

GAFSP Call for Proposals: Producer Organization Proposal

Strengthening Agribusiness Producer Organizations in the Maldives through Enterprise eco-system development and deployment of digital solutions

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Submitted by

Addu Meedhoo Cooperative Society in Maldives

Supervising Entity

Food and Agriculture Organization of the United Nations

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List of Abbreviations Used

AMCS	Addu Meedhoo Cooperative Society
CSA	Climate Smart Agriculture
FAO	Food and Agriculture Organization of the United Nations
FBF	Farmer Business Facilitator
GAFSP	Global Agriculture and Food Security Programme
GAP	Good Agricultural Practices (Certification)
GoM	Government of Maldives
IFAD	International Fund for Agricultural Development
ISU	Implementation Support Unit
M&E	Monitoring and Evaluation
MED	Ministry of Economic Development
MMI	Missing Middle Initiative
MoFMRA	Ministry of Fisheries, Marine Resources and Agriculture
MSME	Micro, Small and Medium Enterprises
PO	Producer Organization
PTFAReP	Post Tsunami Fisheries and Agriculture Rehabilitation Program (PTFAReP)
PSC	Project Steering Committee
RLF	Revolving Loan Fund
SDFC	SME Development Finance Cooperation
SE	Supervising Entity
SME	Small and Medium Enterprise
SOE	State Own Enterprises
UNDP	United Nations Development Program

Section 1. Basic Data

a. Project Name	<i>Strengthening Agribusiness Producer Organizations in the Maldives through enterprise eco-system development and deployment of digital solutions</i>		
b. Country and Region	Maldives – South Asia Region		
c. Producer Organization (PO)	Nome: Addu Meedhoo Cooperative Society		
	Address: Majudhudheen Magu , S.Meedhoo, Republic of Maldives, T: +960 689 5666, M: +960 7935171, E: info@amcs.mv		
	Registration: CS-0006/2010	Yes Date of registration: 29-Nov-2010 Registered in Ministry of Economic Development as Cooperative operating in S.Hulhu-Meedhoo	
	PO website or link to annual report	http://amcs.mv/	
	Primary Activities of PO	Marketing of agricultural produce; Supply agricultural inputs at low cost to farmers; Source markets and enter into forward contracts with potential buyers; Arrange logistics in collecting harvests from farms and provide storage and transport services to ship produce to main markets at the atoll level; Support community initiatives to enhance well-being of farmers and contribute to agriculture sector development in n collaboration with other actors.	
	Type of target farmers	Smallholder farmers and households involved in small scale farming on government tenured lands.	
d. PO Mission Statement	Improve quality and quantity of crops through new technologies and deepen access to markets to improve social and infrastructure development problems faced by the famers.		
e. PO Focal Person (for this project)	Name: Hassan Shahid Title: Secretary Email: addumfcs@gmail.com		
f. SE Focal Person	Name: Sharan, Vimlendra Title: FAO Presentative to the Maldives Email: Vimlendra.Sharan@fao.org		
g. Total GAFSP Grant Funding Requested	Amount Requested: USD 2,635,000 (refer to Annex 1 – Project Budget Table)		
h. Estimated project start and end date:	10/22 – 09/25: 3 years (1st October 2022 to 30th September 2025)		
i. Preferred Supervising Entity (Select only one)			
<input type="checkbox"/> African Development Bank (AfDB) <input type="checkbox"/> Asian Development Bank (ADB) <input type="checkbox"/> International Fund for Agricultural Development (IFAD) <input type="checkbox"/> Inter-American Development Bank (IDB) <input checked="" type="checkbox"/> Food and Agriculture Organization (FAO) <input type="checkbox"/> World Bank (WB) <input type="checkbox"/> World Food Programme (WFP)			
j. Has the PO previously received a GAFSP Missing Middle Initiative grant?			
<input type="checkbox"/> Yes, please complete Annex 4 <input checked="" type="checkbox"/> No			

Section 2. Project Description

2.1 Project Development Objective

To develop economically viable Producer Organisations in the Maldives, making them empowered and strong actors in the agriculture value chains of the country. This will contribute to a resilient and robust food system, overcoming the severe challenges faced due to climate change, and also help to 'build back better', from the impacts of the current pandemic.

2.2. Project Details

Country Context

Maldives is one of the lowest lying Small Island Developing States (SIDS) affected by global warming and sea-level rise. The country is made up of about 1,190 coral islands, formed around 26 natural ring-like atolls, stretching along a length of 871 kilometres, covering an area of approximately 90,000 square kilometres of which only 298 square kilometres is dry land. Over 80 per cent of the land area of Maldives is less than one meter above mean sea level.

The people of the islands are widely dispersed across the atolls. Only 185 of these islands are inhabited, while the others are used largely for either tourism, agriculture or other industrial purposes. The total population is 451,622 of which 52% resides in the capital city Male.¹

Except for fish, almost all capital and consumer goods are imported. In 2020, 20%² of total imports accounted for food items and almost 90% of the food consumed is imported. Geographical dispersion makes logistics and transport a major cost factor. In addition, dispersed and fragmented domestic markets, high dependence on imports (for fuel, food, capital goods and raw materials) and labour shortages add to the cost of production, driving up the cost of doing business much higher compared to other SIDS and developing countries.

Rationale and Approach

Maldives is recognized as one the worst effected countries, globally, during the COVID-19 pandemic, registering a 32% decline in nominal GDP for 2020. The pandemic exposed the economic vulnerability and food insecurity of Maldives due to its over dependence on tourism and imports (90% of food items consumed in the country are imported). The resulting economic downturn impacted farmers and POs, significantly, due to the sudden loss of markets, forcing many to scale down production levels. Nonetheless, it brought to the forefront, the significance of investing in the development of a resilient domestic food system and by extension, the agriculture sector, in the country.

The recently introduced programs by the Government of Maldives (GoM) in response to the COVID-19 pandemic, are yet to reach the farming population. A case in point is the COVID-19 stimulus loans introduced by the Government via the Small and Medium Enterprise (SME) Finance Development Corporation (SDFC) for Micro Small and Medium Enterprises (MSME). Of the total approved loans, agriculture sector received a mere 0.63%. The PO Consultation, carried out for developing this project, revealed that farmers were unable to furnish basic documents to SDFC, effectively blocking them from a major source of financial capital. This demonstrates: a) the critical need for financial literacy and enterprise development skills amongst farmers; and b) the existing financing products fall short of serving the needs of smallholder farmers.

To withstand domestic and international shocks, resilient food systems must be developed by diversification and commercialization initiatives to enhance productivity in the agriculture sector. Hence, this is an opportunity to consider innovative approaches which is being encouraged by the GoM, as well. In this connection, the successful

¹ <http://statisticsmaldives.gov.mv/nbs/wp-content/uploads/2020/08/Population-Summary.pdf>

² <https://www.mma.gov.mv/documents/Monthly%20Statistics/2021/MS-Aug-2021.pdf>

Bangladesh Missing Middle Initiative (MMI) project, 'Increasing Access to Finance for Farmers Organizations', supported by GAFSP, provides a proven model with potentially transformative interventions for Maldives.

This proposal aims to scale up the model and learnings from the Bangladesh project within the context of a SIDS. The challenges of diseconomies of scale in crop production, inefficient supply chains for food crops, and inefficient farming systems can be addressed through an integrated enterprise development approach of POs. This will create an ecosystem of vibrant POs that efficiently service smallholder producers, especially women, to increase their incomes, through access to finance, markets, and technology.

Project Components and Activities

The project objective will be achieved under three principal components, with their accompanying activities, as outlined below:

COMPONENT 1: Strengthening Governance and Managerial Capacity of Apex and Participating POs

This component will form the bedrock of the project as it will enhance capacities of about 3,000 (or more) farmers, spread across 9 atolls and 16 islands of Central and South Maldives. A cohort of Farmer Business Facilitators (FBFs), will be identified, trained (by FAO and other experts), and deployed for conducting a rapid assessment of the training needs of the PO, as well as carrying out the basic and advanced levels of training. The endeavour will have as many women FBFs, as possible, no less than 50% of the total. Each island will have one FBF, drawn from there itself, and will work with the designated POs. Resource persons, agriculture academics and other relevant institutions will also be identified to train select sub-groups of PO members, who will be entrusted to lead and manage these POs, subsequently.

Climate smart agricultural practises will be promoted and supported by this project component, along with value-added services to be provided in consultation with farmers and private sector companies. Digital tools such as RuralInvest, Collect Mobile and others will be made available by FAO and its partners, to help farmers develop business models and solutions for POs operating in rural settings.

Activity 1.1: Enhancing PO Organizational and Managerial Skills

At the onset of the project, capacity assessment of a PO will be done, based on a Farmer Organization Score Card developed by FAO for other projects including the FAO Bangladesh MMI project. Each PO, with the help of the designated FBF, will then develop its own training programme. At this stage, the FBFs will also identify, from amongst the PO members, individuals with managerial and leadership qualities.

There are a couple of larger POs with their memberships of more than 200. With the intention of providing them an equitable learning opportunity and maintain their continued engagement, these bigger POs will be divided into sub-groups. The project will provide a learning grant of USD 4,000 to each PO/sub-group composed of about 100 farmers. The learning materials will mainly be drawn from FAO's Farmer Business Schools as well as digital materials available on internet. The allocated budget will be used to engage the FBFs and resource persons to provide training, and their performance will also be monitored and evaluated. Engagement of women and youth in these trainings will be prioritized.

To enable effective governance, the participating POs will learn about legal compliances (under Maldivian laws) and other statutory obligations of Board members. Given the identified bottlenecks of limited managerial and leadership abilities, a core team within each sub-group will be identified for specialized programs such as: (i) Leadership and organizational management; (ii) Financial analysis for identified product/crop (RuralInvest Profiling); (iii) Contract management and negotiations; and (iv) Community mobilization. The general PO members will be imparted with learning topics such as: (v) Financial literacy; (vi) Bank accounts and saving; (vii) Occupational health and safety; (viii)

Management of environmental/climate hazards impacting agriculture sector; (ix) Assessments and identification of climate smart agricultural practises, (x) pesticide management, (xi) health and nutritional improvement.

At the end of the training, each PO will be equipped to prepare a simple business plan, using FAO's RuralInvest Business Plan development tool to scope out the feasibility of business ideas and profitability of proposed agricultural crops.

Activity 1.2: Developing Common Facility to Enhance PO Technical & Enterprise Skills and Knowledge

This activity will equip the participating POs with the required technical knowledge and entrepreneurial skills to strengthen their business model and operate as viable and sustainable businesses. The output of RuralInvest, a bankable Business Plan, will be appraised, and only the qualifying POs will 'graduate' to the next level.

Peer-to-peer learning, utilizing climate information and Climate Smart Agriculture (CSA) practices to make their farming systems more climate resilient as well as economically viable will be made possible for the farmers. This training will enable farmers to voice their needs for additional information, service delivery mechanisms, as well as to identify options to address key adoption constraints including water availability, input, seeds, market, and finance. The business development training will help reduce on-farm risks, and thus potentially improve farmers' access to credit products.

