<b>Sectors:</b>	Fisheries; environment; natural resources	<b>Total Cofinancing (\$M):</b>		
<b>ADB Financing (\$M):</b>	<b>ADF:</b> 15.0	<b>Borrower (\$M):</b>	30.0	22.1
	<b>OCR:</b> 26.0	<b>Beneficiaries (\$M):</b>	0.0	0.0
<b>Cofinanciers:</b>	0.0	<b>Others (\$M):</b>	0.0	0.0
<b>Approval Date:</b>	04 Nov 1997	<b>Effectiveness Date:</b>	04 May 1998	21 Apr 1998
<b>Signing Date:</b>	03 Feb 1998	<b>Closing Date:</b>	31 Dec 2003	1570: 30 May 2006 1571: 17 May 2006
<b>Project Officers:</b>	<b>Name:</b> W. Zhou	<b>Location (HQ or RM):</b> HQ	<b>From</b> 1998	<b>To</b> 2006
<b>Evaluator:</b>	D. Moffatt	<b>Director:</b>	R. B. Adhikari, OED1	
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ADB = Asian Development Bank, ADF = Asian Development Fund, HQ = headquarters, INO = Indonesia, M = million, OCR = ordinary capital resources, OED = Operations Evaluation Department, PCR = project completion report, RM = resident mission, SDR = special drawing right, SF = Special Fund, yr = year.

#### B. Project Description (summarized from RRP)

(i) **Rationale.** The context for the Project was provided by the most critical issues facing the Government in the fisheries and coastal resources sector—depletion of the coastal resources and the pervasive poverty and social disadvantages of coastal communities. These issues were thought to be linked in a vicious cycle in which poverty increased fishing pressure and depletion of the resources, which in turn increased poverty. Continuous deterioration of coastal resources was thought to result in reduced fish catch and income and lead to further fishing pressure and deterioration.

(ii) **Impact.** (a) Control of destructive fishing methods and overfishing, (b) improvement in the current status of the fisheries resources and coastal habitats, and (c) enhancement of the quality of life of coastal communities by providing social infrastructure and alternative income generating opportunities.

The Coastal Community Development and Fisheries Resources Management Project (the Project) was envisaged to lead to sustainable use of resources, empowered communities, increased government capacity to mitigate resource depletion, and reduced poverty.

(iii) **Objectives or Expected Outcomes.** The objective was to promote sustainable management of coastal fisheries resources, and to reduce poverty in the coastal areas by providing opportunities for increasing income and improving living standards of coastal communities.

(iv) **Components and/or Outputs****Component 1: Coastal Fisheries Resource Management (CFRM)**

- (a) Data generation and analysis: resource and environmental assessment (REA), socioeconomic assessment (SEA), total allowable catch (TAC), benchmark information, information database, base maps, and organization of coastal communities.
- (b) CFRM planning
- (c) Implementation of coastal resource management plans (marine protected areas, fish sanctuaries, habitat rehabilitation—mangrove, coral, artificial reefs—restocking, reduced fishing effort, control of pollution, siltation, and erosion).
- (d) Monitoring, control, and surveillance (data and information collection and management, legislation, regulation and licensing, surveillance, and law enforcement).
- (e) Information and education campaign (public education—radio, TV, advertising, events—increased understanding and awareness of national and local government, and local communities).

**Component 2: Community Development and Poverty Reduction (CDPR)**

- (a) Community organization and social preparation (formation of self-reliant groups, training in cooperation, microenterprises, credit access, savings mobilization).
- (b) Microenterprises and income diversification activities (identification of opportunities, technical support, linkages to microfinance schemes, preparation of loan proposals, support to marketing).
- (c) Improvement of social infrastructure (farm-to-market roads, clean water supply, drainage, toilets, waste disposal, meeting halls, health centers, housing credit schemes).

