

Stakeholder Consultations in support of GAFSP Maldives Concept Note

**Report prepared and submitted on behalf of the Producer
Organizations
by**

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List of Abbreviations

AGM	Annual General Meeting
AMCS	Addu Meedhoo Cooperative Society
AgroNat	Agro National Corporation
BCC	Business Center Corporation
FAO	Food and Agriculture Organization
FAOR	Food Agriculture Organization Regional Office
FMCS	Faamu Magoodhoo Cooperative Society
GAFSP	Good Agriculture and Food Security Program
ISU	Implementation Support Unit
MED	Ministry of Economic Development
MMI	Missing Middle Initiative
MoFMRA	Ministry of Fisheries, Marine Resources and Agriculture
MSME	Micro-Small Medium Enterprise
NC	National Consultant
NGO	Non-Government Organization
PO	Producer Organization
RLF	Revolving Loan Fund
SDFC	SME Finance Development Corporation

1. Background

This consultation report was prepared on the request of the Producer Organizations (POs) in the Maldives, and following consultations held among POs to prepare a concept note in response to the Global Agriculture and Food Security Program (GAFSP) call for proposals under the Producer Organization (PO) led modality which aims to strengthen POs as key economic players in the value chain by building smallholder farmers' livelihood opportunities through capacity building and increased access to finance, markets, and technology.

To prepare a concept note for GASFSP funding, some of the lead and active POs in the Maldives sought services of FAO Regional Office for SriLanka and Maldives in Colombo (FAOR – Colombo). Services of the National Consultant (NC) Saeeda Umar was engaged by FAOR –Colombo to support the POs in the consultation process and to assist in the formulation and submission of a concept note by September 8, 2021. The consultation process among the POs were conducted and the concept note was formulated with guidance of FAOR – Colombo.

PO led consultations were carried out with POs and non-PO entities from 1-30 August 2021. The stakeholder consultations were conduct to identify:

- a. challenges and opportunities faced by POs and smallholder farmers in Maldives in terms of access to financing, technology, and markets,
- b. ways to adapt the Bangladesh Missing Middle Initiative to suit the Maldivian context, and
- c. A suitable Apex PO to administer the project

This summary report have informed the formulation of the draft GAFSP Concept Note.

2. Overview and Methodology

The PO entities listed below met, discussed and exchanged ideas with the NC on several occasions from 1-30 August 2021 on preparing a project concept note for submission to GAFSP funding with the objective of replicating the lessons learnt from the PO led MMI model and approach implemented in Bangladesh. Most meetings were held virtually or conducted as phone consultations. During the PO consultation meetings, NC explained in detail the Bangaldesh MMI model and approach to the POs and views of the PO organizations were sought to adapt the model to the Maldivian context. In addition, based on PO suggestions, the NC met with the following non-PO entities to gather additional information and explore areas for possible partnership and collaboration.

Non-PO Entities Consulted

	Organization Name
1	Ministry of Fisheries, Marine Resources and Agriculture MoFMRA
2	Ministry of Economic Development (MED)
3	SME Finance and Development Corporation (SDFC)
4	Agro National Corporation (AgroNat)
5	Business Center Corporation (BCC)

Potential Apex POs Consulted

	Organization Name
1	Addu Meedhoo Cooperative Society
2	F. Magoodhoo Cooperative Society
3	Fuvahmulah Cooperative Society
4	Hembadhoo Womens Cooperative Society
5	Kihaadhoo Cooperative Society
6	Kudarikilu Cooperative Society
7	Kanditheemu Cooperative Society
8	Unity Stars Cooperative Society
9	Hdh Makunudhoo Cooperative Society
10	Fuvahmulak Fisherman Cooperative Society
11	Maakurathu Cooperative Society
12	Badha Cooperative Society
13	Dhivehi Masverin
14	Raa Maduvvari Rahvehi Cooperative Society
15	South Cooperative Society

Additional consultations were held with agriculture sector specialists and development specialists working in the Maldives to identify challenges and potential interventions to assist smallholder farmers in the rural island and identify general assistance required for agriculture sector development.

Discussions varied based on the type of entity or stakeholder engaged, but largely followed the questionnaire templates in Appendix 2.

Potential Apex POs were assessed using the following criteria in order to help identify the most suitable organization as the Apex PO. The NC shared, discussed and explained Apex PO assessment criteria with all the POs consulted in order to aid all participating POs to apply a fair and robust methodology in the selection of a an Apex PO among the participating POs.