An investment of USD 6,000 (USD 4,000 for common facility and USD 2,000 skill learning) per PO/sub-group will cover: (i) Development of common facility centre for product development, process equipment, storage and testing; (ii) Water harvesting tanks; (iii) Water conservation agriculture; (iv) Participatory technology learning including CSA methods; (v) Participatory learning on post harvesting, food storage, preservation, value addition technique and market testing of final products; (vi) Participatory training on good agricultural practices including pesticide management and obtaining Good Agricultural Practices (GAP) certification to farms registered by PO members; (vii) Enterprise management; (viii) Use of basic accounting software; (ix) Negotiations with value-chain actors and financial institutions; (x) Production planning and harvesting to maximize farmer/PO incomes; and (xi) Implement participatory community-based activities to increase consumption and demand for locally produced crops.

This intervention will form the core of the project, while systematically deploying a performance based score card method for graduation of viable POs from the learning to the investment stage under Component 2. During Activity 1.2, the project will help each PO to develop value-chains and improve access to finance from private sector companies, State Owned Enterprises (SOE), government financing institutes and private banks.

Activity 1.3: Monitoring and Evaluation

This activity will set up project baselines and dashboards to aid regular project monitoring. It will also support independent end project evaluation. The M&E Officer will be responsible for coordinating quarterly monitoring and reporting of project activities during the project life. Through technical assistance of FAO, the project will utilize digital tools such as Collect Mobile to capture data related to project performance, and Google Data Studio to develop a Project Dashboard whereby project progress and milestones can be tracked in real time. Performance evaluation for the graduation process will also be carried out under this activity.

Activity 1.4: Farmer Business Facilitator capacity development and training

The capacity building of FBFs, to offer advisory and training services to the Apex and other POs, will be done by technical assistance from FAO, on the various digital tools that will be utilized in the project such as Rural Invest, Collect Mobile, Google Data Studio, and MicroBanker. The ISU field staff will also undergo technical and organizational training to ensure their effective engagement with POs in the field.

COMPONENT 2: Development of PO Enterprises

Based on the outcomes of Component 1, POs will start preparing a business plan by identifying viable business models, which are investment-attractive. The end result will be to ensure financial viability for farmers and fostering creation of sustainable enterprises, as desired by POs.

For the success of these models, access to markets will be critical, which will be facilitated through linkages with the private sector, including resort and local markets, via investments in digital technology and partnering with Government SOEs for supporting agriculture programs.

Activity 2.1: Preparing Participatory PO-Enterprise Business Plan

Under this activity, the entire process of performance-based-graduation of POs and their members to higher levels of funding will be activated through providing support to enterprise business plans. The FBF who worked with the POs in Component 1, will continue to provide deep-handholding support to the POs and their members. With the 'graduation process' methodology, which involves a stringent appraisal of the business plans from the POs and only those (POs and members) that qualify this stage, will be eligible to move to the next stage. Findings from the value chain studies conducted by the project, that ensure gains in yield, income and efficacy of farming practices will be also utilised by the farmers in honing their business plans. Most importantly, FAO will make sure that the business plans developed for each PO are feasible and meet the requirements of the project.

Specific activities to be supported include: (i) Negotiations with private sector companies and SOEs; (ii) Negotiations with financial institutions if additional capital is required; (iii) Development of PO Enterprise business plan; and (iv) Enter into formal agreements with upstream and downstream value-chain actors.

Activity 2.2: Investing and implementing PO enterprise business plan

The project will support the investment items identified in the approved business plans prepared under Activity 2.1. The expected budget for the PO enterprise development support per person will be USD 600, covering some 2,100 people of 30 PO/sub-groups. Competitive interest rates will be determined, by the POs, themselves, to ensure: a) viability of repayment; and b) equitable sharing of interest amongst the PO and Apex, which will also help to build their financial reserves, keeping long-term sustainability in view.

On-site advisory service support during the investment phase will be provided by the project, and farmers will also be encouraged to use digital content. Specific activities supported under this activity include: (i) Investment of PO-enterprise activities; and (ii) Provision of advisory and follow up services.

COMPONENT 3: Enhanced Apex Organization

Activities under this component will support institutionalising PO-centred ecosystem linkages, especially with a view to 'Build Back Better', as a part of recovery from the pandemic, and in line with the government's priorities and policies around it. This component will help to effectively organize POs in the country, and a strengthened Apex PO, by maintaining and regularising the RLF to finance viable, sustainable and climate smart investments in the agriculture sector and developing technical and managerial service capacity to member POs after the completion of the proposed project.

Activity 3.1: Developing Apex Management and Advisory Capacity

This activity will build the business and technical capacity of the Apex PO to lead and organise the other participating POs in the proposed project. Specific activities to be supported include: (i) Project management and coordination capacity training for Apex; (ii) Specific training to develop selected Apex members' capacity and FBFs who will provide, technical, advisory and other soft skills to the select sub-groups of other participating POs; (iii) Business network development with private sectors, SOEs, and government institutions; (iv) Preparation of Apex business plan and

execution of the business plan; (v) Development of service delivery capacity; (vi) Business planning capacity development – RuralInvest; and (vii) Development of technical and managerial advisory capacity of the Apex.

Activity 3.2: Establishing innovative and inclusive finance for PO (Revolving Loan Fund: RLF)

This RLF, activated in the previous component, will continue to support financing of bankable and viable business plans, as lending cycles gain momentum, ensuring that the funds are made available, with stringent and efficient management of the RLF. Specific activities to be supported include: (i) Legal and organizational assessments to set up RLF; (ii) Development of RLF; (iii) Training of RLF management; (iv) Introduction of Micro-banker and training; and (v) Activities to partner with other lending institutions providing investment finance to MSMEs.

Activity 3.3: Developing digital solution capacity – digital agriculture and e-commerce

This activity will ensure access to technology and value added services and on board farmers to operate in an e-commerce environment. Specific activities to be supported include: (i) Identification, planning and investment for digital solutions; (ii) Development and maintenance of a virtual market place and e-commerce platform; (iii) Development or acquire digital solution to manage RLF; (iv) Production of e-learning materials; (v) Development of PO enterprise promotion videos; (vi) Production of learning/experience sharing materials; (vii) Development of community of practice among PO members through social medias; and (viii) Capacity building to utilize digital solutions.

Activity 3.4: PO-enterprise communication, research, branding, policy advocacy and learning platform

This activity will support communication and outreach activities, as well as carry out research on value-chains, markets and technologies. The specific activities would include: (i) Publicity and communication to promote inclusive finance and agriculture sector value-chain development; (ii) Preparation of research and policy papers; (iii) Branding and marketing events of PO led initiatives; and (iv) workshops with key stakeholders for policy-advocacy on identified issues or dissemination of research findings. As a part of this activity, a platform for learning and knowledge sharing activities among participating POs, and other stakeholders will be developed, to keep up the momentum and further strengthen the POs.

COMPONENT 4: Project Management

This component will provide support for project management and implementation, including support of regular project monitoring and evaluation, outreach and knowledge sharing. With project islands geographically dispersed, the staff will be locally only. The cost of transportation and other logistics is significantly high in Maldives, hence this decentralized system will help to keep the administrative costs in check. All procurements will follow the FAO Procurement Guidelines.

Activity 4.1: Implementation Support Unit

An experienced Implementation Support Unit (ISU) will be set up, under direct supervision of FAO, to aid, assist and handhold the Apex PO. Positions funded include: (i) Project Coordinator; (ii) Business and value chain development officer (field); (iii) Project Accountant; (iv) Monitoring and Evaluation Officer; and (v) Administrative Officer.

Activity 4.2: Project Audit

Independent annual financial audits of the Apex will be carried out, as a part of this activity. Mechanisms of internal audit and due diligence will also be followed by the project.

Geographic Focus

The Maldives is one of the more geographically dispersed SIDS nations, with sporadic inhabitation. Administratively, there are 20 atolls in the country, and as per the data available, about 7,600 farmers are registered with the MoFMRA, out of which 53% are women. There are on-going projects supported by IFAD in the 3 northern most atolls and

initiatives in Laamu Atoll by AgroNat to promote contract farming under UNDP/JICA funded SEED project. Hence, it was decided that this project's outreach will be in South and Central Maldives, across 9 atolls and 16 islands, and only those islands with POs and more than 100 registered farmers have been chosen, to ensure financial jurisprudence. The list of atolls/islands is provided in Annex 4 of this document.

Components Linkage to Project objectives

The proposed project will adopt a performance based approach and set graduation milestones at the completion of key activities. This graduation process will make sure that each activity are inter-linked to achieve the project purpose. Strengthening of the Apex PO will enable relatively small-scale POs to join hands to improve governance of producer organizations and increase visibility and role of POs as active and significant economic contributors in the agricultural value chain.

Improved market access, infusion of finance, knowledge of good agricultural practices, easy access to new climate smart technologies and fostering entrepreneurial skills through an enterprise eco-system development approach will contribute to economic viability of organized agricultural activities and thereby contribute to sustainability of POs over time. Climate smart technologies such as greenhouse and organic farming will reduce the use of soil and environment degrading agricultural practices. A proven technology such as solar PV backed storage, for example, will enable POs to cut down on food wastage and maintain nutrition quality of harvested products, thereby contributing positively to food security and nutritional health of rural island communities.

The proposed project will support young people to take up agriculture as a livelihood activity and encourage more women to become leaders of POs. Facilitating investments in climate smart agricultural technology and involvement of more women and youth at decision and managerial level will contribute to achieving a more inclusive and resilient development that supports the build back better endeavour in the current pandemic.

2.3. Target population and the targeting strategy

POs identified for this project are independent, non-politically affiliated and their members, situated in South and Central Maldives. Farmers supported are engaged in small-scale farming or having access to farmlands (some with less than 200 m²). They face harsh working conditions with difficult logistics. Given the role women play in agriculture and high levels of youth unemployment in the country, both these segments will be targeted and brought into the project. There is a need to strengthen local level food systems and food security in Maldives. Promoting intake of micro-nutrients through consumption of nutritious foods was recommended by the FAO supported 2018 Maldives Food Based Dietary Guidelines. Working in 16 islands, the project will benefit about some 3,500 farmers or 18,550 people (average 5.3 people per household) with improved nutrition and food security.

2.4 Obstacles to smallholder and small business development in the food and agriculture sectors

Smallholder farmers and POs face several challenges that limit the sustainable growth of agri-business in the country. The key issues identified during the project consultation process are:

Land availability: Land is owned by the state, and cultivable land is limited. Small scale plots (100 - 200m²) is the predominant form of agriculture practiced by farmers. Land for agriculture is allocated by island councils for about a year while for commercial agriculture, MoFMRA leases islands for 21 years mainly to private enterprises. Limited land tenure prevents farmers or POs from making long-term investments. Moreover, a handful of women own land in Maldives, which also inhibits their access to the mainstream financial markets.