**Component 3: Environmental Improvement of Small-scale Fish Landing Centers**

- (a) Rehabilitation of fish landing centers
- (b) Clean water supply
- (c) Wastewater treatment
- (d) Auction and meeting halls, access roads.
- (e) Processing facilities
- (f) Breakwater structures

**Component 4: Institutional Strengthening and Project Management**

- (a) Institutional assessment and human resource development
- (b) Project management system
- (c) Fisheries information system

**C. Evaluation of Design and Implementation (PCR Assessment and Validation)**

- (i) **Relevance of Design and Formulation.** The project completion report (PCR) affirms the relevance of the Project at design stage to the Asian Development Bank (ADB) fisheries policy and country strategy and to the Government's development plan. The project design and formulation was deemed to have remained relevant throughout implementation. The validation supports this analysis and notes that a move by Indonesia in 1997 to decentralized government and more direct community participation increased the relevance of the project design, which emphasized local action in resource management and attributed inputs to the required social preparation. (A 1997 ministerial decree transferred responsibility for coastal resource management to local government and communities). However, in view of weaknesses in the CDPR component, a design based on linking this component to the others in a single project should be questioned.

Assessment of the long-term relevance of the Project's design and formulation must also consider the extent to which it may have influenced government policies and strategies,

determining whether the Government continued support for these types of activities and made use of the success or otherwise of project activities in the formulation of other related projects. This validation has reviewed other ADB projects addressing coastal zone management and has taken note of the conclusions of a review of a project of United States Agency for International Development (USAID) for coastal resources management. Since the Project was first formulated, ADB has embarked on (a) the Coral Reef Rehabilitation and Management Project (COREMAP I),<sup>1</sup> although this ran more or less contemporaneously with the Project; (b) the Marine and Coastal Resources Management Project;<sup>2</sup> (c) COREMAP II,<sup>3</sup> to which was linked the Sustainable Livelihood Development for Poor Coastal and Small Island Communities Project supported by the Japan Fund for Poverty Reduction<sup>4</sup>; and (d) the technical assistance (TA) for the Integrated Coastal Fisheries Resource Management Project<sup>5</sup>. A number of points can be made based on a rapid overview of these undertakings. The most recent project has not progressed beyond the TA stage and it does not appear to be in the ADB pipeline, which may indicate a lessening of commitment to coastal zone management within ADB, the Government, or both. COREMAP II has a community based resource management and development component that has extremely strong similarities to the CDPR component of the Project and yet there appears to be no cross-referencing between the projects and certainly no apparent recognition of the difficulties that the Project encountered in the implementation of CDPR and that led to a major reduction in its targets. The Marine and Coastal Resources Management Project has a component—small-scale natural resources management schemes—which includes elements of the Project's components for CFRM and CDPR though it appears to be less committed to the major role played in the Project by the communities in monitoring and surveillance. The importance of access to existing credit schemes remains fundamental to income-generation activities, although these schemes are at a lower level than in the Project. Again, there appears to be no cross-referencing between that project and the Project. In the 2003 final assessment of the USAID–assisted Coastal Resource Management Project, a number of opportunities are recognized for extending the project's work and, while these are cast essentially within the context of a further phase of that project, these opportunities are also relevant to the design of further ADB involvement in the coastal zone. Specifically, the assessment points to the continuing evolution of the institutional arrangements affecting coastal zone management and the need to support these with a properly balanced spread of emphasis between different levels of government and the communities. The USAID project also states the need for further input to policy, regulation, and legislation; and cites the importance of developing economic and financial incentives, to stay engaged. Meanwhile, the country assistance program evaluation for Indonesia in December 2005 points to the similarities in terms of community focus between the Project and the Rural Income Generation Project but notes an absence of evidence that either project informed the other.

The Project's design includes two goals and four objectives. They are based on the concept that a relationship exists between coastal resource management and coastal community poverty and, hence, the two goals cover the both halves of this relationship. This approach is carried forward to the project objectives, the first and third of which relate to fisheries (see Project Framework 2.1 and 2.3). The second relates to poverty alleviation through improved social infrastructure and income-generating opportunities (Project Framework 2.2). The final objective refers essentially to overall institutional strengthening and project management. While the relationship between resource management and poverty is quite clear,

<sup>1</sup> ADB. 1998. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan and Technical Assistance Grant to Indonesia for COREMAP I*. Manila.

<sup>2</sup> ADB. 2000. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan and Technical Assistance Grant to Indonesia for the Marine and Coastal Resources Management Project*. Manila.

<sup>3</sup> ADB. 2002. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan and Technical Assistance Grant to Indonesia for COREMAP II*. Manila.

