

**Socialist Democratic Republic of Sri Lanka**

**Post -Tsunami Coastal Rehabilitation and Resource  
Management Programme**

**Project Performance Evaluation**

**Approach Paper**

November 2016

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## I. Introduction

1. In line with the International Fund for Agriculture Development (IFAD) Evaluation Policy and as approved by the 116th Session of the IFAD Executive Board, the Independent Office of Evaluation (IOE) will undertake a PPE of the IFAD-financed Post Tsunami Coastal Rehabilitation and Resource Management Programme (PT-CRRReMP) in Sri Lanka. A project performance evaluation (PPE) is a project evaluation with a limited scope and resources. It is based on the PCRV, with a more complete analysis based on additional information and data collection by IOE at the country level through a short mission. In effect, and importantly, it aims to fill information gaps that emerge during the preparation of the PCRV. The main objectives of PPE are to: (i) assess the results of the project; (ii) generate findings and recommendations for the design and implementation of ongoing and future operations in the country; and (iii) identify issues of corporate, operational or strategic interest that merit further evaluative work.
2. This Approach Paper is the point of departure in the preparation of the PPE. It presents the overall design of the PPE and contains a summary of the project being evaluated. Further, the paper outlines the evaluation objectives, methodology, process and timeframe of the PPE. The PPE will provide an input into the upcoming Sri Lanka country strategy and programme evaluation (CSPE). The CSPE will cover all operations that have been active under the current country strategic opportunities programme (COSOP), and this PPE will enable a more in depth analysis of one of the main IFAD operations in Sri Lanka.

## II. Overview of the Program

3. **Project goal and objectives.** The Post Tsunami Coastal Rehabilitation and Resource Management Programme was a programme aimed at aiding and rehabilitating Sri Lankan fishing communities who were victims of the December 2004 Tsunami. The programme's goal was to "restore the assets of women and men directly or indirectly affected by the tsunami and to re-establish the foundation of their previous economic activities while helping them diversify into new, profitable income-generating activities." Immediate objectives were: (a) women and men in tsunami-affected areas have recovered their assets, have re-established their usual economic activities while diversifying them in other and new profitable income-generating activities; (b) income levels per household member have risen above poverty levels tsunami-affected; (c) communities have been strengthened and are managing coastal resources and have been provided with essential social and economic infrastructure; and (d) the participation of women in social and economic activities has improved.
4. **Project area.** The programme covered 565 tsunami-affected Grama Niladhari divisions<sup>1</sup> located in seven districts: Kalutara in the west, Galle, Matara and Hambantota in the south, and Ampara, Batticaloa and Trincomalee in the east. With the exception of one district (Galle) poverty rates were above the national average even before the tsunami. The loss of lives and assets caused by the tsunami had many households reduced to a destitute state. Furthermore, two of the districts, Ampara and Batticaloa, had also suffered from long years of violent conflict. Assisting the seven districts was therefore in line with IFAD's Sri Lanka Country Strategy (2003) which focused on poor coastal areas.
5. **Project target.** At the time of appraisal, 514,000 people (141,250 households) were estimated to live in the programme area. The project targeted poor rural women and men in these areas, with special efforts made to reach poor artisanal

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<sup>1</sup> Smallest administrative unit comprising on average 250 households .

fishers and fishing communities. The programme used a combination of geographic targeting (for community investments) and self-targeting (e.g. through the types of houses and amenities provided). For the selection of beneficiary households, the programme would use a government social verification survey. Tsunami-affected households that met a monthly income criterion of LKR 2500 were officially permitted to build or repair houses and confirmed residents were targeted