Access to credit and limited financial literacy among farmers: High interest and collateral, as well as limited grace periods offered by commercial banks and limited financial literacy among farmers (especially women) has hampered investment in agriculture development. Lessons learnt from previous donor interventions indicate that women are

reluctant to borrow due to high interest and collateral requirements. Cultural and religious reasons have lowered demands for conventional credit, with farmers opting for alternatives such as grant finance and Islamic finance products. To bridge access to finance and credit issues faced by MSMEs, in 2019, the Government established SDFC, which has approved 31 loans totaling USD 0.9 m to agriculture sector, till date. A dismal 0.63% of the total loans disbursed by SDFC, for pandemic recovery, was provided for agriculture sector development.

Market Access and Cold Chains: Market access issues coupled with absence of appropriate warehousing and storage facilities in the agricultural rural islands meant that the product quality and harvested produce is hampered, resulting in wastage and spoilage of agricultural produce.

Climate change and water scarcity: In recent years, adverse climate conditions have impacted soil based agricultural activities and reduced yield and income for farmers. There is a need for green house-based farming and adoption of climate smart technologies such as auto-pot farming. Improper use of fertilizers deteriorates soil quality and damages crops quicker. A general lack of understanding of good agricultural practices and improved standards exists. Investments in rainwater harvesting and water efficient agricultural cultivation are non-existent as farmers look for easily available solutions.

Lack of solidarity amongst POs: Many of the registered POs are poorly governed with missing leadership skills, farmers lack business and financial skills, and the absence of a national level PO, all leads to a vacuum in the PO space.

2.5 Linkages between POs and Private Sector Actors.

Input suppliers: To ensure farmers and POs have regular access to quality seed, fertilizers and other inputs year around and at a reasonable cost, vendors like Prime Fertilizers Pvt. Ltd and Grower Shop will be empaneled by the PO.

Output buyers: Resorts (Shangri-La, Bandos Resort, etc), wholesalers, supermarkets (like STO-Supermarket), and local market operators/traders seeking bulk purchase to ensure year around supply of agricultural produce harvested by rural farmers and POs.

Government State Owned Enterprises for MSMEs: Partnerships with special purpose enterprises that nurture growth and development of MSME in the country. SDFC has agreed to partner with the project, and another SOE, AgroNat, will be approached to seek market access as well as promote contract farming among PO members. Outreach to commercial banks for additional financing of long-term investment needs in agriculture sector will be sought. The Business Center Corporation and its ten outlets, that facilitate business support services to farmers will be sought for collaboration.

Technology and logistics vendors: The Apex PO will partner with technology providers like Prime Maldives Pvt Ltd and TradeNet Maldives Corporation Ltd. to access climate smart cultivation technologies, storage systems and digital solutions. Logistics will be improved by partnering with competitive vendors, such as Southern Transport Link for movement of inputs and produce.

Research Collaborations: The Maldives National University, Maldives Institute of Technology will be approached to undertake studies, research, and supplement technical training. Think-tanks and research foundations will be identified and approached to undertake policy research, assessments, and surveys, to be used in the policy formulation process.

Advocacy with Government: Workshops and policy-advocacy meetings will be held with relevant government agencies and decentralized local councils to bring voice and agency to the farmers. This would include agricultural land

reforms and seeking reliable and quality extension services. Facilitation by experienced advocacy groups like Maldives Policy Advocacy Caucus will be encouraged.

Local campaigns: This will be done with schools like Addu High School, Seenu Atoll School, health facilities like Addu Equatorial Hospital, AMDC and women-led NGOs such as Chain Jamiyya and Youth-NGO such as Mulumathi, to promote food security and nutrition awareness amongst their communities.

2.6 Project Results

‘A vibrant PO ecosystem more resilient to shocks and climate change and food security enhanced’. This will be the high-level impact of the project, with the following three outcomes and outputs:

Impact	A vibrant PO ecosystem more resilient to shocks and climate change and food security enhanced.
Outcome 1	Resilient and inclusive POs are significant economic actors in agribusiness value chains and food and nutritional security awareness enhanced in island communities.
	Output 1.1: Governance, managerial and entrepreneurial capacities of POs strengthened.
	Output 1.2: Enhanced production knowledge among participating farmers.
Outcome 2	PO capacity strengthened to integrate in select agri-business value chains and viable PO business models developed to raise incomes and food security among PO members.
	Output 2.1: POs assisting members to access value chains, markets and technical know-how.
	Output 2.2: POs that are able to assist members access non-project financing.
Outcome 3	Enhanced Apex PO capable of providing sustained access to financial and technical services to drive PO led agribusiness enterprise development model.
	Output 3.1: Successful establishment of Revolving Loan Fund and financing of viable business plans.
	Output 3.2: Enhanced Apex capacity to maintain the developed PO network.
	Output 3.3: Farmers using digital solutions and E-Commerce platforms.

2.7 Merits of proposed approach

Adaptation and Scaling-up of GAFSP’s MMI Model in Maldives: The Bangladesh MMI project has successfully shown that farmers and POs can be economically viable and empowered. Benefitting from the learnings and experience sharing done by the Bangladesh team, the Maldivian POs have developed this project concept, with guidance from the SE (FAO), for this round of the Call from GAFSP. Hence, one of the biggest merits of this proposed approach is that it leverages, builds, and scales up a successful project of GAFSP, from one country to another, within the region, lending itself, with equal measure, to highly differentiated geographies and populations.

Graduation Process based on PO Performance and Achievements for a strengthened PO-enterprise: The proposed project will adopt a performance-based approach and set the three milestones by using FAO developed score cards to assess the levels of PO achievements: (i) PO Organizational and Managerial Skill; (ii) Common Facility Development and Management; and (iii) Maturity of Business Plan. A graduation process would keep motivating POs to perform well at each step. Thus, focusing on entrepreneurial skills and formulating bankable business plans and final graduation to a line of credit, will create a thriving and robust ecosystem of POs, enabling their medium to long term sustainability.

Development of Core Leadership and high performing sub-groups: Management of POs would require strong leadership and business development capacity. The project will form sub-groups within the POs, to promote dynamic and equitable participation of PO members, especially to maximize potential capacity of women and youth. These identified sub-groups will receive advanced managerial and governance-related trainings, so that they can become strong leaders of these POs.

Use of Digital Technologies: Where connectivity allows, farmer groups and community members will be trained and advised on the production and use of digital-agriculture information as well as in the use of mobile phone apps. Youth will be trained to assist other farmers with less experience in the use of such applications. Based on the successful use of the Digital Green approach in India, FBFs will be trained and will develop video-clips (with guidance by ToT trainers and production skills) as an additional cost-effective tool, during their extension and outreach sessions on the field. Since these videos feature local farmers as actors and narrators, using local languages and terms, these clips are especially powerful in areas with low literacy rates. Under this approach, FBFs will have access to small portable, battery-powered micro-projectors, which can project the videos on a house-wall and/or flipchart paper or even a simple white cloth.

Introducing available innovations: Improved market access, finance, knowledge of good agricultural practices, access to new climate smart technologies and fostering entrepreneurial skills will contribute to economic viability of organized agricultural activities, leading to sustainable POs, over time. Climate smart and water saving technologies such as greenhouse and organic farming will reduce the use of soil and environment degrading, and solar PV backed storage will enable POs to cut down on food waste –potential value chain investments that could be supported from the credit investment mechanism proposed in the project.

Sustainable Value chain development and agricultural practices: Past donor supported projects implemented in the country have demonstrated that improved organizing/collectivization of farmers, under an enterprise model, will help to scale up agricultural production in the country. The proposed project envisages POs identifying viable businesses/crops in the agricultural value chain, building bankable business plans and availing finance through RLF. The approach will ensure that PO led agri-business investments contribute to food security and favourable nutrition outcomes. This will also enable POs to scale up agricultural production and complement government and other donor supported projects to commercialize agriculture in the country. The value chain development approach will also support realization of PO's strategic objectives to improve access to new markets. Individual farmers will have secured solutions to mitigate the core issues limiting productivity gains. POs investing in sustainable, and climate smart agricultural practices will aid building resilience of farmers to cope with productivity and income loss associated with climate and extreme weather conditions. Support provided to good agricultural practices and investments in climate smart technologies to reduce wastage, and cultivation of more nutritious crop varieties will build a sustainable agriculture sector.

2.8 Justification for GAFSP grant funding

Given the unabashed dependence of Maldives on food import for daily consumption, and the challenges faced in agriculture (as described in the preceding pages), COVID-19 has only exacerbated the situation. Most POs are facing a difficult situation in providing support services to their farmers. The silver lining, however, is the renewed interest and focus by GoM, on sustainable agriculture development, import substitution programs by growing of additional crops and similar initiatives by the government. Hence, the time is right for POs to spring back to life, and the proposed activities to bridge the 'Missing Middle', are the top-most priorities of the POs, which can benefit from GAFSP funding. The activities described in the earlier sections will provide mobilization, capacity building, technical and managerial training, investment in PO enterprises, and development of a strong group of POs and their members who can turn farming into an economically viable activity. The timing, opportunity, and *raison d'être* offered through this call by GAFSP, is exactly what will help the POs to transform themselves and the agriculture landscape in the country.

Section 3. Context for the Proposed Project

3.1 State of the agriculture and food systems in Maldives

Fisheries and agriculture accounts for less than 3% of the GDP but plays a significant role in employment generation, with 14% of the rural island population engaged in this sector. The type of crop varieties grown are mainly tropical

fruits and vegetables, while as staple, taro, breadfruit etc. is grown. There are 4,000 hectares of arable land over a total of 30,000 hectares. However, only 573 hectares are being cultivated currently³. Due to low levels of agricultural output, 90% of food consumed in the country is imported, making Maldives one of the most vulnerable countries to food shortages and global price hikes. According to MoFMRA official statistics, nationally 7,600 farmers are registered of which 54% are women. Youth employment in the sector accounts for only 6.9%.⁴

Increase in extreme weather conditions, torrential rains and flooding have impacted yield and income of many farmers and POs. Consultations with POs indicated the need to shift to greenhouse-based cultivation methods and to rely on climate smart technologies to reduce damage and losses as well as to improve the yield of the agricultural output.