<sup>4</sup> Sustainable Livelihood Development for Poor Coastal and Small Island Communities Project supported by the Japan Fund for Poverty Reduction

<sup>5</sup> ADB. 2004. *Technical Assistance to Indonesia for Mainstreaming Public-Private Partnerships at Central Line Ministries of the Government of India*. Manila.

it should not necessarily lead to tying the two together as a single project when different agencies are involved and the types of supporting expertise required are not the same. The packaging of these different aspects together raises a question mark over the relevance of the project design and formulation.

(ii) **Project Outputs**

**Component 1: Coastal Fisheries Resource Management.** The PCR describes the CFRM component as fully implemented. The validation concurs that all subcomponents have been addressed but notes the following:

- (a) Data and information collected—REAs, SEAs and TACs—have provided the basis for preparing coastal fisheries resource plans for each project site. However, the extent to which the information collected has provided a viable project benchmark seems limited and there is not enough detail of what has been achieved in the TACs to determine whether these meet the objectives of establishing a valid information database and of regulating fishing effort within TAC.
- (b) Plans for all project sites as well as specific fisheries have been prepared.
- (c) Plan implementation has been close to the targets but has not met them all fully. Ten fish sanctuaries have been established, against a target of eight. Two marine protected areas have been set up, against a target of four. Mangrove rehabilitation and management covered a total of 1,800 hectares (ha), against a target that was initially 3,000 ha but was revised down to 2,000 ha on reassessment of suitable areas. Rehabilitation of coral reefs covered 177 ha, against a target of 50 ha. Of the proposed 25 artificial reefs, 21 were constructed with used car tires, stupa-shaped concrete blocks, and concrete reef balls. Data is not available for a valid assessment of success in reducing fishing effort and refocusing on less scarce species. The PCR should make reference in the text to 79 community groups established for fisheries resource management initiated by the Project. This would acknowledge the organization of communities within component 1, a significant achievement. (Project documentation—including the PCR—generally fails to make the clear distinction between community organization for resource management and that attributed to community enterprise groups. The executing agency (Directorate General of Fisheries [DGF]) PCR shows all community organization costs as coming in the second component, which further masks the distinction).
- (d) The PCR provides relatively little detail on the subcomponent for monitoring, control, and surveillance. It notes the establishment of fisheries management information systems, the appropriate deployment of surveillance equipment, and the important role played by local communities. The DGF PCR reports the application of vessel registration systems, the enactment of local regulations, and, as a result of community surveillance, large decreases in destructive fishing practices. It would appear that the subcomponent has been successfully implemented.
- (e) The PCR reporting on the information and education campaign is confined to the increase in awareness of government and communities but the back-to-office report (BTOR) of the 2005 loan review mission records a number of initiatives relating to the nationwide public awareness campaign. These include 13 episodes of television infotainment, items for newspapers, leaflets, billboards, and an enhanced project website. It is concluded that this subcomponent has met its output targets.

**Component 2: Community Development and Poverty Reduction.**

- (a) The PCR shows that the Project has significantly exceeded its target of forming 100 fishers associations by assisting in the establishment of 309 *kelompok usaha bersama*, or microenterprises or joint business groups.
- (b) Performance in achieving the purpose of these organizations—to provide activity diversification and income-generating opportunities—is disappointing. The PCR states that 4,623 households have increased incomes by 50% to 67% as a result of the Project, compared with a target of 20,000 households at project formulation.

The midterm review mission concurred with DGF proposal that the target be reduced from 20,000 to 5,000 but the justification was weak. It is against the original target that the achievement should be measured. In addition, the diversification away from fisheries or fisheries-related enterprises the Project was supposed to achieve has not materialized.

- (c) The PCR reports the construction of 129 social infrastructure facilities. It was difficult at validation to correlate this with the report and recommendation of the President (RRP) targets but it would seem to fall well short of providing clean water to 30,000 households, as well as over 300 other units of infrastructure. There is no reference in any of the reports consulted to the housing credit scheme referred to in the RRP.

