

EXECUTIVE SUMMARY

This report evaluates the relevance and effectiveness of the fisheries policy of the Asian Development Bank (ADB) in guiding ADB's fisheries operations. This special evaluation study seeks to (i) assess the extent to which the fisheries policy guides and influences the design and implementation of ADB-assisted projects and technical assistance (TA) grants; (ii) review the objectives of the fisheries policy and the outcomes of ADB fishery sector assistance; (iii) assess the relevance of the fisheries policy to ADB operations, taking into account major global and regional fisheries policy development initiatives in fisheries; (iv) review trends in ADB assistance to fisheries before and after the adoption of the fisheries policy; and (v) provide recommendations for future ADB action on the fisheries policy.

ADB's first assistance to fisheries began in 1968. By 31 December 2005, ADB had approved 68 fisheries-related projects with a cumulative loan amount of \$1.4 billion, equivalent to 9% of the agriculture and natural resources portfolio, or 1.2% of cumulative ADB lending. Over the decades, ADB's role in the fishery sector changed in response to evolving needs of its developing member countries (DMCs), emerging trends, and changing priorities. ADB initially supported capture fisheries, and helped increase fish production through fleet expansion and modernization, development of shore-based facilities and related infrastructure, and improved extension services. From 1969 to 1979, most ADB-assisted projects addressed the needs of large-scale fisheries, although some had components for small-scale fisheries and aquaculture. In the 1990s, ADB's approach in the fishery sector expanded to encompass a wide range of environmental and social concerns. The fisheries policy, approved on 16 October 1997, expressed concern about widespread poverty among small-scale fishers, overexploitation of fisheries resources, and degradation of the natural resource base. The policy was designed to support the promotion of sustainable management of fisheries and aquatic resources.

The fisheries policy was intended to provide direction to ADB fisheries operations through five guiding principles: (i) anchoring ADB's fisheries strategy on sustainability in conservation and utilization of fisheries and aquatic resources, equity in balancing the interests of competing resource users, and efficiency in the development and management of aquatic resources; (ii) encouraging a larger role for the private sector in fish marketing and processing; (iii) emphasizing that governments are responsible for establishing a policy, institutional, and regulatory framework to support sustainable management of fisheries resources; (iv) calling for rigorous application of ADB's environmental guidelines in developing and implementing fisheries and aquaculture projects; and (v) adopting a participatory process in formulating projects, and encouraging active involvement of the community, nongovernment organizations, and targeted beneficiaries in project design and implementation.

Only 14 of the 68 fisheries projects were approved in the 8 years after the fisheries policy was adopted, with cumulative loans of \$305 million (22% of the total fisheries loan portfolio). All but 2 of these 14 projects are ongoing. ADB's fisheries operations are concentrated in three countries: Indonesia, Philippines, and Sri Lanka, which collectively account for 61% of the total amount of fisheries loans. Since the adoption of the fisheries policy, these three countries accounted for 92% of the total fisheries loans. With limited demand for fisheries loans, the sector remained a minor part of ADB's lending operations after adoption of the fisheries policy.

The evaluation assessed the relevance of the fisheries policy in five dimensions: (i) ADB operations, (ii) consistency with other ADB policies and strategies, (iii) external policy context, (iv) emerging issues, and (v) national fisheries policy development in the DMCs. The evaluation

found that the fisheries policy did not make a significant difference in guiding ADB operations in the fishery sector. It was only partly relevant to the design and implementation of ADB-assisted fisheries projects and TAs, and to the internal policy context of ADB. With the evolution of global and regional policy initiatives, emerging issues, and contemporary challenges, the fisheries policy has become redundant. The policy has been largely **irrelevant** in terms of influencing national fisheries policy development, has been less effective and efficient in terms of ADB's fisheries operations, and its implementation is unlikely to be sustainable in the future.

The fisheries policy expresses cautious optimism about increasing production in the capture subsector. Subsequent analyses show that capture fisheries are in a state of inexorable decline, which began in the late 1980s. Many commentators describe the present global fisheries situation as a crisis, which has both ecosystem and human dimensions. The catch decline has brought with it the decimation of large fish species and consequent shift to smaller and less valuable species—a trend of fishing down the food webs from larger predatory species to smaller prey. Fish habitats and their associated genetic resources are being lost. The decline has affected livelihoods, increased vulnerability to poverty, and meant less availability of fish protein per capita. Fisheries in the Asia and Pacific region reflect the global situation.