6. **Project components.** The programme consisted of the following five components:
  - i. **Community-Based Coastal Resource Management.** Under this component, the project activities involved stock assessment and fisheries management plans; programs for resource conservation; coastal management to restore and conserve the ecosystem; rebuilding artisanal fisheries infrastructure; replacing damaged or lost assets.
  - ii. **Support to Artisanal Fisheries Development.** Construction of storage facilities for engines, nets and other gear; activities to diversify fishing activities, rebuilding post-harvest-handling infrastructure, promoting commercial partnerships between fishers and private-sector operators.
  - iii. **Microenterprise and Financial Service Development.** Strengthen existing microenterprises and support new, viable economic activities, provide basic business and skills training, access to financing through community-based savings and credit schemes support to women's groups in social and community activities through training for adult literacy, leadership and legal issues.
  - iv. **Social and Economic Infrastructure Development.** Support housing rehabilitation, promote installation of solar panels and rainwater-harvesting devices and construction of improved kitchens to increase fuel efficiency and reduce the risk of smoke-induced bronchitis in women and girls, support installation of piped water and household latrines, undertake solid waste management and support the provision of water supply schemes and the repair of access roads and drainage systems for settlement areas. Social infrastructure, such as community centres, day-care facilities, local clinics and Ayurvedic centres will be rehabilitated.
  - v. **Policy Support and Programme Management.** Provide resources for the development of policy alternatives that will form the basis for policy dialogue with the relevant government ministries, setting up of national and district programme coordination units for programming, contracting, financial management and monitoring; regular training in participatory approaches and gender issues to all programme and implementing agency staff.
7. **Project costs and financing.** At the time of approval, programme costs were estimated at US\$33.5 million. The programme was to be funded by two IFAD loans (664-LK and 693-LK) totalling US\$28.4 million, by an Italian Government grant of US\$1.5 million, by contributions from the Government of Sri Lanka worth US\$3.4 million, and by beneficiary contributions worth US\$0.2 million. Actual costs are stated by the PCR as US\$38.3 million, funded by four IFAD loans (664-LK, 665-LK, 693-LK and 694-LK) worth US\$35.2 million, a Canadian International Development Agency (CIDA) grant of US\$0.95 million, by Government of Sri Lanka contributions worth US\$1.54 million, and by beneficiary contributions worth US\$0.62 million.

### Summary of approved and actual programme costs

Component	Approval US\$'000	Actual US '000*
A. Community-based coastal resource	2,123.3	993
B. Support to artisanal fisheries	16,632.9	17,562
C. Microenterprise and financial service	6,680.5	2,331
D. Social and economic infrastructure	3,835.2	13,013
E. Policy support and programme	4,212.7	4,411
Total	33,485	38,310

\*The PT-CRRreMP Project Completion Report states a total programme cost of US\$38.3 million. This includes the PT-LiSPP loans (665-LK and 694-LK), a CIDA grant, a GEF grant, and contributions from the Government of Sri Lanka and Programme beneficiaries.

8. **Time frame.** The IFAD Executive Board approved a loan towards the project, worth USD28.4 million in April 2005 and the project became effective in October 2006. The project's completion was 30 September 2013 and closed on 30 March 2014. At the time of the loan/grant closing, the disbursement rate was 99 per cent for the loan account.
9. **Implementation arrangements.** The programme was managed by the Ministry of Fisheries and Aquatic Resources (MFAR) and implemented by the Department of Fisheries and Aquatic Resources (DFAR). Implementation bodies ranged from a National Steering Committee, to hierarchically organized bodies whose apex was the National Programme Coordination Unit (NPCU), descending to District Programme Management Units (DPMU) and District Coordination Committees (DCC), and later on Programme Implementation Units (PIU). External partners were expected to collaborate with certain components, such as the Asian Development Bank (ADB) through its coastal resource management project, and the GEF financed PCZRSMP.
10. As the programme developed, the range of interventions required collaboration with more different specialised agencies. In *Component A*, the National Aquatic Research and Development Agency (NARA) and the Coast Conservation and Coastal Resource Management Department (CC&CRMD) implemented the various sub-components. In *Component B*, the Ceylon Fishery Harbour Corporation (CFHC) and the United Nations Office for Project Services (UNOPS) collaborated extensively with the construction of fisheries and landing sites. The National Aquaculture Development Authority (NAQDA) was involved in the demonstration and cluster shrimp farms construction. In *Component C*, private organisations and the Women Development Cooperative Society of Sri Lanka, also known as the Women's Bank, were involved in the micro-enterprise training and credit sub-components. In *Component D*, the National Housing and Development Authority (NHDA) was involved in the housing sub-component and UN-Habitat implemented the social infrastructure sub-components.
11. Programming and financial management of resources was decentralized to district and grama nilhadari division levels, and fully coordinated with other donor and government activities. The Programme design intended Community-Based Organizations (CBOs) to participate in and/or execute programme implementations.
12. **Supervision arrangements.** Initially, the United Nations Office for Project Services (UNOPS) was appointed as a cooperating institution responsible for administering the financing and supervising the programme (as per an agreement letter dated 13

November 2003). However, with an overall corporate shift to direct supervision, IFAD took over the responsibilities from the first supervision mission that was fielded in October 2008.