Originally, this component was to comprise almost 25% of project base costs. However, at completion, it represented about 19% of the expenditures. The biggest shortfall was in the establishment of microenterprises. Assistance in this area amounted to about 57% of the base cost of the component at appraisal but only about 38% in actual spending. The precise reasons for this are not clear from the PCR or other project reports. It seems, however, that the nongovernment organizations (NGOs) achieved significant success in community organization for both resource management and enterprise diversification but that the local government, NGO, and consultant expertise within the Project was inadequate for supporting the design of alternative income-generating opportunities and for facilitating access to credit sources to implement those opportunities that were identified.

**Component 3: Environmental Improvement of Small-scale Fish Landing Centers.**

The PCR considers that all elements of the component have been addressed and presents these as details of rehabilitation at 12 locations against a target of six. Although validation notes that many of the improvements are very small-scale, they are broadly in line with the RRP. While the PCR does not separately report on the RRP subcomponents, DGF PCR supports the view that all elements of the component have been successfully implemented.

**Component 4: Institutional Strengthening and Project Management System.** The PCR reports on the installation of a geographic information system and a monitoring control and surveillance system, and on the training in the use of these systems. It makes no reference to the fisheries information system. However, the DGF PCR and the BTOR of the 2005 loan review mission both report the testing of this system in Central Java and replication in 30 provinces, which would appear to meet the design criterion of a strengthened and improved national fisheries information system and network.

It must be recognized that implementation of project activities was not the same at all sites. For example, 18 resource management groups were established at Bengkalis but only 12 at Trenggalek. The only marine protected area was in West Nusa Tenggara. Although 10 artificial coral clusters were constructed in Banyuwangi, none were built in Bengkalis, and 290 ha of fish sanctuary were developed in Bengkalis but only 12 ha in Tegal. Project reporting does not allocate costs or any other measure of input by individual site so it is not possible to assess whether the relationship between inputs and outputs was even among the sites.

- (iii) **Project Cost, Disbursements, Borrower Contribution, and Conformance to Schedule.** The PCR reports a total project cost of \$49.83 million—70% of RRP estimates. The decrease resulted largely from depreciation of the rupiah against the dollar and low utilization of unallocated and interest during construction loan categories. Loans totaled \$27.68 million. The Government's contribution increased from 56% to 58% due to a switch to local cost of one fish landing center construction package because of ADB's disagreement with bidding procedure. There is a discrepancy between the ADB PCR and DGF PCR, which puts total cost at \$47.93 million, comprising loans of \$26 million, counterpart funds of \$15.96 million, and local cost of \$5.87 million. Disbursement extended over 8 years rather than the envisaged 5 years, reflecting the Project's extended duration. The initial 1-year extension resulted mainly from the

economic crisis of the late 1990s, a reorganization of DGF, and devolution of natural resource management, although validation attributes the further extensions to slow progress in project activities. Underutilized loan resources amounted to 9.8% and 12.7% of the Asian Development Fund and ordinary capital resources funds, respectively.

- (iv) **Implementation Arrangements, Conditions and Covenants, Related Technical Assistance, and Procurement and Consultant Performance.** Except for the longer implementation period, the implementation arrangements described in the PCR essentially conform with those proposed in the RRP, with the addition of a technical working committee. Reference in the PCR to a project management office is assumed to be a mistake and the lead management body for the Project was the project coordination office. No comment is offered at this stage in the PCR regarding the suitability of these arrangements. Validation notes, however, that the same agencies are responsible for both the CDPR and the other components, which may not be appropriate, given the poverty focus and non-fisheries emphasis of the CDPR component. The PCR regarded overall adherence to conditions and covenants to be satisfactory, accepting some delays. Only the failure of the Government to identify credit programs in the project area was identified as a non-compliance. The final loan review mission describes both covenants that relate to credit—access to credit programs identified in the RRP and a review of programs in the project area—to be *ongoing*. The validation considers that the facilitation of the access of project fisheries communities to three ongoing credit programs, as specified in the RRP, did not take place to any meaningful extent and, in practice, these covenants have not been complied with. The PCR also gives as *ongoing* the covenant relating to local implementation of the National Fisheries Law and again this covenant should be regarded as, effectively, not complied with. However, the PCR reports 50% and 94% increases, respectively, in international and national consultant inputs for project management—justifying these increases by the extended implementation period and a vague statement on project requirements. Consulting inputs for construction supervision also escalated nearly threefold. Only the consultancy services for data systems utilized less input than planned. The validation suggests that such a significant discrepancy, only part of which appears to relate to the extended project duration, indicates inadequate provision for consultancy services in the RRP. The PCR notes difficulties in some local procurement, notably the disagreement that led to reallocation between ADB and government financing. Based on assessments given in loan review missions, the PCR regards performance of consultants and NGOs to be *satisfactory*. It may be asked, however, why there was no specific provision in the RRP for expertise in microenterprises and credit or why the consultancy company did not propose input for these requirements when it was clear that this aspect of the Project was not meeting its objectives.
- (v) **Performance of the Borrower and Executing Agency.** The PCR regards overall performance as *satisfactory* but notes the negative impact on project performance of the frequent changes of key personnel, notably the project manager. The validation has taken account of the strongly expressed wish of the final review mission to retain key staff in post after the end of the Project. This has not happened. Given the extent of changes, the difficulties of assigning dedicated staff at project implementation unit level, and the impact of all of this on project sustainability, an overall *satisfactory* rating of DGF performance seems fairly generous.
- (vi) **Performance of the Asian Development Bank.** The PCR rates this as *satisfactory*. The Project must have benefited from the continuity of the project officer, although the PCR justifiably notes that project supervision lacked any input from a specialist in poverty reduction activities, which further weakened the CDPR component.