The Rapid livelihood impact assessment⁵ jointly prepared by the Ministry of Economic Development and UNDP revealed that all sectors in the economy were impacted with agriculture and fisheries sector sustaining a 3% decline. Immediate and sudden loss in resort markets and fewer tourist arrival numbers since the initial border closures in March 2020 resulted in a significant decline in demand for agricultural produce and therefore impacted the income, livelihoods, food and nutritional security of farmers and households. The situation was aggravated due to limited access to local markets, resulting from restrictive internal transport conditions placed nationwide to contain spread of COVID-19 community outbreaks. With limited access to local markets and coupled with absence to proper storage facilities, farmers faced difficulties in maintaining the quality and usable life of agricultural produce resulting in high levels of spoilage and wastage. Difficulties in maintaining the quality of harvested agricultural produce meant that household level nutritional intake would have been impacted. This is especially worrying considering that malnutrition rates for children under age 5 are still high for a middle-income country. Nationally 17% of children under 5 years is underweight, while 1 in 5 children suffers from stunting with 6% reported as severely stunted⁶. Considering the extensive loss of income or reduced pay among tourism sector employees reported in the MED-UNDP COVID-19 Impact Assessment Report, transfer income received by households in rural island communities would have reduced significantly, impacting household disposable income and therefore food security of farmers and rural households.

3.2 Medium- to long-term COVID-19 response and recovery of the agriculture and food sectors

In 2020, the Maldivian economy faced significant losses, with nominal GDP contracting by 32%. Resort closures resulted in drastic and sudden drop in demand for agricultural and fishery produce, which forced farmers and POs, to scale down production, incurring huge income losses. This was aggravated by limited access to the main markets in Male' city and other urban centers, during the various waves of the pandemic, resulting in reduced levels of food and nutritional security of rural islands.

In accordance with GoM's Response strategy to COVID-19, the project will carry out the following activities, for the medium- and long-term recovery of farmers, which will lead to sustainable food systems and agriculture practices in the country.

Medium Term Response and Recovery:

1. Scale up the PO-led immediate response: Due to the lockdown, most of the farms were off limits, creating issues of access for farmers. POs facilitated obtaining necessary permits and approvals from law enforcement agencies so that farmers could continue with their livelihood activities during the pandemic. At the community level, farmers shifted to cultivable local staples and food varieties such as taro, sweet potato, and cassava instead of growing cash crops. This shift was made to align production with local demand and to build community level food security. However, poor soil conditions and environmental degradation proved to

³ [national-fisheries-and-agricultural-policy-2019-2029.pdf](#)

⁴ <https://statistics.maldives.gov.mv/international-youth-day-2021/>

⁵ [UNDP-MV-Rapid-Livelihood-Assessment-Impact-of-COVID-19-Crisis-in-the-Maldives-2020-full-report \(1\).pdf](#)

⁶ <https://www.unicef.org/maldives/what-we-do/nutrition>

be a major hindrance. With the help of this proposed project, critical extension support services could be avail by the POs to revive local cultivation of staples, thereby imparting good agricultural practice amongst farmers and leading to food security.

2. **PO-led Facilitation for linkages with ongoing Recovery programs:** Recently introduced government interventions are predominantly designed around supporting individual farmers through newly formed Government Corporations, like AgroNat. Through this project, POs will help link farmers to such programs, that empower farmers towards commercialized agricultural production, diversification, contract farming, and establishing forward market linkages with resorts and major buyers in the local market.
3. **Mitigating the Digital Divide:** With the pandemic making it imperative for contactless transactions and the immense potential provided by online platforms, farmers and POs are gradually learning the use of digital tools. To sustain this, more and more farmers, especially women and digital-hesitancy adopters will be trained through this project.

Long-Term Response and Recovery:

1. **Complement National Recovery & Resilience Priorities:** Improving national food security and systems is identified as a top priority by the Government as a response to COVID-19 impacts. The proposed project will support government's interventions to increase agricultural production of locally cultivable fruit, vegetables and staples and complement government's plan to promote commercial scale agriculture to contribute to achieving the goal of food security as outlined in the National Resilience and Recovery Plan 2020-2022, the Strategic Action Plan 2019-2023 and support implementation of food security outcomes outlined in National Fisheries and Agriculture Policy 2019-2029.
2. **Building a Resilient Ecosystem of POs:** The proposed project, thorough the Apex PO, can accelerate efforts at local level to compliment the national efforts with AgroNat. Individual farmers working cohesively under an organized and well governed PO structure, can collectively adopt climate resilient agricultural practices, improve overall farm efficiency through sharing of good practices and utilization of digital tools, invest in innovative technologies and equipment, overcome diseconomies of scale through produce aggregation to secure sustainable value chain partnerships, and preparing for unforeseen events by creating storage capacities, buffer crops and nurseries. Such PO led collective and collaborative approaches at community level will help to prepare island communities to absorb shocks better and rely on the backstopping and support of a strong PO network.

3.3 State the linkages between the proposed activities and the relevant strategic priorities for POs

The proposed project activities are aligned with the strategic priorities of the Apex PO and other participating POs. During the PO consultation sessions, the following three strategic priorities were identified by POs and the project design was aligned with these priorities.

Areas of strategic priority	Proposed project activity
Resilient and inclusive POs as community level enterprises – strong, well governed POs to support sustainable development of island economies	<p>Activity 1.1: Enhancing PO Organizational and Managerial Skills</p> <p>Activity 1.2: Developing Common Facility to Enhance PO Technical & Enterprise Skills and Knowledge</p> <p>Activity 3.1: Developing Apex Management and Advisory Capacity</p> <p>These activities are geared to building the capacity of POs to effectively manage its resources, identify markets as well as put in place a plan for a viable business enterprise.</p>

<p>Overcome market access barriers and access to finance challenges – sustainable markets created to meet operational and going concern needs and have consistent access to investment financing needs required for community level agri-business growth and expansion</p>	<p>Activity 2.1: Preparing Participatory PO-Enterprise Business Plan</p> <p>Activity 2.2: Investing and implementing PO enterprise business plan</p> <p>Activity 3.2: Establishing innovative and inclusive finance for PO members (Revolving Loan Fund: RLF)</p> <p>These activities will help POs establish a viable business enterprise to meet its going concern and operational needs as well as have viable agri-business activities funded through a revolving loan scheme.</p>
<p>Innovative and adaptive agribusiness to cope with changing business environment and climate conditions. – Greening of value chains and climate smart agriculture practiced at community level and ability to transact and attain benefits from digital economy</p>	<p>Activity 1.2: Developing Common Facility to Enhance PO Technical & Enterprise Skills and Knowledge</p> <p>Activity 3.3: Developing digital solution capacity – digital agriculture and e-commerce</p> <p>These activities will promote overall resilience and adaptive capacities of POs to effectively address internal and external shocks.</p>

3.4 Alignment with national priorities

The proposed project will support government's interventions to increase agricultural production of locally cultivable fruit, vegetables and staples and compliment government's plan to promote commercial scale agriculture to contribute to achieving the goal of food security as outlined in the National Resilience and Recovery Plan 2020-2022⁷, the Strategic Action Plan 2019-2023⁸ and support implementation of food security outcomes outlined in National Fisheries and Agriculture Policy 2019-2029⁹. The project will enable POs to work closely with AgroNat and compliment national efforts and initiatives launched under the above listed plans of the government to promote food security in the country. In addition, the government identified national food security as a priority by the Government as a response to COVID-19 impacts.

Section 4. Cross-cutting Themes

4.1 Crosscutting themes

The project will address the following crosscutting themes of GAFSP.

- ☒ Gender and empowerment of women and girls
- ☒ Climate resilience
- ☒ Improved nutritional outcomes

4.2 Description of identified thematic focus area(s).

Gender and empowerment of women and girls: The project will ensure that more women farmers take leadership role in the management and governance of farmer organizations in their respective island communities. Capacity of women farmers will be enhanced to access finance and markets through investing in financial literacy, negotiation skills and value chain development knowledge. The proposed project will work closely with partners such as island councils and women development committees to seek access to farm land for women farmers and thereby encourage women to seek farm registration under their name so that women are able to take charge and secure access to land

⁷ [National Resilience and Recovery Plan 2020-2022, President's Office](#)

⁸ <https://storage.googleapis.com/presidency.gov.mv/Documents/SAP2019-2023.pdf>

⁹ [national-fisheries-and-agricultural-policy-2019-2029.pdf](#)

to sustain farming activities. In addition, the project will seek to increase representation of women in the governing board of the Apex PO as well as other participating POs.

Climate resilience: The project will complement ongoing national efforts to strengthen climate resilience on two fronts: firstly by running training on climate smart agricultural practices and technologies (greenhouse and auto pot farming techniques) for POs and their members and by disseminating knowledge and know-how to engage in good agricultural practices; and secondly, through provision of access to a wide range of expertise, whether in pest management, water resource management, soil management, extension practices, and others to call upon to support the specific needs of their members. Adoption of climate smart agriculture practices will be tracked by the project with the objective of achieving an adoption rate of at least 80%.

Improved Nutritional outcomes: The project will support increasing awareness on food and nutritional security of island communities. Age-appropriate information on nutrition, food security, importance of agriculture sector development for socio-economic well-being of the island communities, post harvesting techniques will be provided to island communities. POs supported by the project through partnership with island level schools, health centers and NGOs will conduct outreach sessions and support school garden programs. Awareness level and use of locally grown nutritious crops varieties in regular diet will be tracked from the project through surveys and assessments. The project will also introduce a digital application that is popular in other SIDS countries in the Pacific.

4.3 Increasing the role and participation of women smallholder producers

The project will ensure that women small holder producers take up a more active role in the governance of POs and have improved access and control of land for agricultural activities under their names. The project will have a specific indicator to major women's participation at the core leader groups and target that at least 50% of them will be women. In addition, the project will ensure more than 50% of FBF women. These FBF in the locality will play an active role in shaping the minds and interest of young people including young girls to engage in agriculture related activities as a means to improve household level income and socio-economic well-being.

Under Activity 1.1 and 1.2, women farmers will be better equipped with improved knowledge of health and nutritional information as well as good agricultural practices essential to regulate responsible use of pesticides and fertilizers in a manner that would not adversely impact local environment, especially the soil quality and wet lands used to crop varieties such as taro, yam etc.

Activities supported from the project will ensure that more women have agricultural land registered under their names and investment finance to invest in technology and tools provided to improve quality and shelf life of agricultural harvests.

Section 5. Project Implementation, Sustainability and Budget

5.1 Risks and Negative Externalities

Significant or potential programmatic and operational risks that could impact achievement of the project development objectives are mainly related to the design, institutional and possible commercial risks associated with the changing COVID-19 situation.

Effective project coordination is a design risk, as participating POs are dispersed across a number of atolls and several remote islands, making effective coordination a challenge. Technology and reporting tools will be leveraged to mitigate coordination and project implementation risks. Institutional risks are mainly related to the large contract management capacity of Apex PO, level of trust in Apex PO and potential governance related risks associated with POs being dominated by a few vocal members. Planned capacity building exercises for Apex and participating POs will address mitigating governance and capacity related risks while formalization of relationships through MOUs between Apex and other participating POs will address trust and transparency issues.

Commercial risks are mainly related to business viability of POs, delays in project start due to evolving COVID situation and cost overruns related to exchange rate fluctuations. Support for preparation of viable business plans and ensuring investments in only viable value chains will ensure sustainability of POs while use of USD accounts to manage project funds will help to address exchange rate fluctuation or any cost overruns. Keeping community level infection rates low and reasonably controlled through inoculation, taking appropriate COVID measures and social distancing will enable project implementation to progress. Detailed project risk log and mitigation measures are described in Table F of Annex 2.