The fisheries policy is rated **partly relevant** as a policy guide for designing and implementing fisheries-related projects and TAs. The policy influenced only 29% of projects, 8% of advisory TAs, and 37% of regional TAs in the total post-policy fisheries portfolio. Project and TA design and implementation after adoption of the policy were generally influenced more by lessons identified from predecessor projects, emerging regional and global trends in natural resources management, international and domestic policy instruments, priorities of DMCs, ADB's country strategies and programs, and related ADB policies. Several deficiencies in the fisheries policy worked against its adoption as a policy guide, the most striking being the absence of an accompanying set of approaches for the management of fisheries and aquatic resources, lack of safeguard provisions in the broader context of natural resources management, absence of clear strategies for responsible management of inland fisheries, and lack of guidance on how intersectoral integration should proceed. Although the fisheries policy was cited in 58% of advisory TAs and 50% of projects, citation alone is not an accurate gauge of the policy's influence on project design. The evaluation concludes that the citation was largely template driven. In the past, guidelines for project and TA documents included a section on sector strategy where the policy citation could conveniently fit. Interviews of ADB staff by the study team confirmed that only a few of the projects and TAs citing the policy were actually influenced by it.

An analysis of all ADB-assisted fisheries projects, advisory TAs, and regional TAs in the post-policy period indicates general consistency with the guiding principles, goals, and objectives of the fisheries policy—however; consistency is not synonymous with influence. The policy has become increasingly redundant, largely because it has been overwhelmed by global, regional, and national policy initiatives. The code of conduct for responsible fisheries (CCRF) of the Food and Agriculture Organization (FAO) and related good practices are promoted through various policy instruments to which the DMCs subscribe or accede. If the past is a guide, FAO and other United Nations organizations will continue to promote the CCRF and practices for responsible fisheries. Many sectoral and intersectoral issues have become more prominent since 1997, a development contributing to the declining relevance of the fisheries policy. The evolution of capture fisheries management approaches in the past decade has surpassed the policy, particularly in terms of nomenclature. While the policy was forward thinking in this regard, it lacked the terminology to distinguish the forms of co-management and community-based management recognized today.

For aquaculture management, the fisheries policy is deficient in its conservative approach to aquaculture expansion—given the actual rapid growth of aquaculture during the last decade and the shift to more responsible and environment-friendly aquaculture systems. The policy does not recognize the need to locate aquaculture within an agricultural policy arena. The policy's conformity to the convention of combining aquaculture with capture fisheries necessarily limited the attention that could be given to the diversity within aquaculture and the extent to which aquaculture policy could be seen in a much broader intersectoral context. Recognition of aquaculture as a form of agriculture is increasing worldwide.

Because few projects and TAs were influenced by the fisheries policy, the policy is rated as **less effective** in achieving its objectives. Policy implementation is rated as **less efficient** due to the absence of (i) internal staff guidelines or operations manual to support policy application, implementation, and enforcement; and (ii) a monitoring framework for policy implementation. The fisheries policy is a combination of directives, safeguards, and approaches provided in a context that makes identifying one from the other difficult. The lack of mutual acknowledgment among existing ADB policies and guidelines is also a source of confusion. For example, the 2003 *Environmental Assessment Guidelines* include a rapid environmental assessment checklist for fisheries that fails to acknowledge the fisheries policy. Despite the policy statement that ADB fisheries specialists will be asked to review projects with potential impacts on fisheries, interviews with ADB staff confirmed that in-house fisheries specialists have not reviewed any such projects. Had the fisheries policy not been in place, most ADB staff confirmed that fisheries projects and TAs would have been designed in the same manner. These observations support the conclusion that the fisheries policy did not impact significantly on ADB operations in the fishery sector.

The fisheries policy is **unlikely to be sustainable**. This study concludes that the policy has not been effective in guiding ADB fisheries operations. The policy is redundant and its relevance limited. Although the policy was farsighted when it was prepared, it was superseded by external policy initiatives, and rendered outdated by the emergence of contemporary issues and challenges due to dynamic developments in the fishery sector. In its present form, the fisheries policy is unlikely to be sustainable given the changing and limited demand for ADB assistance in fisheries. The absence of guidelines and monitoring framework within ADB for policy implementation, coupled with the lack of in-house expertise, raises uncertainties about ADB's institutional capacity and strengths to carry out appropriate actions in the fishery sector. The availability of ADB staff resources and in-house expertise in fisheries is limited. By the end of 2005 and due to staff movements, ADB did not have a single fisheries specialist among operations staff at ADB headquarters. The limited internal expertise can affect the quality and performance of ADB's fisheries-related portfolio. This situation has severely limited the ability of ADB to network with development partners in the fishery sector.

Based on the four dimensions of evaluation (relevance, effectiveness, efficiency, and sustainability), the overall rating of the fisheries policy is **unsuccessful**.