#### D. Evaluation of Performance (PCR assessment and Validation)

- (i) **Relevance.** The PCR rates the Project as *highly relevant*. As noted above, relevance actually increased during the life of the Project as government policy moved to devolve responsibility to local levels and increased community participation. The validation has, however, questioned

the relevance of including the CDPR component in the Project. While there is logic to this in the interrelationships between coastal resource management and poverty, it may have been more appropriate to have had a separate project backed by relevant expertise from the Government, ADB, and consultants.

- (ii) **Effectiveness in Achieving Outcome.** The PCR assesses the Project as *effective* in meeting most of its objectives and target outcomes. (During validation, it was noted that parts of Appendix 10, which support this assessment, are missing). With regard to CFRM, it notes only a reduced area of mangrove rehabilitation justified on the grounds that the project sites did not provide sufficient suitable areas. While validation largely concurs with the assessment, the PCR fails to note that data and information collection, particularly the TAC determinations, do not appear to completely fulfill their functions in providing benchmark information. It is also noted that only two of a proposed four marine protected areas were established, and 21 of 25 artificial reefs were constructed. The PCR makes no mention of the effectiveness of the artificial coral reefs, although DGF PCR does record growth in live coral and elongation of the artificial reefs. The extent of these reported benefits is very small, however, and it is difficult to assess effectiveness at such an early stage. The PCR makes no reference in the text to the effectiveness of the subcomponents within CFRM that address monitoring, control, and surveillance, although though it covers some aspects in the project framework. The same is true of the information and education campaign. Other sources, however, report a significant decrease in destructive fishing practices as a result of activities within this subcomponent and it should be assessed as *effective*. Information from loan review missions and DGF PCR suggest that the information campaign has been successful at government and, in particular, community levels although it is not possible to measure the impact of the TV and other media used in the public awareness campaign. The effectiveness of the component for the environmental improvement of small-scale fish landing facilities is difficult to assess. The proposed improvements were achieved but how effective these have been in reducing fish losses and increasing fish product value is made clear Reports do cite specific successes in this area and indications are that the component has had some effectiveness in achieving its proposed outcome. On the basis of DGF PCR and the BTOR of the 2005 loan review mission, the component for institutional strengthening and project management systems would appear to have been effective in improving capabilities at government and community levels and at providing a strengthened and improved national fisheries information system and network. It is in the component for CDPR that the Project has been *less effective*. The PCR notes that there is insufficient data on poverty reduction in the project area but the reduction in the target for households benefiting from income-generating activities from an initial 20,000 to less than 5,000 indicates the reduced effectiveness of the component. So, although the Project has facilitated the establishment of a large number of community enterprise groups, it has not developed the originally intended number or range of income-generating opportunities nor accessed sufficient sources of credit. It is clear that risks identified in the RRP, notably those regarding the lack of experience of implementing agencies in poverty reduction and the difficulties of accessing credit have, in fact, greatly reduced the effectiveness of this component.
- (iii) **Efficiency in Achieving Outcome and Outputs.** The PCR assesses the Project as *efficient*, citing the financial viability of microenterprises and long-term benefits from resource rehabilitation and management. The PCR refutes DGF PCR estimate of a 24% economic internal rate of return (EIRR) and computes this to be 12%, which the PCR judges to be a reasonable rate for a project of this type. However, some notice should be given to the fact that the RRP gave an EIRR of 19% and that the failure to achieve this must stem in part from the performance of the component for poverty reduction.
- (iv) **Preliminary Assessment of Sustainability.** The PCR assesses the Project to be *likely sustainable*. On the highly positive side, the Project has devoted significant resources to social preparation, resulting in the formation of nearly 80 resource management groups of various types. Nothing in the PCR or other reports appears to suggest that the functionality of these