The envisaged negative externalities are mainly related to environment and social factors. Possible environmental spill-overs include impact on soil and water quality due to increase in unsustainable land based agricultural practices. Shifting to climate smart agriculture and capacity building in good agricultural practices will help to overcome such externalities.

Social externalities are associated with land allocation, additional burden on women and increase in employment of foreign labour in the informal economy. Engagement and advocacy on agriculture sector land reform, especially to extend land tenure could help alleviate land issues. A shift from labour intensive to technology intensive farming and encouraging more women and youth to engage in the agriculture sector could help to address issues of employing foreign labour while sensitizing communities and households on women empowerment will assist in alleviating issues of additional burden placed on women. The envisaged project externalities are listed in Table G of Annex 2.

5.2 Measures to increase the likelihood of sustainability of the project activities or outcomes

The cornerstone for sustainability in this project is the development of commercially viable and resilient PO enterprises through an enterprise eco-system approach. To ensure project sustainability, the following design aspects have been considered – The project will:

1. Finance only POs that have proved that they are capable to manage their enterprises with the graduation processes.
2. Invest into feasible business plans prepared with the aid of RuralInvest business planning tool.
3. Conduct real-time monitoring with FAO's digital solutions and the results will be shown on the dashboard for immediate interventions if necessary.
4. Empower and strengthen POs in developing agricultural value chains based on own efforts and network.
5. Provide leadership, managerial, technical, business, and financial training to improve the capacity of agricultural POs to lead, manage and innovate agricultural production as a sustainable enterprise.
6. Adopt inclusive frameworks to increase gender and youth representation in agribusiness value chain.
7. Actively facilitate partnership agreements or forward contracts with major markets such as resorts and local market vendors to ensure sustained market access.
8. Utilize the common facilities/tools/equipment, provided by this project, by participating POs and other POs, we all, at a pre-determined service fee. This will help in maintain the facilities and build the financial reserves of the POs/Apex.
9. Develop a RLF to cater for investment funding requirements.
10. Make RLF accessible to farmers and POs with viable business plans.
11. Improve financial literacy for target farmers to have financial services outside of the project to enable them access to finance and credit for long-term investment needs.
12. Partner with public sector service providers for continued technical support.

5.3 Consultation during the development of the Proposal

Consultations were held with the following two key stakeholder groups in formulating the project proposal and most consultations were held as phone consultations or virtually.

Public sector entities: Key government institutions including the Ministry of Fisheries, Marine Resources and Agriculture, Ministry of Economic Development and state-owned enterprises supporting micro-small and medium enterprises SDFC, AgroNat and Business Center Corporation were consulted. During the consultation the GAFSP Call for Proposals, opportunity for a PO-Led proposal, and the model project from Bangladesh were presented. The nature of the consultations focused on technical aspects as well as identifying the national and industry specific priorities to ensure that proposed project compliments and contribute to overall sustainable development priorities of the country and immediate COVID recovery programs. Public sector organizations highlighted that weak organization, limited capacity and short-lived nature of active POs necessitated public sector interventions in the market to address agriculture sector diversification and industry growth. Training and extension services, business support services, financing and market linkage services are currently facilitated and made accessible via SOEs to address gaps in the market.

POs, Sector specialists and development practitioners: Consultations were held with POs based in island communities, Representatives of women development committees, nutrition and food security specialists and development practitioners in the Maldives. These consultation focused on identifying challenges, needs and issues to be addressed in the context of a PO led agribusiness value chain development project.

Stakeholders expressed that COVID-19 pandemic revealed the socio-economic vulnerability of the country and the urgent need to invest in improving food and nutritional security by increasing production of locally grown staples and crop varieties. Many consider that the COVID has presented a window of opportunity to increase youth and women involvement in agriculture and introduce digital solutions to agriculture. Carefully planned strategic investments to optimize land-based agriculture and investments in climate smart cultivation technologies were identified as a need to develop a more environmentally resilient agriculture sector. Addressing lack of adequate storage facilities were also identified as a critical need to reduce wastage of agricultural harvest and to ensure food and nutritional quality of harvested products. Addressing logistics, markets and investment financing as well as promoting good agricultural practices were identified as priority needs. Current form of commercial level agriculture conducted in leased islands, without adequate linkages to communities, was identified as factor adversely affecting involvement of women in agricultural production and expressed the need to address this disconnect.

Key stakeholders will be included in the project steering committee to be formed under the project and further in-depth consultations will be held at community level and with farming households during the project detail design stage if the proposal gets approved.

5.4 Description of Apex PO

Addu Meedhoo Cooperative Society (AMCS) is the apex PO for this project. AMCS has been formed as an initiative of the farmers in Seenu. Hulhu-Medhoo on October 2010. It has over 513 members with majority (approximately 53%) of the members being women. It was formed and registered with the assistance from the Post Tsunami Fisheries and Agriculture Rehabilitation Program (PTFAReP) implemented by the Ministry of Fisheries and Agriculture with the assistance from International Fund for Agriculture Development (IFAD) and its office is located in Seenu Hulhu-Meedhoo, Addu city where the proposed project is planning to have the project ISU. The Cooperative Society was founded to improve the quality and the quantity of crops cultivated through use of new technologies and to gain better market access for its members. Additionally the co-operative facilitates access to agricultural inputs such as fertilizers, pesticides and insecticides to its members at a low cost.

AMCS plays an active role in connecting farmers with the main markets (atoll level local supermarkets, hotels, and resorts) within the atoll. In 2010, it signed forward contracts to supply locally grown fruits and vegetables to two resorts in the atolls. However, with the shutdown of these two resort markets in 2020 due to the COVID-19 situation, the PO and its members sustained significant income losses. To mitigate the losses, AMCS is aiming to tap into additional local markets in the capital city and other urban centers to reduce over dependence on resort market. At its peak in 2017, the cooperative was generating annual sales worth USD 259,000.

AMCS is managed by an elected executive committee consisting of 8 members including Chairman, Vice Chairman, Secretary, Treasurer, Administrator and 3 additional members. The Board is elected at the Annual General Meetings (AGMs) for a 2-year tenure and 2 women members currently are on the Board. AGMs are held on a regular basis as prescribed in its governing code and national laws. Annual financial reports are published on its website and social media platforms.

5.5 Project implementation arrangements

The primary implementation role will be played by AMCS which will be strengthened under Component 3: Enhanced Apex Organization. AMCS will provide capacity development to other participating POs through its identified FBFs who will support the development of business plans and facilitate dialogue with other value chain actors and access to finance to the PO members. To support AMCS during a transition phase to strengthened autonomy, a small Implementation Support Unit will be put in place by FAO as the Supervising Entity to support the AMCS. Throughout the project life, FAO will progressively transfer the required knowledge to AMCS through on-the-job capacity development so as to ensure sustainability. A Project Steering Committee will be established involving POs, FAO, Government, SOE, private sector, and industry specialists. As the supervising entity, FAO will be accountable for the adequate use of project funds. However, FAO will enter an innovative implementation modality arrangement with AMCS where the learning grants will be transferred for each PO and they will manage the funds to pay for the services that they receive from the Apex. Through the process, each PO has to prove their fund management capacity, which are linked to performance evaluation and the graduation processes. Role and responsibilities of the implementation arrangement is summarized below.

Apex PO - Addu Meedhoo Cooperative Society (AMCS): AMCS will play the lead implementation role based on its current functions and capacities that will be enhanced throughout the project life. Key roles and responsibilities of Apex PO are: (i) establish an internal project team to support project implementation; (ii) Coordinate with government and public sector agencies; (iii) conduct overall day-to-day project management functions with support of SE and ISU; (iv) providing capacity development activities for its members and other participating POs; (v) monitor and supervise project implementation progress; (vi) Development RLF management rules in consultation with SE and Project Steering Committee; (vii) Enter into dialogue and contracts with value chain operators; (viii) support project procurement activities. The incomes by providing services for POs to develop capacity (learning grant) will be used to establish a feasible business and system of the RFL. FAO will use its existing mechanisms to delegate an increasing share of implementation to AMCS and other POs. These include the letter of agreement (LoA) through which a set of activities are delegated e.g. to AMCS for capacity development activities and other support to PO members.

Other participating POs: will play a critical role to ensure project success. Key roles and responsibilities include: (i) develop financially viable enterprises; (ii) develop PO management capacity at the respective locality where a PO is based; (iii) build capacity of its members; (iv) assist in outreach activities and to build a PO network; (v) share good practices and information among participating POs; and (vi) sustain the RFL by ensuring repayments of their own members.

Implementation Support Unit: An Implementation Support Unit (ISU) will be established in Addu city where the Apex is located and it is a primary city of South Maldives. It will be operated under the direct supervision of FAO to aid, assist, guide and handhold AMCS in the implementation of the project. Positions funded include: (i) Project Coordinator; (ii) Business and value chain development officer; (iii) Project Accountant; and (iv) Monitoring and Evaluation officer.

The ISU will receive guidance from the FAOR Office for Maldives which are implementing many similar projects and continue exchanging experiences and lessons learned from the FAO Regional office and other country offices including the FAO Bangladesh office, which is used as the hub of the MMI model that this proposed project will adopt. The ISU will report to the PSC and provide secretariat services to the PSC. The ISU will support AMCS in capacity building, developing business proposals, facilitating dialogue with private value chain actors, develop their agriculture capacity, review and assess business proposals and provide quality assurance.

Project Steering Committee

The project will be guided by a project steering committee (PSC), the exact composition and leadership of which will be agreed upon during full project design. It would include representatives from the Apex, PO representatives, the Government, SOEs, FAO, and other partners such as representatives from private sector, academia and sector specialists. The PSC will approve the annual work plans as well as provide guidance on issues faced by the project. PSC will also be responsible to review and approve RFL rules and guidelines during the project life cycle.

FAO as Supervising Entity (SE)

FAO will serve as the supervising entity of this project. It will support the full design of the project and ensure that implementation is running smoothly through on-going backstopping and regular supervision. The implementation support function will be performed by the FAOR Office for Maldives, with technical assistance from the FAO Regional Office for Asia and the Pacific.

Participatory guidelines on fund management, including the criteria for receiving Project Grants will be developed jointly by the SE and AMCS in consultation with PSC and other stakeholders. Fund management details will be elaborated at the project detail design stage.

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.

Exit Strategy

During the course of developing this project concept, the Government of Maldives facilitated a meeting with SDFC, explaining the concept, approach and possible impact of this project in long-term development of farmers, agriculture and food security. As SDFC's objectives of providing financing to the SME sector, are in line with the core innovation proposed through this project, they proposed a partnership between SDFC and the Apex, pending project approval. At the onset of the project, SDFC will augment the training and capacity development of POs with advisory services and also keep abreast of the outcomes from the RLF system. To encourage more farmers to take up be a part of the lending cycles (or even shore up lending cycles), SDFC will provide financing to meet these unmet demands. This way, after the project comes to a close (3-year tenure), the Apex will have the partnership with SDFC to fall back on, with a potential to expand the RLF, thereby building increased reserves for the PO and Apex.

