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OFFICE OF THE FAO REPRESENTATIVE FOR SRI LANKA AND MALDIVES

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8 September 2021

Dear Ms Hayward,

Call for Proposals - Global Agriculture and Food Security Program (GAFSP) for PO-led Projects

On behalf of the Food and Agriculture Organization of the United Nations (FAO), Maldives, this is to inform that we are ready and willing to serve as the Supervising Entity (SE), for the subject-to-approval from GAFSP, 'Strengthening Agribusiness Producer Organizations in the Maldives through Enterprise ecosystem development and deployment of digital solutions' project, the Concept Note for which is being submitted, with this Statement of Readiness.

The on-going COVID-19 pandemic has significantly impacted the life and livelihoods of farmers and the economic viability of producer organizations in Maldives, due to sudden loss of markets as demand has plummeted in the tourism sector. It has also exposed the vulnerability of Maldives as a nation, extensively relying on imports for food security. The challenges of being a smallholder farmer have been exacerbated by the pandemic.

The Government of Maldives has, in response to the food supply disruptions resulting from the COVID-19 pandemic, decided to accelerate its plans to revive the agricultural sector, to enhance revenues generated and address the food security of the country. As such, 17 crops have been identified under the Import Substitution Programme to be produced on 44 islands dedicated for contract farming. It has called upon citizens to restart farming practices and offered guaranteed purchase of produce at predetermined prices. Sparse land available in islands has been designated for farming, rent free for three years. A platform for farmers to market and sell their produce through the newly established state-owned enterprise, Agro National Corporation Pvt Ltd has been enabled.

These initiatives of the government to reinvigorate Maldivian agriculture gives us an excellent platform and opportunity to intervene and support their effort through strengthening Producer Organisations involved in agriculture, for ensuring better returns to farmers and enhancing their contribution to the nation's food security and nutrition.

We have held substantive consultations with POs in Maldives, on this PO-led approach and opportunity offered through the GAFSP 'Call for Proposals' towards strengthening smallholder farmers and their ecosystem. They have expressed their interest and openness to implement the innovations suggested through the concept of the project, thereby enhancing their capacities, building sustainable enterprises (of the POs) and finally, empowering the smallholder farmers in the country and enabling them to 'build back better' from the pandemic.

We expect this GAFSP-supported project, if approved, to have an outreach to about 4500 farmers in the country, whose primary livelihood activity is agriculture. This will directly benefit a population size of approximately 24000, residing in rural islands, across the 20 administrative atolls of the country.

We believe that FAO is uniquely positioned and offers a competitive advantage (perhaps over other possible SEs) in terms of its outreach at the grassroots, especially at the community and household levels. FAO has a long-standing working relationship with farmers and offers both deep and broad hand holding support to them, as required. FAO is well versed with conflict resolution of their dynamics, on-the-ground

challenges, especially related to the on-going COVID-19 and the potential for the POs' transformation, with the requisite change management processes.

FAO has significant experience of working with agri-business value chains in the country and has successfully demonstrated potential for scaling up and commercializing agriculture through its programs on food security, climate-smart agriculture and culturally sensitive nutrition systems. FAO has been a globally acknowledged proponent of inclusivity, especially of women and youth, as food and agriculture is a family occupation, in most parts of the world. In our proposed project concept, POs included have significant involvement of women, with their membership share exceeding 50% in most instances.

FAO also has extensive experience and knowledge of the market systems in the country as it has developed and demonstrated the market potential in several agri-business value chains, including cultivation of field and root crops, tropical fruits and vegetables, coconut and small-scale poultry and goat farming. Engagement of rural communities, particularly women in agricultural production, and linking POs directly with main markets have been a cornerstone of all the support extended by FAO in the drive to foster fair trade practices in rural island communities.

