

**Ex-Ante Evaluation**  
**Southeast Asia Division 1, Southeast Asia and Pacific Department**  
**Japan International Cooperation Agency**

**1. Basic Information**

- (1) Country: The Republic of Indonesia
- (2) Project Site/Target Area: Throughout Indonesia
- (3) Project: Sector Loan for Integrated Fishing Ports and International Fish Markets Phase I
- (4) Loan Agreement Date: December 24, 2024

**2. Background and Necessity of the Project**

- (1) Current State and Issues of the Fisheries Sector and the Priority of the Project in Indonesia

The Republic of Indonesia (hereinafter “Indonesia”) has the world’s third largest exclusive economic zone (hereinafter “EEZ”) and boasts the world’s second largest fishery catch, taking advantage of its geographical conditions of being surrounded by abundant marine resources. The National Medium-Term Development Plan (2020-2024) (hereinafter “RPJMN”) has a plan of raising the GDP growth rate of the fisheries sector from 5.2% (2019) to 8.7% by 2024, and the further promotion of the fishing industry is expected to contribute to economic growth. In addition, according to the Ministry of Marine Affairs and Fisheries (hereinafter “KKP”), with the important social issue of improving domestic income disparity, additional job creation and increased income in the fisheries industry in low-income rural areas is also expected to stabilize society.

On the other hand, the fishery potential of Indonesia is not being fully utilized. The main reason for this is said to be the lack of fisheries infrastructure including fishing ports, and the lack of marine product distribution infrastructure. Regarding the former issue, access to fishing grounds is limited due to the uneven distribution of fishing ports, and landing is inefficient due to the aging of fishing port infrastructure and lack of capacity. Regarding marine product distribution infrastructure, there are issues with adding high value to marine resources due to the deterioration of marine product quality from a lack of cold chain and the distribution of these marine products domestically and overseas without processing in their low added value state. Fisheries infrastructure is lacking in comparison with the length of the coastline (Japan has developed 2,777 fishing ports over a coastline of 35,000 km, while Indonesia plans to develop 592 fishing ports over a coastline of 55,000 km) and much of the fishing ports needs rehabilitation or upgrade.

Under the RPJMN, one of the Indonesian government’s seven development agendas is “strengthening economic resilience for quality and equitable growth,” and it is a goal to increase the ratio of the fishing industry to GDP through fisheries resource management and high value-

added marine products, and along with the National Fishing Port Master Plan (2020) formulated by the KKP, a “quota-based fishing policy” has also been formulated aimed at marine resource conservation and economic growth (job creation, regional economic development and the promotion of investment), and fisheries sector development is proceeding on the basis of this policy. To implement the above policies, 20 priority fishing ports have been selected based on criteria such as connectivity between fishing ports, access from fishing ports to processing plants, and distance to fishing grounds, etc., and this development has been positioned within the RPJMN’s Strategic Priority Projects (Major Projects) as the Integrated Fishing Port and International Market Project (2020) (hereinafter “IFP-IFM”). From this, the development and rehabilitation of matured and high priority fishing ports has been selected as Phase I, and a request has been made to JICA for support.

## (2) Japan’s and JICA’s Cooperation Policy in the Fisheries Sector and the Priority of the Project

The project will improve domestic and international connectivity and contribute to the “pursuit of economic prosperity” in the “Free and Open Indo-Pacific Initiative”. This is done by strengthening fishing port functions for greater hygiene control and stable supply to meet the standards and needs of export destination countries, particularly at those regional Indonesian fishing ports which serve as distribution bases for marine products. In addition, the JICA Country Analysis Paper for the Republic of Indonesia (revised in June 2018) shows an analysis that there is a need for the steady development of fishing ports, due to there being an insufficient number based on the length of the coastline. This will further promote economic growth through the promotion of fisheries and contribute to rectifying economic disparities with metropolitan areas by creating employment opportunities, contributing to the achievement of SDGs Goal 8 (Decent work and economic growth) and Goal 14 (Life below water). It will also contribute to clusters (2) “Strengthening Food Value Chains (FVCs) in Southeast Asia”, and (4) “Promoting the fisheries-centered Blue Economy in island countries” to properly manage and utilize marine resources and develop the marine industry, under “Agricultural and Rural Development” in the JICA Global Agenda (issue-based projects strategy). Accordingly, the project also conforms to previous JICA policies in the implementation of grant aid for the development of local fishing ports (the “Programme for the Development of Fisheries Sector in Outer Islands” and the “Programme for the Development of Fisheries Sector in Outer Islands (Phase 2)”) and technical cooperation aimed at revitalizing the fisheries industry (the “Project for promoting sustainable fisheries development in outer islands”), etc.