The Apex and POs will be the ones in the driving seat, with guidance and support from FAO and other partners. This hands-on experience can be considered as intensive on-the-job capacity development. POs will come to understand the ins and outs of project management, capacity development and service delivery. This will ensure they are able to continue delivering core services in a sustainable manner to smallholder farmer groups after completion of the project.

The exit strategy of the project is embedded in the project design itself. Intensive capacity development is foreseen that will ensure POs are able to continue managing their operations and serving their members long after completion of the project activities. The graduation process with a clear evaluation method by a score card will set milestones for PO performance and achievement. All of POs will be linked to financial institutes and private sector companies for continued business developments.

The original green sector – agriculture — hasn't been on the radar for environmental, social and governance (ESG) investors, given industrial agriculture's heavy dependence on pesticides, fertilizers, and genetically modified seeds. But ESG investors are turning their interest to agriculture to fight climate change. In November, the US SIF, an organization that follows sustainable investing, said sustainable agriculture was an important investing issue for money managers¹⁰, the first time this issue came up in the top five specific criteria. Of the \$17 trillion invested in ESG issues¹¹, money managers said they devoted \$2.38 trillion to sustainable agriculture while institutional investors devoted \$2.18 trillion to the theme. With this long-term view in mind, the Apex can become a powerful economic actor, for sustainable agriculture in Maldives, attracting the interest (and funds) from ESG money managers.

5.6 Financial and implementation arrangements between the SE and the PO

The participating all POs will open a dedicated USD denominated project account in one of the commercial banks in the Maldives. All project related funds and expenses will be managed through this dedicated account and only transactions related to the project will be processed via the account. The lead PO will ensure that project funds and related expense will be kept separate at all times.

SE will make an initial transfer of the total learning grants for participating POs to enable kick start of project activities. The subsequent transfer will be made based on successful completion of requisite training and appraisal of performance. Only qualifying or 'graduating' POs will receive the next (or subsequent) tranches. The disbursement of next tranche of funds will be subject to satisfactory audit and diligence of financial and progress reports, submitted quarterly and annually.

The Apex PO will coordinate with other participating POs to obtain information required to prepare quarterly project progress and financial reports and submit the reports to SE and the Project Steering Committee. Progress and quarterly

¹⁰ <https://www.ussif.org/Files/Trends/2020%20Trends%20Report%20InfoGraphic%20-%20Institutional%20Investors.PDF>

¹¹ <https://www.marketwatch.com/story/esg-investing-now-accounts-for-one-third-of-total-u-s-assets-under-management-11605626611>

financial reports for the quarter ending will be submitted within the first 30 days of the next quarter. Annual project financial statements will be prepared in accordance with generally accepted international accounting standards and audited annual financial statements for the current year and will be made available to SE before end of 30 June of the following year. The project will be audited by engagement of independent external auditors acceptable to SE.

5.7 Overall project budget

The full budget has been worked out at USD 2.635 million. This covers the investment in three main components, their respective activities and project management costs of implementing the project. The investment in the innovation of the project, the Revolving Loan Fund (RLF) is USD 1.26 million, with a potential outreach to 2,100 farmers, working out to an investment of USD 600 per farmer household. The Learning Grant of USD 8,000 including common facility is provided to each sub-group of 100 farmers and/or PO with 100 members. The full details of the budget, with explanation can be viewed in Annex 1.

5.8 PO's readiness

Previous experience in working in partnership with the preferred SE: Though AMCS has not directly worked with FAO, it can build on the experiences it has gained working with MoFMRA and IFAD under various IFAD funded projects implemented in the Maldives since 2007.

Previous experience managing funds: The proposed Apex PO has not directly managed any funds received from any international development agencies or NGOs. However, as an agricultural cooperative (PO) in operation for the last 10 years, it has managed funds received as sales income and instituted strong financial management practices which can be relied upon in implementing the project. Currently, as an active PO, financial statements are prepared, and tax returns filed on an annual basis and annual audited financial statements are published on a regular basis. It fully adheres to principles of transparency in disclosing all financial matters to its members and the community to which it serves.

Main activities carried out in the past 5 years and external funders: AMCS plays the role of an agent between the farmers and its suppliers and actively works on seeking consistent and regular markets for its members. It further facilitates members to access agricultural inputs such as fertilizers and pesticides to its members at a low cost. It has established forward contracts with resorts located in the atoll to seek market access for its members.

AMCS has worked closely with IFAD to implement activities that aid development of agricultural activities in Addu City, particularly the island of Hulhu-Meethoo. Under the most recently concluded IFAD project, AMCS has worked closely with other POs and provided extension support services to some of the other value chain POs.

Experience in managing contracts: AMCS has not directly managed contracts funded by external funders. However, the PO has experience in handling contracts and funds generated through its regular sales operations including managing forward contracts with main buyers in resort market. In addition, it manages a credit facility by offering AMCS members a credit ceiling on MVR 5,000 (USD 325) to obtain agricultural inputs. Additionally, AMCS managed schemes are available to facilitate access to greenhouses and auto-pot systems on instalment basis.

Annex 1 – Project Budget Tables

Provide comprehensive budget information for the proposed project. All figures should be in US\$ and rounded to the nearest '000.

Table A: Summary of Overall Project Funding

Funding Source	Amount	Has this funding been secured (Yes/No)?
GAFSP grant amount requested	2,635,000	n/a
PO co-financing ¹²		
Other Funding Sources (<i>SE, ODA, international NGOs, etc.</i>)		
- SDFC		
- [specify source]		
- [specify source]		
<i>Add rows as needed</i>		
Total Project Funding	2,635,000	

Table B: Detailed Project Budget (for each component indicate who will administer the funds and manage procurement – SE or PO)

Components	Activities	GAFSP Funding Requested		Other Funding Sources Amount (US\$)
		Amount Requested (US\$)	Fund management and procurement (SE or PO)	
<u>COMPONENT 1:</u> Strengthening Governance and Managerial Capacity of Apex and participating POs	Activity 1.1: Enhancing PO Organizational and Managerial Skills	120,000	PO	
	Activity 1.2: Developing Common Facility for PO Technical and Enterprise skills and knowledge	120,000	PO	
	Activity 1.3: M&E and Baseline	20,000	SE	
	Activity 1.4: FBF capacity development and training (FAO tools and MMI implementation modality)	80,000	SE	
<u>COMPONENT 2:</u> Development of PO Enterprises	Activity 2.1: Preparing Participatory PO-Enterprise Business Plan	30,000	PO	
	Activity 2.2: Investing and implementing PO enterprise business plan (Revolving Loan Fund: RLF)	1,260,000	PO and SE	

¹² Include financial contributions only. Additional information on financial and in-kind contributions can be described under question B.3.

COMPONENT 3: Enhanced Apex Organisation	Activity 3.1: Developing Apex management and advisory capacity and steering committee	255,000	PO and SE	
	Activity 3.2: Establishing innovative and inclusive finance for PO members	80,000	PO	
	Activity 3.3: Developing digital solution capacity – digital agriculture and e-commerce	80,000	PO	
	Activity 3.4: PO-enterprise communication, research, branding, policy-advocacy and learning platform	80,000	PO and SE	
COMPONENT 4: Project Management	Activity 4.1: Implementation Support Unit (ISU) –Regional /Cluster (travel cost included)	480,000	SE	
	Activity 4.2: Apex finance audit	30,000	SE	
Total		2,635,000		

B.1. Clarify the underlying assumptions for the proposed budget:

For example, indicative unit costs for major investments including how derived, training and workshops, program coordination costs, additional budget notes, etc.

Major Investments	Unit Costs/PO or Sub-Group of PO (\$)	Break-up	Budget Notes
Learning Grant (6 to 9 months)	\$4,000	30 POs or PO sub-groups of 100 farmers each Total=30 groups X \$4,000	30 POs or PO sub-groups of 100 farmers, totaling about 3,000 farmers
Common Facility (One-time)	\$4,000	30 POs or PO sub-groups of 100 farmers Total=30 groups X \$ 4,000	30 POs or PO sub-groups of 100 farmers, totaling about 3,000 farmers
Revolving Loan Fund (RLF) (3 years)	\$600 per farmer	70 farmers per PO or PO sub-groups Total= 30POs X 70 farmers X \$600	70 farmers will be selected (graduate) out of 30 POs or PO sub-groups of 100 farmers.
Enhanced Apex PO (3 years)	\$ 255,000	Advanced managerial training to Apex Core Team; Meetings and travel for partnerships; legal compliances (experts/advisory); setting up MIS and other tools Procurement management, PO fund management, monitoring of contract, and others	Apex Core Team will include some Board members also, total of 10 to 12 team members
Digital Solutions	\$2,670	Identification of tools, experts,	30 participating POs and other

(3 years)		partnership with e-platforms	POs can join, for a fee
Communication, Research, Branding and Advocacy (3 years)	\$2,670	Promotion and campaigns – 1 per quarter; Profiling and study of major 8-10 VCs, Branding of value-added products; Quarterly Advocacy meetings	30 participating POs or sub-groups of POS
Project Management (3 years)	Staff Total: \$420,000 Travel cost: \$60,000	1 Project Coordinator: \$50K/yr. \$50,000 X 3 yrs.=\$150,000 1 Business/Value chain Officer: \$30K/yr. \$30,000 X 3yrs=\$90,000 1 M&E officer: \$40K/yr. \$40,000 X 3yrs=\$120,000 1 Accountant: \$20K/yr. \$20,000 X 3yrs=\$60,000 Travel Costs: \$20K/yr. \$20,000 X 3yrs=\$60,000	ISU will manage the entire project, for all identified 30 POs/sub-groups in 9 atolls and 16 islands; the other listed components of project management will provide direction, support, and knowledge management. Most of the hiring will be done locally (from the islands).

B.2. Will the PO provide any financial or in-kind contribution to the project?

The PO has infrastructure consisting of one offices in Addu City, with some warehouse and storage facilities. The offices are equipped with standard facilities and amenities like furniture, utilities, computers, etc. The PO also own a pick-up van, which it uses to transport agriculture produce from the farmlands to buyers and markets.

Due to the ongoing pandemic, the PO is facing financial constraints, and has had to reduce its staff strength. The Board members are committed and are operating the PO, offering services to farmers and other related activities.

The PO will make available, all the infrastructure and resources, as listed above, as in-kind contribution, for the purpose of the project. At the present stage, it will not be feasible for the PO to contribute, monetarily.