groups is dependent on inputs from the Project and, indeed, there seems to be no reason why more resource management groups should not continue to be established. The final loan review mission noted that there was substantial expansion of community activities to other parts of Nusa Tenggara Barat, modeled on what was happening in the project area in Tegal. However, the PCR also notes that some groups, principally in Nusa Tenggara Barat, have requested allowances to continue their activities, which may not bode well for sustainability. The PCR rightly observes that allowances should not be needed if communities genuinely recognize that proper management is in their interests. Also on the negative side, the Government has failed both during and after project completion to retain project-trained staff in positions where they could use their acquired skills to continue the activities the Project established. This is despite a strongly worded request from the final review mission that staff should be maintained in posts where they could extend and support institutions and processes developed by the project. The PCR makes no mention of the sustainability of the CDPR component. On the basis of the apparently high returns to income diversification activities, those already established should be sustainable. However, given the difficulty that the community enterprise groups appear to have had in developing and funding income diversification activities, it is unlikely that, in the absence of project support, this will expand. It might, therefore, be considered that this is *not sustainable*. The DGF PCR reports on the allocation of responsibility for maintaining the social infrastructure built through the Project, which should ensure its sustainability. The PCR, however, warns that fees charged by the port for facilities provided are well below operational costs and this would make these unsustainable in the long run.

It is worth noting that the problems relating to sustainability had been largely recognized at the project preparation stage and the RRP notes the following risks:

- (a) inadequate experience of community management and poverty reduction,
- (b) difficulties of access to credit, and
- (c) continuity of support financially and with trained personnel beyond the life of the project.

All these risks did in fact negatively impact the Project and it may be suggested that more should have been done to mitigate these risks. Importantly, the combination of a lack of experience in poverty reduction measures and problems in accessing finance should have led to alternative approaches to the CDPR component.

- (v) **Impact.** The PCR notes the Project's positive impact on coastal resources. The Project has also increased the capability of coastal communities to manage their resources and develop alternative income-generating activities, although validation has pointed to shortcomings in the latter area. The Project has also had a significant impact on capabilities at central and local government levels, although the lasting carry-on impact was diminished by the failure to hold those staff in positions where they could support and extend the project achievements. In its project framework, the PCR states that the welfare of 70,000 households has improved but it proposes no quantifiable measure of what is meant by welfare. The final review mission's claim that 76,000 households have increased their incomes does not appear to be well substantiated. The PCR notes that, although women were not specifically targeted, they are very much involved in fish processing and other microenterprises. While the Project was approved before the adoption by ADB of its Policies on Gender Development and Indigenous Peoples, specific gender issues had already been raised by the Board and the Project should have addressed gender more directly even though some of the project activities did involve women as a matter of course. Project documentation does not suggest any negative impacts.

#### **E. Overall Assessment, Lessons, and Recommendations** (Validation of PCR assessment)

- (i) **Overall Assessment.** Overall, the Project is assessed as *successful*. The PCR rated the Project as *successful*. Based on the evaluation of performance in Section D, the Operations Evaluation Department (OED) validates the PCR rating.