13. **Significant changes during project implementation.** A significant change was the transfer of the GEF grant into a separate project. Another major change in implementation arrangement included the transfer of responsibility for the construction of the fish landing sites to UNOPS because of insufficient capacities of the original implementation agency CFHC. In addition, there were 25 reallocations of funds within the components during implementation. Furthermore, two loan amendments were made. The first was the 2008 loan amendment permitting IFAD to directly administer its loans and supervise its projects through the approval of an IFAD Policy on Supervision and Implementation Support. This replaced UNOPS as the supervisory agency for the programme. The second change was designed to reallocate funds and extend a loan (664-LK) by 21 months, so as to close on the same date as another one (693-LK).

### III. Evaluation objectives and scope

14. **The objectives of the PPE** are to: (i) assess the results and impact of the project; (ii) generate findings and recommendations for the design and implementation of ongoing and future operations in Sri Lanka; and (iii) provide a deeper understanding of one of the IFAD's operations in Sri Lanka.
15. The **scope** of the PPE has been identified based on the following criteria: (i) areas identified through a desk review – the PPE will review additional evidence and propose a complete list of consolidated ratings; (ii) selected issues of strategic importance for IFAD in Sri Lanka – PPE analysis will feed into the upcoming CSPE and the following COSOP preparation; and (iii) limitations set by the available time and budget – the PPE will have to be selective in focussing on key issues where value can be added, given the limited time and budget.
16. Analysis in the PPE will be assisted by a review of the theory of change (TOC) developed at project design stage in order to assess the extent to which the project's objectives were achieved (see Annex 1 for a draft TOC). The ToC shows the causal pathway from project outputs to project impacts and will also depict changes that should take place in the intermediary stage i.e. between project outcomes and impact. External factors which influence change along the major impact pathways i.e. assumptions on which the project has no control are also taken into account. It is likely that during the course of project implementation, some outputs or even whole components might have been canceled or added to respond to changes. The TOC at evaluation will reflect these changes in consultation with project stakeholders during the in-country visit, and in this case, will be termed as a *reconstructed* TOC. If the changes are minor, these might be indicated using special colors, italic text or any other creative means to show the differences between the original TOC and the reconstructed one.
17. The PPE exercise will be undertaken in accordance with the IFAD's Evaluation Policy<sup>4</sup> and the IFAD Evaluation Manual (second edition, 2015). The following paragraphs provide an overview of the key issues and questions that will be addressed by the PPE.  
In line with the second edition of IOE's Evaluation Manual (2015), the key evaluation criteria applied in PPEs include the following:
  - i. **Relevance**, which is assessed both in terms of alignment of project objectives with country and IFAD policies for agriculture and rural development and the needs of the rural poor, as well as project design features geared to the achievement of project objectives. The PPE will assess to what extent did the project design help achieve a tangible impact on the

livelihoods of the poor, empowering local communities and focussing on the least favoured areas of Sri Lanka in a post-tsunami context.

- ii. **Effectiveness**, which measures the extent to which the project's immediate objectives were achieved, or are expected to be achieved, taking into account their relative importance. The PPE will review the existing evidence base, including the data collected by the M&E system and supervision reports, to establish the results achieved by the project and conduct further analysis on which parts of the project have been more effective and how and why project activities have achieved the intended results.
- iii. **Efficiency**, which indicates how economically resources/inputs (e.g. funds, expertise, time, etc.) are converted into results. The PPE will examine the process and system that underpinned the disbursement of funds, as part of the financial management weaknesses identified in the PCR.
- iv. **Rural poverty impact**, which is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a results of development interventions. Four impact domains are employed to generate a composite indication of rural poverty impact: (i) household income and assets; (ii) human and social capital and empowerment; (iii) food security and agricultural productivity; and (iv) institutions and policies. A composite rating will be provided for the criterion of "rural poverty impact" but not for each of the impact domains. The PPE will review the conclusions and the plausibility of the narrative of the various reports through the evidence provided and combine this will additional evidence from the field.
- v. **Sustainability of benefits**, indicating the likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life. The PCR states that over 70 per cent of project funding went to physical assets, both individually owned and community owned. The PPE will visit some of the sites to verify the current situation with regards to the assets, along with the sustainability of microenterprises.
- vi. **Gender equality and women's empowerment**, indicating the extent to which IFAD's interventions have contributed to better gender equality and women's empowerment, for example, in terms of women's access to and ownership of assets, resources and services; participation in decision making work loan balance and impact on women's incomes, nutrition and livelihoods. The PPE will examine the role of microenterprises in contributing to gender equality and empowerment and reasons for the exclusion of women in fishery generating activities.
- vii. **Innovation and scaling up**, assessing the extent to which IFAD development interventions: (a) have introduced innovative approaches to rural poverty reduction; and (b) have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and other agencies. The PPE will examine whether some of the approaches such as joint venture between shrimp farmers and exporters, and Visma Plus micro-credit groups were innovative in the Sri Lankan context and investigate the extent and nature of the scaling up outside the IFAD portfolio by government, private sector and other development partners.
- viii. **Environment and natural resource management**, assessing the extent to which a project contributes to changes in the protection, rehabilitation or depletion of natural resource and the environment. The PPE will examine and the role of GEF funding in supporting conservation efforts.