1.	Organizational Structure & Governance	<ul style="list-style-type: none"> a. Formally registered legal entity b. Functioning executive or governing body c. Capacity of employed/dedicated staff d. Documented administrative policies
2	Organizational Capabilities	<ul style="list-style-type: none"> a. Clear Vision/Mission/Goals b. Regular meetings c. Ability to network across other POs d. Formal link with Government e. Communication capabilities f. Capacity for report writing
3	Performance History	<ul style="list-style-type: none"> a. Size and scope of past projects/programs b. Impact c. Monitoring systems
4	Financial Management	<ul style="list-style-type: none"> a. Financial systems in place b. Current status and financial history c. Accountability/transparency d. Capacity to meet compliance requirements e. Incl. any past experience with member loan schemes
5	X-Factor	<ul style="list-style-type: none"> a. Ideas/motivation to improve farmer livelihoods b. Availability/enthusiasm to take project onboard c. Likely reach of the organization if Apex PO

3. Challenges & Opportunities Faced by Farmers and POs

While the overall feedback received from stakeholders varied, common themes emerged from all stakeholder consultations as to the key challenges to be addressed and therefore areas for support required to strengthen agriculture sector value chain in the country.

The following table presents the key challenges and the capacity building needs identified by various stakeholder groups consulted that could be addressed through the GAFSP project. Issues identified are loosely ranked in priority order based on frequency of response and relevancy to the topic. For clarity, both the challenges and capacity building needs listed below are direct stakeholder feedback, and not NC input, therefore items listed in the capacity building needs section may also be considered a challenge, if not explicitly listed as such.

Stakeholder group	Challenges	Capacity Building Needs
Producer organizations	<ol style="list-style-type: none"> 1. Limited and sustained market access 2. Extensive dependency on tourism market and challenges in tapping into local markets 3. Logistics and transport of agricultural produce to main markets 4. Lack of proper storage facilities to manage post-harvest 5. Extreme weather conditions such as torrential rains and flooding impacting agricultural yield and output 6. Pest control and pesticide management 7. Improper use of fertilizers 8. Accessing extension support services 9. Quality control and testing 10. Production planning and cultivation to optimize farmer income 11. Cost and availability of farm inputs and raw materials 12. Engaging and mobilizing women in decision making and leadership roles as women often have to balance the role of homemaker, care giver and income earner 13. Access to low cost investment finance and working capital - Investment finance grants provided from earlier projects were not sufficient to fund the optimal scale required to make the investment viable. Mostly supported as pilot initiatives with limited seed funding 14. Poor financial literacy 15. Weak governance and managerial skills – most POs depend on a few core people to sustain operations 	<ol style="list-style-type: none"> 1. Technical Expertise <ol style="list-style-type: none"> a. knowledge on proper chemical use and good agricultural practices b. best planting techniques c. pest and disease management d. climate smart agricultural cultivation – including greenhouse, hydroponic and auto-pot farming techniques 2. Use of digital technology, tools and marketing methods <ol style="list-style-type: none"> a. Use of mobile apps, digital portals and e-commerce platforms to market products b. Use of relevant software (accounting/book keeping/ production planning/ inventory management etc.) and tools to improve business operations and efficiency 3. How to commercialize farm operations <ol style="list-style-type: none"> a. Contract negotiations to access markets b. Develop business models for PO sustainability c. Product research and development skills d. How to create value-add products – focus on niche markets e. HAACP training/certification/ GAP certification and basic food safety and standards f. Packing, storage and handling g. Investment planning and saving 4. Health and nutrition related training and awareness of communities to increase demand and consumption of locally grown crop varieties

	<ul style="list-style-type: none"> 16. Weak entrepreneurial and business skills 17. Limited know-how and application of digital technology in agri-business 18. Short land tenure – usually given for one year and renewed on an annual basis, following COVID in some 44 islands land allocated for 3 years. 19. Conventional farming methods prevents young people engaging in agri-business 20. Labour shortages and aging workforce involved in agriculture and hence reliance on imported labour, often engaging undocumented or illegal foreign labour. 21. Farms being vandalized by thieves, gangs etc. 	<ul style="list-style-type: none"> a. Support school gardening and nutritional programs for schools, young people and households 5. Develop business, entrepreneurial, managerial and financial literacy skills 6. Awareness and training to improve corporate governance of POs. 7. Fund management and project management skills for lead Apex
Govt. Policy making agencies	<ul style="list-style-type: none"> 1. Poor governance and few members active in PO leading to political capture and few members dominating PO operations 2. Sustainability of POs impacted due to weak entrepreneurial and business skills and mindsets 3. Challenge in engaging women in decision making and leadership roles 4. Women farmers reluctant to take loans due to difficult loan terms and conditions offered by commercial banks and limited financial literacy prevents availing credit facilities even via institutes like SDFC. 5. Slow uptake, continuity and viability of POs after public support programs or donor funded programs ends and hence need to strengthen business models. 	<ul style="list-style-type: none"> 1. Recommends <ul style="list-style-type: none"> a. strengthening of PO governance and use of scorecard methods to gauge performance of POs at every stage of the support program b. provide enterprise and business skills development training to POs c. Provide governance, leadership training with a special focus to engage women and youth.
Public Enterprises supporting	<ul style="list-style-type: none"> 1. Low or limited financial literacy levels prevents farmers and POs 	Recommends