Annex 2 – Proposal Stage Results Monitoring Matrix

Table D. GAFSP Tier 1 and Tier 2 Core Indicators

#	Tier 1 impact indicators for all GAFSP projects	Check if Yes
1	Food and nutrition security <input checked="" type="checkbox"/> Mandatory Food Insecurity Experience Scale (FIES) indicator and optional indicators are Food Consumption Score (FCS), Minimum Dietary Diversity-Woman (MDD-W) and Minimum Dietary Diversity -Children (MDD-C)	<input checked="" type="checkbox"/>
2	Household income	<input checked="" type="checkbox"/>
3	Crop yield (apply only to those projects with explicit productivity gain goals)	<input type="checkbox"/>
#	Tier 2 indicators for all GAFSP projects, <i>Mandatory Breakdowns</i>[†] (unit)	
	<ul style="list-style-type: none"> Indicator notes 	
1	Number of beneficiaries reached, gender disaggregated, percentage who have been helped to cope with impact of climate change ^{††} <ul style="list-style-type: none"> People receiving benefits from the project. Disaggregation for gender and those receiving Climate-Smart Agriculture (CSA)-specific support. 	<input checked="" type="checkbox"/>
2	Land area receiving improved production support, <i>percentage of these that are climate smart</i> (ha) <ul style="list-style-type: none"> Area that adopted new inputs/practices, new/rehabilitated irrigation services, land registration, etc. Disaggregation for climate-smart interventions. 	<input type="checkbox"/>
3	Number of smallholders receiving productivity enhancement support, gender disaggregated, climate-smart agriculture support <ul style="list-style-type: none"> Number of end-users who directly participated in project activities. Includes technology/technique adoptees, water users with improved services, those who had land rights clarified, people offered new financing/risk management services. Using CSA approaches. 	<input type="checkbox"/>
4	Number of producer-based organizations supported (number) <input checked="" type="checkbox"/> Relevant associations established or strengthened by project.	<input checked="" type="checkbox"/>
5	Volume of agriculture loans that are outstanding. <ul style="list-style-type: none"> Volume of outstanding loans for agriculture and agribusiness in a financial institution 	<input checked="" type="checkbox"/>
6	Percentage of beneficiaries with secure rights to land, property, and natural resources (percent of total beneficiaries) ^{††} <ul style="list-style-type: none"> Measured as those with legal documentation or recognized evidence of tenure and those who perceive their rights are recognized and protected. 	<input type="checkbox"/>
7	Roads constructed or rehabilitated, percentage resilient to climate risks (km) <ul style="list-style-type: none"> All-weather roads built, reopened, rehabilitated, or upgraded by project. Percentage that are designed to withstand changes in climate. 	<input type="checkbox"/>
8	Number of post-harvest facilities constructed and/or rehabilitated (number) includes markets, agro-processing/storage/quality control facilities.	<input checked="" type="checkbox"/>
9	Volume of agricultural production processed by post-harvest facilities established with GAFSP support, <i>by food group</i> (tons) <ul style="list-style-type: none"> Tons of total produce processed sorted by 10 major FAO food groups. 	<input type="checkbox"/>
10	People benefiting from cash or food-based transfers, <i>gender disaggregated</i> (number of people) <ul style="list-style-type: none"> Number of people who benefited from cash or food transfer interventions. 	<input type="checkbox"/>
11	People receiving improved nutrition services and products, <i>gender disaggregated, age disaggregated</i> (number of people) <ul style="list-style-type: none"> Number of people who received nutrition counseling/education, recipients of Ready-to-use-Therapeutic Foods, bio-fortified foods, and Vitamin A and micronutrient supplements. Number of people receiving extension support for nutrition-relevant techniques (e.g., homestead gardens, Farmer Field School support, etc.). 	<input checked="" type="checkbox"/>
12	<i>Direct employment provided; gender disaggregated</i> (full-time equivalent) <ul style="list-style-type: none"> Number of direct employees in a client company. 	<input type="checkbox"/>

	<ul style="list-style-type: none"> Part time jobs aggregated to full-time equivalent. 	
13	Persons receiving capacity development, <i>gender disaggregated, organization type</i> (number of people) <ul style="list-style-type: none"> Agricultural and non-agricultural rural training and capacity building support provided. Distinguishes between individual producers/household members, civil society organization staff, and government officials. 	<input checked="" type="checkbox"/>
14	Number of substantive deliverables on food security processes completed (number) <ul style="list-style-type: none"> Measures “soft support” for institutional development provided through discrete deliverables. Deliverables include policy studies, strategies and plans, best practices, and lessons learned, among others. 	<input type="checkbox"/>

Note: The definitions for the Tier 2 indicators can be found on pgs. 24 – 27 of the [GAFSP M&E Plan](#).

† Reporting on the indicator requires reporting all mandatory breakdowns for the indicator.

†† Climate-related language is included for indicators #1, 2, 3, and 7. In view of discussion and some concerns expressed by the GAFSP Steering Committee, it is noted that the experience of gathering such data at the SE/project level will be tracked and reviewed to assess the ease/feasibility of application and resulting “meaningfulness” of the data that are gathered. Please also see earlier footnote #6 on the use of the term ‘climate-smart’ in the GAFSP M&E Plan.

‡‡ GAFSP projects have not traditionally supported land-ownership reform, although both the Technical Advisory Committee and most SE project preparation processes currently evaluate project readiness against a criterion that includes land access and land user rights, and they typically verify such aspects through their respective “safeguards” and appraisal policies. There was demand from SC members to see a standalone indicator, however, that can capture a focus on land use rights.

Table E. Proposal Stage Results Monitoring Matrix

Indicators ¹³	Unit of measurement	Baseline ¹⁴	End-of-project target	Data sources (Data collection instruments)
Project level indicators				
Impact: A vibrant PO ecosystem more resilient to shocks and climate change and food security enhanced				
Project's highest-level indicator Impact indicators Household incomes	Average household income among farmers	HEIS 2019-MVR 18,365	30% increase	Household Income Base line and end survey
Food security indicator	Average household food security	TBD	50% increase	Base line and end survey
Component level indicators ¹⁵				
Component 1: Strengthened PO Organizational Capacity and Enterprise Management				
Outcome 1: Resilient and inclusive POs developed to act as significant economic actors in agribusiness value chain and food and nutritional security awareness enhanced in island communities.				
Outcome Indicator 1 1.1. Capacity of PO Enhanced	No of POs graduated Component 1	0	30 POs/sub-groups strengthened as active economic actors	Score cards and project dashboard
1.2. Improved self-confidence among PO core leaders received capacity development, gender disaggregated, organization type	Percentage	0	75% of people who received training answer confident on the subjects taught	Self-confidence evaluation (Before and After)
1.3. Sustainable income stream developed for the common facilities	No of common facilities	0	30 PO/sub-group common facilities	PO Accounting records/ books
1.4. Number of farmers and households provided with health & nutritional programs supported	No of farmers / households reached	0	2,000 farmers	Project report
Output 1.1: Governance, managerial and entrepreneurial capacities of POs strengthened.				
Output Indicator 1.1 1.1.1. Core PO leadership team established.	No	0	30 Core PO/ subgroup leadership team	Score cards and project dashboard
1.1.2. Saving accounts opened as a result of financial literacy training.	No	TBD	50 accounts per PO/sub-group	Project reports

¹³ If any cross-cutting themes were selected in Section 3.1, this table must include some indicators that correspond to the selected theme(s).

¹⁴ If this is unknown, write TBD (to be determined).

¹⁵ Please identify indicators that can clearly represent the causal links in the results chain that bridge the gap between the current status and the objectives (desired high-level indicator). Ideally, under each component there is at least one outcome indicator and correspondent output indicator(s).

1.1.3. Key agriculture products identified and profiling with RuralInvest is completed.	No	0	30 POs/sub-groups	RuralInvest Profiling reports
Output 1.2: Enhanced production knowledge among participating farmers				
Output Indicator 1.2				
1.2.1. Common facilities financially sustained.	No	0	30 POs/sub-groups	Project Reports
1.2.2. Improved self-confidence among PO members on CSA practices.	Percentage	TBD	75% of people who received training answer confident on the subjects taught	Self-confidence evaluation (Before and After)
1.2.3. Value-chain linkage on the selected agriculture products established.	No	0	30 Value-chains	Project Reports
1.2.4. Increased consumption of locally produced agriculture products.	Percentage	0	75% of people answer "Yes" for a question on locally produced agriculture product consumption.	End survey.
Component 2: Developed PO Enterprises				
Outcome 2: PO capacity strengthened to integrated in select agri-business value chains and viable PO business models developed to enhance incomes and food security among PO members				
Outcome Indicator 2				
2.1. Financially sustainable agriculture POs established with at least one value-chains that handle products produced with climate smart agriculture.	No	TBD	30 POs/Sub-groups	PO Accounting records/ books
2.2. Non project financing mobilized for PO members.	USD	0	USD 200 per PO member X 500 People	Project report
Output 2.1. POs that are able to assist members access value chains, markets and technical knowledge.				
Output Indicator 2.1.				
2.1.1. Business plan developed and appraised for the GAFSP project fund.	No	0	30 POs/Sub-groups	RuralInvest project reports
2.1.2. POs with at least one new product with a value-chain or marketing arrangement.	No	0	30 POs/Sub-groups	Project report
2.1.3. PO members adopting new technologies in their learning and developing new skills on CSA.	Percentage	100%	PO members who received the project fund.	Project report

Output 2.2. POs that are able to assist members access non-project financing.				
Output Indicator 2.2.				
2.2.1. POs that have at least 10 members who receive a loan from non-project financing institutes.	No	TBD	15 POs/Sub-groups	Project report
2.2.2. Loan successful rates - Individual PO applicants submitted that were approved by public/private sector financing institutes.	Percentage	TBD	80%	Project report
Component 3 Enhanced Apex organization				
Outcome: Enhanced Apex PO capable of providing sustained access to financial and technical services to drive PO led agribusiness enterprise development model				
Outcome Indicator 3				
3.1. Access to finance improved.	Percentage	TBD	75%	On-line survey by PO members.
3.2. Use of digital application developed by Apex among PO members for business transaction.	Percentage	TBD	75%	On-line survey by PO members.
3.3. New policy or programme implemented by the Government as a result of the project.	No	0	At least one	Project Report
Output 3.1: Successful establishment of Revolving Loan Fund and financing of viable business plans.				
Output Indicator 3.1.				
3.1.1. Repayment rate.	Percentage	0	At least 90%	Project reports
Output 3.2: Enhanced Apex capacity to maintain the developed PO network.				
Output Indicator 3.2.				
3.2.1. Apex and PO satisfactory rates.	Percentage	0	At least 75%	On-line survey (Every 6 months)
3.2.2. Policy and research papers produced and communicated with the Government.	No	0	TBD	Project report
Output 3.3: Farmers using digital solutions and e-Commerce platforms.				
Output Indicator 3.3.				
3.3.1. Use of digital solutions.	Percentage	0	At least 75%	On-line survey (Every 6 months after the launch)
3.3.2. Use of e-commerce platform	Percentage	0	At least 75%	On-line survey (Every 6 months after the launch)
3.3.3. User satisfactory rating on three major digital applications developed by Apex.	Percentage	0	At least 75%	On-line survey (Every 6 months after the launch)