- ix. **Adaptation to climate change**, assessing the contribution of the project to increase climate resilience and increase beneficiaries' capacity to manage short- and long-term climate risks. The PPE will examine the extent to which the project carried out coastal rehabilitation to reduce the vulnerability of coastal communities from future disasters.
- x. **Overall project achievement** provides an overarching assessment of the intervention, drawing upon the analysis and ratings for all above-mentioned criteria.
- xi. **Performance of partners**, including the performance of IFAD and the Government, is assessed on an individual basis, with a view to the partners' expected role and responsibility in the project life cycle. The PPE will assess IFAD's performance in a context that was outside the regular operations i.e. in an emergency setting. It will also examine the role of government in undertaking the responsibilities towards project management and implementation.

#### IV. Analytical framework and methodology

- 18. **Data collection.** The PPE will be built on the initial findings from a review of a variety of project-related documents. Specifically, it will include annual project status reports (along with Project Supervision Ratings), mid- term reviews (MTR), supervision reports, and a project completion report (PCR) prepared at the end of a project jointly with the government, which also includes a set of ratings. The Results and Impact Management System (RIMS) includes a menu of indicators used to measure and report on the performance of IFAD projects – at activity, output and impact level. In order to obtain further information, interviews will be conducted both at IFAD headquarters and in the country. During the in-country work, additional primary and secondary data will be collected in order to reach an independent assessment of performance and results. Data collection methods will mostly include qualitative participatory techniques. The methods deployed will consist of individual and group interviews with project stakeholders, beneficiaries and other key informants and resource persons, and direct observations. The PPE will also make use of additional data available through the programme's monitoring and evaluation (M&E) system. Triangulation will be applied to verify findings emerging from different information sources.
- 19. **Rating system.** In line with the practice adopted in many other international financial institutions and UN organizations, IOE uses a six-point rating system, where 6 is the highest score (highly satisfactory) and 1 being the lowest score (highly unsatisfactory).
- 20. **Stakeholders' participation.** In compliance with the IOE Evaluation Policy, the main project stakeholders will be involved throughout the PPE. This will ensure that the key concerns of the stakeholders are taken into account, that the evaluators fully understand the context in which the programme was implemented, and that opportunities and constraints faced by the implementing institutions are identified. Regular interaction and communication will be established with IFAD and the Government. Formal and informal opportunities will be explored during the process for the purpose of discussing findings, lessons and recommendations.

#### V. Key Issues for this PPE.

- 21. **Project design:** The PCR notes that the project design was intended to be efficient, flexible, and decentralized, to be able to adapt to the post-disaster context. However, this need to maintain flexibility of planning led to the programme becoming an ad-hoc response to emerging demands, without sufficient technical support to fine-tune and improve the responses. Thus, some activities were removed while some others were modified. The PPE will investigate the effect that the

changes had on project implementation and outcomes, and what effect was missed due to removing some activities such as support of private sector partnerships. The PPE will also investigate the issue of home gardens, an area where IFAD could have added value. This activity was mentioned in the implementation document and observed in various supervision reports, but was not further promoted by the programme during implementation.