- (ii) **Lessons.** The lessons of the PCR are cogent. They flow well from its analyses and OED supports them. The key lesson from the Project is the importance of community involvement and empowerment in fisheries resource management. This cannot be achieved through government actions without the support and participation of the community. For this reason, social preparation is needed from the beginning of the Project and ongoing capacity building is also required, with periodic reinforcement after project completion. OED concurs that the related activities in this project were beyond the capacity and experience of the local consultants. The government fisheries services should have been more involved in implementation from the outset, assisting in creating effective community frameworks and providing continued support and reinforcement. On the basis of its validation, especially in regard to the CDPR component, OED also believes that more attention should be placed on synergies across the components of a project. Advance recognition of the potential impact of delay in one on others should be given full consideration during project design and implementation.
- (iii) **Recommendations.** The recommendations of the PCR flow from the discussion in the main text and are supported by OED. The most important among them are that community awareness programs need to be reinforced and continued with adequate funds; that the regulatory and enforcement measures should be kept in place, enforced, and monitored; and that the executing agency and all participating local governments should prepare comprehensive sustainability action plans for all project activities to ensure sustainability after project completion.

#### F. Monitoring and Evaluation Design, Implementation, and Utilization (PCR assessment and Validation)

The PCR makes no reference to monitoring and evaluation (M&E) other than in the implementation schedule, where completed activities in preparing an M&E system and running this through the life of the Project are shown to have occurred. Further, there are no references to the M&E system in DGF PCR or the key loan review missions. The loan review missions provide implementation schedules, measures of project accomplishment, and a table of implementation progress but make no reference to the M&E system.

It would appear, therefore, that there was no properly functional M&E system embedded in project management. It would have been assumed that the surveys undertaken—REA I and II, SEA I and II, and TAC—would have been the basis for the Project's M&E system. The question might also be raised as to why the benefit monitoring and evaluation system developed under COREMAP I and continued under COREMAP II appears not to have been considered appropriate for the Project, even if some adaptation was required. This has reduced the value of the Project both in terms of a systematic analysis of its own achievements and of providing findings applicable to the design of later projects.

#### G. Other (Safeguards, including governance and anticorruption; fiduciary aspects) (PCR assessment and Validation)

It was noted that ADB would not provide loan funds for a major construction package in Tegalsari because it did not agree with bidding procedures. It is assumed at validation that this reflected the Government's failure to meet ADB safeguards relating to procurement.

H. Ratings	PCR	OED Review	Reason for Disagreement/Comments
<b>Relevance:</b>	Highly relevant	Highly relevant	Relevance actually increased as the Government moved to greater decentralization following ministerial decree of 1997. Relevance of incorporating a poverty reduction/social infrastructure component within a fisheries-focused project is questionable.

H. Ratings	PCR	OED Review	Reason for Disagreement/Comments
<b>Effectiveness in Achieving Outcome:</b>	Effective	Partly Effective	Failure to achieve targets in the CDPR component and concerns over some of the benchmark data and minor shortfalls in other activities, imply that the project is not wholly effective. Lower disbursements than planned at the design stage may also have affected the Project's effectiveness in achieving outputs. However, it is not apparent from a desk review of the data sources for validation that the prolonged implementation period resulted in loss of development opportunities, delayed delivery of benefits, or limited action against depletion of resources.
<b>Efficiency in Achieving Outcome and Outputs:</b>	Efficient	Efficient	EIRR of 12% is considered acceptable for this type of project. However, this needs to be qualified by noting that the RRP target was 19% and some of the shortfall must be attributed to failures in the CDPR component. Lower disbursements than planned at the design stage may also have affected the Project's efficiency in achieving outputs.
<b>Preliminary Assessment of Sustainability:</b>	Likely sustainable	Less Likely Sustainable	The staff trained in the very specific approach required in these activities have largely been moved. Community groups are asking to be funded to carry out their resource management activities.
<b>Borrower and EA:</b>	Satisfactory	Satisfactory	While noting excessive changes in project manager, performance during the Project was in the main satisfactory. However, subsequent redeployment of project-trained staff, despite strong representation by ADB, makes post-project performance unsatisfactory.
<b>Performance of ADB:</b>	Satisfactory	Satisfactory	Continuity of ADB management has largely benefited the Project. However, there should have been a more positive reaction to obvious failures in the CDPR component.
<b>Impact:</b>	Positive	Positive	
<b>Overall Assessment:</b>	Satisfactory	Satisfactory	The validation has maintained the overall satisfactory rating because of the many positive gains made by the Project. However, this rating must be qualified by noting the under-achievement of the CDPR component.
<b>Quality of PCR:</b>		Satisfactory	

#### I. Comments on PCR Quality

The evaluator considers the PCR to be *satisfactory*.