We are happy to state that the SME Development Finance Corporation (SDFC), a 100% (Maldives) government owned financial institution has welcomed this initiative from GAFSP and is keen to partner with the project. SDFC has been established to address issues of access to finance faced by Micro-Small and Medium Enterprise (MSMEs) in the Maldives. SDFC has agreed to provide advisory services for the Revolving Fund, which is the key innovative product of this project. SDFC, further, will complement the Revolving Fund with matching funds to meet any unmet investment financing needs of viable business plans. It also proposes to lend its support to the project in capacity development of the POs in the identified areas.

In line with the recently launched SIDS Solutions Platform, FAO is supporting the Government of Maldives to bridge the digital divide in the agriculture sector through investments in digital solutions to facilitate ease of dissemination of agricultural advisory information and extension services to geographically dispersed farming communities. Currently, support is being provided to Ministry of Fisheries, Marine Resources and Agriculture under an FAO funded project to develop a mobile phone compatible web application for timely and direct dissemination of agricultural information to the farming population. This will impact small holder farmers and POs by opening new markets and leveraging on the evolving e-commerce environment that has expanded significantly, post-pandemic.

The Bangladesh 'Increasing Access to Finance for Farmers Organizations' project supported by the GAFSP Missing Middle Initiative (MMI) window has proven to be successful in mobilising the benefits to smallholder farmers and by making each PO an economically viable enterprise. The proposed project concept for Maldives builds on the experiences and lessons learnt from the Bangladesh experience by adopting the approaches and tools developed in the Bangladesh MMI project. This will assist in addressing the 'missing middle' needs of Maldivian farmers and agricultural cooperatives and will support replication of the pilot model and activities (of Bangladesh) in Maldives.

This project, if approved for Maldives, will be a standalone project and will not be added or included to any existing project of FAO. Further, the financial structure and arrangements of the suggested project were developed in consultation with the nominated Apex PO and other POs that have expressed their willingness to work with the nominated Apex PO. The list of POs is provided in the Appendix of the submitted Concept Note document. The proposed concept of the project has their full approval and FAO ensures their readiness.

The indicative timelines are provided below:

Response from GAFSP/Approval	December 2021
SE Appraisal Process and acceptance in system	March 2022

Full Project Development Process and Project Management Document	September 2022
Project Start Date (MoU signed between Apex PO and SE)	1st October 2022
First Disbursement of tranche from FAO to Apex	October 2022
Second Disbursement of tranche from FAO to Apex	October 2023
Third Disbursement of tranche from FAO to Apex	October 2024
Project Progress Review and Monitoring Reports	Quarterly and Annually
Project-end Process Commencement	April 2025
Project End Date	30th September 2025

The list of projects, both on-going and in the pipeline, for Maldives, in agriculture and food security portfolio of FAO is as follows:

1. TCP/MDV/3702: FAO Technical Cooperation Programme on “Supporting the Agriculture Sector in the Implementation of the National Action Plan for Containment of Antimicrobial Resistance in Maldives”.
Amount: USD 198,000
2. TCP/MDV/3703: FAO Technical Cooperation Programme (Facility) on “Strengthening institutional capacities to implement national fisheries and agriculture plans”.
Amount: USD 88,000
3. TCP/MDV/3801: FAO Technical Cooperation Programme on “Supporting the introduction of new high yielding varieties of traditional crops.
Amount: USD 120,000
4. TCP/MDV/3802: FAO Technical Cooperation Programme on “Strengthening National Capacity in Agriculture Extension Services to increase Production and income of farmers in outer Atolls of Maldives”.
Amount: USD 125,000

On behalf of the POs and farmers of Maldives, FAO, as the SE, look forward to GAFSP’s consideration of the submitted Concept Note.

List of Enclosures:

1. Concept Note for Maldives
2. Letter of partnership and co-financing from SDFC

Sincerely,



Vimlendra Sharan,
FAO Representative for Sri Lanka and Maldives

Ms Natasha Hayward
Global Agriculture and Food Security Program (GAFSP)