22. **Gender:** The PCR states that the design process did not envision a specific gender programme. However, objective d) of the project is related to gender - "*the participation of women in social and economic activities has improved*". The PPE will look into the effect of the project in terms of gender, for e.g. with regards to housing committees that were spearheaded by women and increased women's bank credit groups.
23. **Targeting:** The eligibility for programme support required proof of home ownership before the tsunami which excluded homeless people or those without certified home ownership. Further, according to the PCR, loans had been given to beneficiaries with higher incomes and according to the 2013 Supervision Report no corrective action was taken to prevent micro-financing loans being provided to resource rich tsunami affected people. The PPE will seek out the reasons for this, and the likely effect of the situation.
24. **Community-based coastal resource management.** According to the PCR, communities have been strengthened and are managing coastal resources, and they have been provided with essential social and economic infrastructure. However, the Supervision Report (2013) noted that management of marine and social infrastructure is still not adequately organised. The PPE will investigate how the community organisation and development approach has strengthened the interaction between communities and local groups. The PPE will gain insights into whether communities have taken responsibility of social assets provided/created by the project.
25. **Sustainability.** Physical assets have used 70 per cent of the programme spending. However, the case of homes standing empty or being sold indicates that the aim of providing shelter for the most vulnerable victims is not fully met. The PPE will seek answers to the question of whether housing is truly intended for tsunami victims when it enters the housing market. The programme has organised the Visma Plus initiative whereby beneficiaries are formed into cooperatives, which in turn are federated into an apex body. The PPE will investigate whether this initiative has been successfully sustained. The PCR focuses on the Department of Fisheries and Aquatic Resources (DFAR) taking on responsibilities to sustain FMCCs in component A. DFAR is also hoped to continue supporting several subcomponents in Component B (boats, and the handover of infrastructure).

## VI. Process and timeline

26. Following a desk review of PCR and other project key project documents, the PPE will involve following steps:
  - **Country work.** The PPE mission is scheduled tentatively for around end of November 2016. It will interact with representatives from the government and other institutions, beneficiaries and key informants, in Colombo and in the field. At the end of the mission, a wrap-up meeting will be held in Lilongwe to summarize the preliminary findings and discuss key strategic and operational issues. The IFAD country programme manager for Sri Lanka is expected to participate in the wrap- up meeting.
  - **Report drafting and peer review.** After the field visit, a draft PPE report will be prepared and submitted to IOE internal peer review for quality assurance.

- **Comments by regional division (APR) and the Government.** The draft PPE report will be shared simultaneously with APR and the Government for review and comment. IOE will finalize the report following receipt of comments by APR and the Government and prepare the audit trail.
- **Management response by APR.** A written management response on the final PPE report will be prepared by the Programme Management Department. This will be included in the PPE report, when published.
- **Communication and dissemination.** The final report will be disseminated among key stakeholders and the evaluation report published by IOE, both online and in print.

27. **Tentative timetable** for the PPE process is as follows:

<b>Date</b>	<b>Activities</b>
October – November 2016	Desk review and preparation of draft approach paper
25 November – 9 December	Mission to Sri Lanka (tentative dates)
December - January 2016	Preparation of draft report
February 2017	IOE internal peer review
February 2017	Draft PPE report sent to APR and Government for comments
March 2017	Finalisation of the report
March 2017	Publication and dissemination

## VII. Evaluation Team

28. The team will consist of Mr Hansdeep Khaira, IOE Evaluation Officer and lead evaluator for this PPE, and Mr. Roderick Stirrat, IOE senior consultant. Ms Karina Persson, IOE Evaluation Administrative Assistant, will provide administrative support.

## VIII. Background Documents

29. The key background documents for the exercise will include the following:

### **Project specific documents**

- IFAD President's Report (2005)
- Implementation Document (2006)
- Medium Term Report (2010)
- Supervision Mission Aide Memoire and Reports
- Project completion report (2014)
- Beneficiary Impact Evaluation (2014)

### **General and others**

- IFAD (2011). IFAD Evaluation Policy.
- IOE (2012). Guidelines for the Project Completion Report Validation (PCR) and Project Performance Assessment.
- IFAD (2015). Evaluation Manual – Second Edition
- IOE (2015). Project Completion Report Validation of the Rural Livelihoods Support Project
- Various IFAD Policies and Strategies, in particular, Strategic Framework (2002-2006), Rural Finance, Rural Enterprise, Targeting, Gender Equity and Women's Empowerment

**ANNEX 1: Overview of the PT-CRRreMP**

**theory of change**