The PCR presents clear evidence that is analyzed well and gives a well-summarized project framework. It does draw in a number of places on the executing agency PCR, which itself is a thorough document, and the PCR should, perhaps, make this clearer. The important Appendix 10—Project Accomplishments and Impacts—is incomplete and appears to be drawn from the executing agency PCR, which it is itself also incomplete. This means that some statements lack the supporting data.

The PCR makes it clear in the text where the weaknesses in the Project lie and these essentially concur with the evaluator's view. However, it does not always carry these observations through to a more critical overall assessment of the Project's failures. So, while spelling out project elements that negatively impact effectiveness and sustainability, it does not translate these into a down-rating of these assessments. Rather more attention might have been given to the way in which project monitoring and evaluation (M&E) was carried out and the related issues of the quality of the baseline data, particularly the TAC.

It is fairly noted that the project start-up was badly disrupted by the economic crisis and major changes in government policy and strategy.

The key recommendation of the PCR is to extend the successful CFRM and community awareness programs and activities elsewhere. It flows naturally from the analyses conducted and the evaluator validates it. However, greater attention should be paid to formulation of non-fishing income-generating activities if the Project's approaches are replicated elsewhere.

#### J. Recommendation for OED follow up

Given the number of projects formulated in one way or another so far to address coastal resources in Indonesia, a subsectoral review of strengths, weaknesses, opportunities, and threats would be of considerable benefit. With the pending closure of the Marine and Coastal Resources Management project and COREMAP II, and the apparent stalling of the Integrated Coastal Fisheries Resource Management Project, now would be a highly appropriate time to undertake such an evaluation. What is more, similarities in the coastal resource base of the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN (Association of Southeast Asian Nations) Growth Area invites a regional perspective, perhaps in the form of a regional sector assistance program evaluation. That might usefully inform ongoing ADB regional TA to strengthen sound environmental management in the region. At a more general level, consideration should be given to how best to handle a multicomponent project whose outcome overall is *satisfactory* but which includes one or more individual components that are not. In this case, a *partially successful* rating might unfairly denigrate what was clearly a good project. It is also important, however, to recognize that one of the components was not fully successful. More fundamentally, OED needs to ensure full recognition by the operations departments of the pitfalls of packaging together significantly different components into a single set of implementation arrangements.

#### K. Data Sources for Validation

##### Project Processing:

- (i) RRP for Loans 1570/1571-INO (October 1997)
- (ii) Supplementary Appendixes of the RRP (October 1997)
- (iii) Summary Environmental Impact Assessment Document for Loans 1570-INO and 1571-INO (July 1997)
- (iv) Draft Minutes of the Loan's Board Meeting Approval (December 1997)

##### Project Administration:

- (i) BTOR of the Loan Inception Mission (April 1998)
- (ii) BTOR of the Loan Review Mission (May 1999)
- (iii) Loan Review Mission Report (May 2000)
- (iv) BTOR of the Loan Review Mission (May 2000)
- (v) BTOR of the Sector Portfolio Review Mission (August 2000)
- (vi) MOU for the Sector Portfolio Review Mission (August 2000)
- (vii) BTOR of the Midterm Review Mission (July 2001)
- (viii) BTOR of the Loan Review Mission (October 2002)
- (ix) BTOR of the Loan Review Mission (August 2003)
- (x) Summary of Progress Report (September 2004)
- (xi) Implementation of the Coastal Community Development and Fisheries Resources Management Project: Achievement and Benefits (October 2004)
- (xii) BTOR of the Loan Review Mission (November 2004)

(xiii) BTOR of the Loan Review Mission (October 2005)

**Project Completion:**

(i) EA's Project Completion Report (December 2005)

(ii) ADB's Project Completion Report (July 2008)

## **REGIONAL DEPARTMENT'S RESPONSE TO THE PROJECT COMPLETION REPORT VALIDATION REPORT**

On 22 August 2008, the Operations Evaluation Department (OED) circulated a draft validation report for the project completion report for interdepartmental comments. OED received comments from the Agriculture, Environment, and Natural Resources Division of the Southeast Asia Department on 18 September 2008. All comments were duly incorporated in the final report.