The ADB's fisheries portfolio has not performed well compared to other subsectors in the agriculture and natural resources sector. By December 2005, the 29 postevaluated fisheries projects showed poor results: 31% (9) were rated generally successful or successful; 34.5% (10) partly successful; and 34.5% (10) unsuccessful. These 29 projects represent 43% of all ADB-financed fisheries projects, and 51% of all completed fisheries projects. Of the 17 marine fisheries projects, 41% (7) were rated unsuccessful. Aquaculture projects performed somewhat better: 56% (5) were rated successful, 33% (3) partly successful, and 11% (1) unsuccessful. Reasons for project failure include (i) inappropriate project design, including the design of

fishing vessels; (ii) inadequate fisheries resource/stock assessment during project preparation; (iii) underutilized infrastructure and fisheries support facilities; and (iv) lack of beneficiary participation. Postevaluated projects approved in the 1980s, dominated by aquaculture projects, had similar experience with project failure. Unsuccessful ratings were attributed to (i) deficiencies in project design, (ii) insufficient preparation and research at the formulation stage, and (iii) untested technologies and approaches.

Despite the poor performance of ADB fishery sector assistance, some undertakings were successful. For example, assistance to applied research in aquaculture was successful in the case of the development and dissemination of genetically improved farmed tilapia, where a relatively small ADB investment (\$2.2 million) generated significant long-term outcomes and impacts. Training and institutional development of executing institutions for sustainable resource management, such as the case of the Inland Fisheries Research and Development Institute in Cambodia, showed promising results. Successes include capacity development and identification of approaches to improve small-scale fisheries through community participation, and assistance to small-scale freshwater rural aquaculture.

The weak demand for ADB fisheries assistance does not augur well for future ADB involvement in the fishery sector. Rewriting the fisheries policy would not be an efficient use of ADB resources, given the existing global and regional policy instruments, conventions, and declarations to which DMCs have subscribed and/or endorsed. A revised ADB fisheries policy would not add value in the fisheries policy arena.

ADB's Medium-Term Strategy II (2006-2008) categorizes fisheries among those in Group III which represents sectors and/or subsectors with limited demand for ADB services, and in which ADB's performance has not been strong. The Medium-Term Strategy II proposes that ADB operations in Group III be gradually wound up.

The following recommendations are for ADB consideration.

- (i) **ADB should retire its fisheries policy within 12 months.** The policy is redundant, superseded by external policy initiatives, and rendered outdated by contemporary issues and challenges in the sector. ADB departments responsible: Regional and Sustainable Development Department (RSDD) and Strategy and Policy Department (SPD).
- (ii) **ADB should develop a plan for handling the existing ADB operations in the fishery sector in retiring the fisheries policy within 12 months, taking into account the direction of the Medium-Term Strategy II to wind up ADB operations in fisheries.** The following should be considered in handling the existing ADB operations in fisheries (ADB departments responsible: RSDD, SPD, and regional departments):
 - (a) **Emphasize development and management approaches that adhere to principles for responsible fisheries.** Recognize the various international and regional policy instruments to which the DMCs subscribe, accede, or endorse; recognize good practice standards; and adhere in principle to the CCRF (and technical guidelines). In this context, ADB should recognize that the CCRF is not an all-encompassing policy instrument, as it undergoes revisions and regionalization as guidelines for responsible fisheries.

- (b) **Refer to fisheries policy instruments of regional organizations** (such as the Association of Southeast Asian Nations, Bay of Bengal Programme Inter-Governmental Organisation, Mekong River Commission, and Southeast Asian Fisheries Development Center), whose policies emanate from the CCRF, as additional sources of policy guidance.
 - (c) **Assess ADB's in-house capacity to administer and service the current ADB assistance in the fishery sector.** Include gaps in human resources, and determine the extent to which ADB can offer expertise and knowledge with respect to clients' development strategies and priorities. If ADB does not have the requisite in-house capacity and the ability to network and acquire complementary expertise, a significant risk is that its current portfolio of fisheries operations will not lead to the anticipated development results is significant.
 - (d) **Develop strategic partnerships with international institutions with expertise in the fishery sector** (such as FAO, Southeast Asian Fisheries Development Center, WorldFish Center, World Wide Fund for Nature, etc.). This partnership arrangement can mitigate the lack of fishery sector expertise and human resources within ADB to provide better service to clients.
 - (e) **Integrate fisheries into broader rural development approaches** to promote sustainable livelihood opportunities, create alternative employment, safeguard the environment, protect biodiversity, and to promote ecosystem-based management, conservation, and integrated coastal resource management.
- (iii) **ADB should reclassify its assistance to aquaculture and include it under agriculture sector development.** Given that aquaculture is generally regarded as a form of farming, future ADB assistance (projects and TAs) for aquaculture should be considered as part of agriculture development rather than fisheries. ADB department responsible: SPD.

Bruce Murray
Director General
Operations Evaluation Department