## (3) Other Donor’s Activities

The project involves the development of fishing ports targeted by the IFP-IFM, the plan to

develop the most important fishing ports as selected based on a survey by KKP, and requests have also been made to support the development and rehabilitation of fishing ports and markets targeted by other IFP-IFM projects to the Islamic Development Bank (IsDB), the French Development Agency (AFD), and the Asian Development Bank (ADB). (The IsDB, AFD, and ADB's total loan amount is US\$210 million)

In terms of the overall marine products sector, the AFD is developing four fishing ports in the outer territorial waters of Indonesia. In addition, the ADB and the United States Agency for International Development (USAID) are cooperating on the development of aquaculture infrastructure, water resource management by the introduction of traceability etc., and environmental conservation such as for coral reefs, etc. The project will be carried out in coordination and cooperation with the support provided by the above donors.

### **3. Project Description**

#### (1) Project Description

##### 1) Project Objective

The project aims to increase fish landing volume and improve the quality of fish and fishery products which is traded through the supply chain, by construction and rehabilitation of facilities related to fishing ports and markets and thereby contribute to the sustainable social and economic development of the region.

##### 2) Project Components

The development and rehabilitation of fishing ports and market related facilities will be carried out as follows. First, an F/S and detailed design will be carried out for the 8 fishing ports requested to JICA. With the results of the F/S, the executing agency will present candidate fishing ports to be constructed in sub-projects and the scope based on their selection criteria ((1) economic development potential of the fisheries, (2) importance from the perspective of maritime security, (3) maturity of the project, (4) not applicable to environmental Category A, etc.), to Steering Committee consisting of relevant Indonesian government agencies and JICA. The Steering Committee will make the decision unanimously.

##### a) Details of facilities and equipment (domestic competitive bidding)

[Facilities] Fishing Ports: Breakwaters, landing piers, cargo handling areas,

Market: Warehouses, marine product processing plants, market buildings (kiosk, cafeteria), etc.

[Equipment] Fishing Port/Market: Ice machines, freezers/refrigerators, data management equipment, etc.

##### b) Consulting services (feasibility study, detailed design, bid assistance, construction

supervision, and training (fishing port operation and planning, distribution, marketing, data management, etc.)) (short list method)

### 3) Project Beneficiaries (Target Group)

Users of developed and rehabilitated local fishing ports and market facilities. Government officials who attend related training.

### (2) Estimated Project Cost

19,654 billion yen (of which, 15,545 billion yen is covered by ODA loans)

### (3) Schedule (Cooperation Period)

Scheduled for December 2024 to February 2032 (total of 87 months). The project will be completed at the completion of construction at all sites (scheduled for February 2030).

### (4) Project Implementation Structure

- 1) Borrower: The Government of the Republic of Indonesia
- 2) Guarantor: None
- 3) Executing Agency: Directorate General of Capture Fisheries, Ministry of Marine Affairs and Fisheries. Market components are under the jurisdiction of the Directorate General of Marine and Fisheries Product Competitiveness.
- 4) Operation and Maintenance System: Directorate General of Capture Fisheries, Ministry of Marine Affairs and Fisheries and regional Department of Marine Affairs and Fisheries (DKP).

### (5) Collaboration and Sharing of Roles with Other Donors

- 1) Japan's Activity: Under the ongoing the "Programme for the Development of Fisheries Sector in Outer Islands" and the "Programme for the Development of Fisheries Sector in Outer Islands (Phase 2)" grant aid projects, the development and rehabilitation of fishing port facilities and markets is underway for Integrated Marine and Fisheries Centers (hereinafter "SKPT") at 6 remote island sites. The target areas for the projects and the grant aid projects are sites designated by the Indonesian government as being priority sites for development and rehabilitation, to promote the development of the fisheries sector in an integrated manner.
- 2) Other Donor's Activity: Will cooperate with IsDB, AFD and ADB target fishing ports, in support of IFP-IFM.