Annex 3 - Risks and Negative Externalities

Table F: Project Risk Assessment

Risk	Likelihood (L, M, H)	Risk Rating (L, M, H)	Risk description	Proposed mitigation measures
Technical Design				
Effective coordination among POs	M	M	Geographic spread of POs and target communities across the country imposing challenges for effective coordination and monitoring of project activities	Empower POs to effectively use and leverage technology to bridge geographic spread to overcome barriers in project coordination among participating POs and to monitor project results. Use of reporting tools to capture real time information and data directly from participating POs to ensure regular monitoring of activities across the country.
Institutional				
Limited experience in managing or implementing large contracts.	H	M	Funds or assistance to PO are mainly channeled via projects implemented by Government in collaboration with donors and not directly handled by POs.	Strong and experienced project management team to work closely with Apex PO and build project, contract and fund management capacity of POs.
Poor trust among Apex PO and other participating POs	M	M	APEX PO may face resistance from other participating POs or interest groups or organizations already formed and active in the sector	Adopting and entering into partnership or MOUs among participating POs will improve trust and collaboration among POs and help create a network of POs working for collective development of agribusiness value chains Fair representation of other participating POs and practicing transparent decision making at project level will help to mitigate possible trust issues among POs.
Political capture of POs by vocal or dominating members	H	M	Active gender and youth participation in POs leadership and management roles constrained or discouraged by	Governing documents of POs to be reviewed from a gender and youth lens and legal documents to recognize role of women and youth in leadership positions by reserving

			existing domineering members	at minimum 30- 40% of such positions to women and youth. Support provided from project to form women or youth led POs as new generation agricultural startups.
Other				
Business viability and sustainability of POs	H	M	Sustaining the viability and operations of the PO beyond the project support period	Use predefined criteria or apply score card method to identify POs with high levels of sustainability potential (ie viable business plans) and inclusive governance practice in determining eligibility for funding and market access support from the project. Additionally conduct business planning, financial management, leadership and managerial training to PO members and leadership.
Changing COVID pandemic situation affect or delay project start	H	M	Uncertainty in the COVID pandemic situation and community level outbreaks may delay start of project activities and effective organization of agricultural workers at island level	Already 66% of the national adult population is fully inoculated. Promote and encourage farmers and households to get vaccinated to boost immunity level and keep infection rates at communities low. Orient farmers to adopt social distancing approaches and to take safety precautions in the workplace and farms.
Cost overruns associated with exchange rate fluctuations	H	M	Prolonged economic downturn and shortages in foreign exchange (i.e. USD availability in local market) could potentially increase cost of agricultural inputs imported and therefore investments potentially impacting project costs and funding amounts available from the project for revolving fund activities.	Maintain project funds in USD account and exchange to local currency when payments are made. Enter into partnership with input suppliers and importers to supply agricultural raw materials and inputs in bulk at negotiated prices for a predefined period. Train farmers and POs to do proper pricing and ensure sales contract or forward contracts entered have provisions to absorb cost fluctuations associated with exchange rate fluctuations.

For Likelihood: L (low probability), M (moderate probability), or H (high probability).

For Risk rating: L (low risk or impact), M (moderate risk or impact), or H (high risk or impact).

Table G: Evaluation of Negative Externalities

Potential Negative Externalities	Likelihood (L, M, H)	Risk Rating (L, M, H)	Description of potential negative externalities	Proposed mitigation measures
Environmental Impact on soil quality and water lens	H	H	Drive to increase large-scale land based traditional agricultural practices may contribute to large scale clearing of existing vegetation reducing natural protection available to farmland as well as improper use of fertilizers in a drive to boost agricultural productions and therefore contribute to deterioration of soil quality and contamination of water lens	Training farmers on good agricultural practices and encourage farmers to obtain GAP certification Encourage shift to climate resilient technologies and cultivation methods to minimize impact on already scarce agricultural land.
Social Agricultural land made available only for shorter durations in response to a donor funded project	M	M	Demand for agricultural land is expected to increase during project period in island communities and authorities may only allocate land for a relatively short duration based on prevailing policies on agricultural land allocation constraining farmers to undertake continuous and feasible investments to sustain production and food security levels at community	Engage with public sector including relevant government ministries and island councils to change policies in favour of allocating or leasing agricultural land for longer duration with a view to encouraging and incentivizing farmers to make reasonably long term investments.
Increase informal employment of expatriate workers in agricultural activities	H	H	As more women are engaged in farming in island communities' engagement of foreign workers, often illegal and undocumented, becoming more prevalent in the agricultural value chain to overcome labour shortages in the island communities	Orient women and unemployed youth on the benefits and role of agriculture for economic diversification, food security and promoting self-sufficiency and encourage women and youth to join POs as active members or to start new agricultural ventures. In addition, train women and young people to undertake technology dependent cultivation methods that rely on less physical labour.
Gender Additional or increased burden placed on women to	H	M	Women predominantly as care givers may face challenges in balancing caregiving and additional responsibilities to earn an income for the household impacting overall	Sensitize household members on economic and social empowerment of women and young girls and encourage more men including young men to share household responsibilities while assisting

balance livelihood and care giving role.			wellbeing and health of women, especially in the case of female headed households.	disadvantaged or female headed households to access other social support schemes nationally available to reduce the burden placed on women.
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For Likelihood: L (low probability), M (moderate probability), or H (high probability).
For Risk rating: L (low risk or impact), M (moderate risk or impact), or H (high risk or impact)

Annex 4 - List of Farmers and POs in Maldives

#	Atoll	Island	MoFMRA Official Farmer Registry Stats				Name of PO	Atoll/Island	Major Value-chains
			Total	M	F	Agriculture Land (ha.)			
1	Kaafu	Kaashidhoo	764	386	378	70.98	KAASHIDHOO GREEN COOPERATIVE SOCIETY	Kaafu Atoll, Kaashidhoo	Watermelon, banana, bottle gourd, coconut, pumpkin, papaya; Goat-keeping
							KAASHIDHOO UNITY COOPERATIVE SOCIETY	Kaafu Atoll, Kaashidhoo	
2	Alifu Alifu	Thoddoo	920	463	457	29.89	THODDOO BRIGHT COOPERATIVE SOCIETY	Alifu Alifu Atoll, Thoddoo	Watermelon, papaya, cucumber, banana, bottle gourd, betel leaves: Goat keeping, Poultry
3	Faafu	Magoodhoo	89	20	69	1.57	F MAGOODHOO COOPERATIVE SOCIETY	Faafu Atoll, Magoodhoo	Fresh fruits and vegetables, Poultry
4	Thaa	Veymandoo	257	130	127	7.55	VEYMANDOO WOMENS COOPERATIVE SOCIETY	Thaa Atoll, Veymandoo	Fresh fruits and vegetables, chilies, pumpkin, watermelon
5	Laamu	Gan	460	276	184	64.1	FUNADHOO COOPERATIVE SOCIETY	Laamu Atoll, Funadhoo	Watermelon, chili, cucumber, banana, sweet potato, taro, cassava
		Isdhoo	713	332	381	66.24	MAAVASHU COOPERATIVE SOCIETY	Laamu Atoll, Maavashu	
		Kalahidhoo	393	184	209	58.91	SOUTH FARMERS' COOPERATIVE SOCIETY	Llamu Atoll,	
		Dhambidhoo	142	80	62	14.2			
6	Gaafu Alifu	Nilandhoo	289	132	157	19.86	DHIVEHI MASVERIN	Gaafu Alifu Atoll, Gemanafushi	Watermelon, tomato, cucumber, lettuce, butternut, eggplant.
		Maamendhoo	226	84	142	3.15			
		Vilingilhi	66	14	52	0.42			
7	Gaafu Dhaal	Vadhoo	74	45	29	3.44	VAADHOO FARMERS COOPERATIVE SOCIETY	Gaafu Dhaal, Vadhoo,	Watermelon, tomato, cucumber, lettuce, butternut, eggplant, Taro, sweet potato, pumpkin, chilies
		Gadhoo	128	57	71	20.99	GAHDDHOO EKUVERINGE COOPERATIVE SOCIETY	Gaafu Dhaal, Gaddhoo,	
		Hoadendhoo	152	52	100	7.95			

Please Note: The PO is Maldives has not received any funding from GAFSP, earlier. Hence the Annex 4 of the GAFSP Concept Note Template has been used to provide the List of Farmers and POs in the Maldives.

#	Atoll	Island	MoFMRA Official Farmer Registry Stats				Name of PO	Atoll/Island	Major Value-chains
			Total	M	F	Agriculture Land (ha.)			
8	Fuvahmulah	Fuvamulah	274	107	167	14.83	FUVAHMULAH COOPERATIVE SOCIETY	Fuvahmulah City	Taro, Fresh fruits, and Vegetables
							FUVAHMLAK FISHERMAN COOPERATIVE SOCIETY	Fuvahmulah City	Fishery and value-added fishery
							HOADANDU FRESH COOPERATIVE SOCIETY	Fuvahmulah, Hoadandu	Taro, Fresh fruits, and Vegetables
9	Addu City	Meedhoo	135	89	46	24.28	ADDU MEEDHOO COOPERATIVE SOCIETY	Addu City	Watermelon, honey melon, chilies, beans, corn, taro, pumpkin, cucumber
							ADDU PEOPLE'S CO- OPERATIVE SOCIETY	Addu City	Fresh fruits and vegetables
							SOUTH COOPERATIVE SOCIETY	Addu City	Agriculture and fishery products
			5082	2451	2631	408.36			

Annex 5 - Proposal Preparation Team

Name	Title	Organization	Email
Mr. Hussain Mufeed	Chairman	Addu Meedhoo Cooperative Society	usmufeed69@gmail.com
Mr. Hassan Shahid	Secretary	Addu Meedhoo Cooperative Society	unitedaddu@gmail.com
Ms. Hawwa Inaya	Administrator	Addu Meedhoo Cooperative Society	inashafeeu@gmail.com
Ms. Jumana Rashid	Board Member	Addu Meedhoo Cooperative Society	ajumaanaa@gmail.com
Ms. Mariyam Nizama Mohamed	Member	Addu Meedhoo Cooperative Society	amazinmary@gmail.com
Mr. Migdhad Adam	Chairman	Faafu Magoodhoo Cooperative Society	faafmcs@gmail.com
Mr. Abdul Nasir	Treasurer	Faafu Magoodhoo Cooperative Society	faafmcs@gmail.com
Ms. Mariyam Zulfa	Member	Faafu Magoodhoo Cooperative Society	faafmcs@gmail.com
Mr. Ahmed Abdulla	Vice Chair	Fuvahmulak Fisherman Cooperative Society	arasth@gmail.com
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Annex: 6 – Map of Maldives