### (6) Environmental and Social Consideration

- 1) Category: FI
- 2) Reason for Categorization: Under the JICA Guidelines for Environmental and Social Considerations (established January 2022), the project is expected to have an impact on the environment through its sub-projects, although the sub-projects could not be identified

before JICA loan approval.

- 3) Other/Monitoring: In the project, with the support of consultants hired through ODA loan assistance, the executing agency will categorize each sub-project based on the Indonesian legal system and the “JICA Guidelines for Environmental and Social Considerations,” and will take necessary measures for each category. Sub-projects will not include Category A projects.

(7) Cross-Sectoral Issues

This project has the possibility to be categorized as climate change adaptation measures by developing fisheries-related facilities that take into account the effects of climate change.

(8) Gender Category: [N/A] ■ GI (Gender mainstreaming needs survey and analysis project)

<Reason for Categorization>

The project has not set a plan or indicators to contribute to gender mainstreaming, including any specific indicators. However, there are plans under the project aimed at workers at the marine product processing plant and kiosk/cafeteria within the markets to establish new male and female toilets and changing rooms and a comfortable working environment for women.

(9) Other Important Issues

N/A.

**4. Targeted Outcomes**

(1) Quantitative Effects

Conduct a baseline survey and set baseline and target values after setting indicators based on the business effects of each sub-project, after finalizing sub-projects.

1) Outcomes (Operation and Effect Indicators)

Indicator	Baseline (Actual values from baseline survey implemented after finalization of sub-project)	Target (2032 [2 years after project completion])
Number of fishing boats using fishing ports per day (vessels)		
Annual landed volume (tons)		
Annual storage volume in freezing/refrigeration facilities (tons)		
Annual production volume at SKP certified marine product processing plants at project implementation sites (tons)		

Note - SKP: KKP certification of food safety and hygiene control (Certificate of good manufacturing practices).

2) Impact: Set for each sub-project after finalizing sub-projects.

## (2) Qualitative Effects

Improve productivity at target fishing ports and improve the quality of marine products sold throughout the value chain. Sustainable economic and social development in the region.

## (3) Internal Rate of Return

Calculate the IRR for each sub-project after finalizing sub-projects.

## 5. Preconditions and External Factors

(1) Preconditions: N/A.

(2) External Factors: No changes to the Indonesian government's fishing quota-based policy.

## 6. Lessons Learned from Past Projects and Application to the Project

Under the "Programme for the Development of Fisheries Sector in Outer Islands" and the "Programme for the Development of Fisheries Sector in Outer Islands (Phase 2)" grant aid (financial support) projects, the executing agency KKP did not have sufficient capacity or experience in implementing financial cooperation, and together with the spread of COVID-19 at the time, the detailed design and bidding process took longer than expected and there was also a lack of construction management under the construction contract.

Under the project, there is a plan to hire international consultants and to set sufficient Person-month for these consultants. In addition, to avoid delays in the hiring of consultants, necessary procedures and milestones will be agreed during the review process and follow-ups will be implemented during project supervision, and consultants will be deployed as experts in ODA loan procurement support services to strengthen the procurement capacity of the executing agency.

## 7. Evaluation Results

The project is consistent with the country's development issues and policies and with the cooperation policy and analysis of Japan and JICA, and is expected to contribute to economic growth through the promotion of fisheries and rectifying economic disparities with metropolitan areas by creating employment opportunities along with the development of regional fisheries, contributing to the SDGs Goal 8 (Decent work and economic growth), and Goal 14 (Life below water). In addition, supporting the realization of the Indonesian government's goal of becoming a resilient maritime nation will contribute to the strengthening of bilateral relations, so there is a strong need to support the implementation of this project.

## 8. Plan for Future Evaluation

(1) Indicators to be Used

As indicated in Section 4 (1) - (2).

(2) Future Evaluation Schedule

Ex-post evaluation 2 years after the project completion.

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