<p>MSMEs including agri-businesses</p>	<p>accessing loan or financing facilities already available.</p> <ol style="list-style-type: none"> 2. Unable to provide basic supporting documents such as bank statements or financial statements required to avail financing facilities. 3. Need to ensure consistent supply and market linkages to ensure viability and sustainability of business operations. 4. Absence of market study or demand assessments to plan and optimize farmer incomes and cultivation methods. 5. Lack of production planning and farmers tend to cultivate and grow multiple varieties, often 10-12 varieties, in small land plots making it more prone to pest and diseases. 6. Improper use of fertilizers. 7. Lack of know-how and technical skills. 8. Few active members in each PO and observe many tend to discontinue operations after support period or few years. 9. Good harvesting practices and post harvesting techniques. 10. Limited value addition. 	<ol style="list-style-type: none"> 1. Strengthen financial, entrepreneurial and managerial skills 2. Book keeping /accounting skills 3. Financial literacy and saving 4. Technical skills such as modern climate friendly farming practice and good agricultural practices 5. Demand assessment and market study skills 6. Contract negotiations and marketing skills 7. Application of digital tools to market products and enhance farmer/PO productivity and organizational efficiency 8. Strengthen governance of POs to prevent capture of a PO management or operations by a few
<p>Agriculture sector specialist and development practitioners in Maldives</p>	<ol style="list-style-type: none"> 1. Need to focus on agroforestry, and practice permaculture 2. Land based agriculture to focus cultivation of indigenously grown staples 3. Revive and restore swampy and muddy land where staples like taro are cultivated 4. Provision of extension services on a continuous basis using digital platforms considering that provision of such series are constrained due to COVID 	<p>Recommends</p> <ol style="list-style-type: none"> 1. Development of technical skills to foster good agricultural practices and climate smart agricultural farming methods 2. Value addition and quality management 3. Health and nutrition information 4. Harvesting and post harvesting techniques 5. Market development and entrepreneurial skills, especially targeting women and youth

	<ol style="list-style-type: none"> 5. Pesticide and soil quality management 6. Marketing and establishing backward and forward market linkages 7. Sharing of agricultural information and knowledge 8. Address logistics, storage and transportation issues 9. Invest in values addition and processing 10. Provide portable storage containers that can be used to store and use in transportation of produce to local markets 11. Focus on minimizing waste and aid in processing techniques 12. Invest and undertake research on locally grown common crops used in diet 13. Creating demand for locally grown crops and invest in agroforestry gardens and school gardens to sensitize young people and communities on importance of agriculture and encourage consumption of locally grown crops. 14. Health and nutrition awareness 15. Development of agriculture sector in a manner that prevents large scale deforestation or clearance of natural vegetation. 16. Building stronger POs and engagement of women and youth, and prevent political capture by a few strong members 	<ol style="list-style-type: none"> 6. Governance, leadership and organizational skills 7. Use of digital tools and digital marketing 8. Advocacy and outreach to increase demand and consumption of local crop varieties in regular diet.
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4. Recommendations for Adapting MMI to the Maldivian Context

All stakeholders, including the POs consulted welcomed the proposed GAFSP project and expressed that the project is timely and much desired in the context of building back better from the COVID pandemic. Many indicated that it will assist in reviving agricultural cooperatives as many were hit hard by the pandemic. Stakeholders voiced that while MMI model as implemented in Bangladesh has proven to be successful, it require some level of adaptation and flexibility to cater for Maldivian context. It was noted by many that difference in poverty levels, household incomes, culture and tradition as well as cost of doing business in Maldives have to be factored in, for the project, especially for the revolving loan fund scheme, to succeed.

A few stakeholder quotes form the consultations are noted below.

- “Maldives is very different from Bangladesh. Micro –finance landscape is very different. Most POs were pilot projects, supported and set up with grant or seed funding and therefore financing investments through loans may be resisted by some members of PO”
- “Cost structures are very different. Small amounts of seed capital or loan capital may not be sufficient to finance the scale required to make a business viable. Loan amounts have to be proportionate and reflective of costs.”
- “Geography and remoteness make market access more difficult. Limited market access may frustrate farmers to commit to large scale farming and to conduct farming in a participatory or organized way”
- “Rural farmers may be reluctant to take conventional loans and may be looking for Islamic financing products. Islamic finance products are available but accessing such facilities are cumbersome and difficult for many farmers”
- “Without shifting to technology based smart agriculture, on boarding youth may be a challenge”
- “People are not too interested in labour intensive farming practices. Many engage foreign labour in traditional agriculture”
- “Women mostly stays in rural islands and most men work in resorts or out of the island. Women is often over burdened with household chores and in care giving roles. This could mean women may wish to avoid taking leadership or managerial roles”
- “POs don’t give a regular monthly income to its members. Members cannot volunteer indefinitely. Working capital has to be provided to support a team of core staff at the early stages of coop development and operations”
- “Few members dominate. Most members unable to give time for meetings making business operations and continuity a challenge”
- “Generally land for agriculture is provided for a short duration. This prevents long term investments in agriculture”

- “Financing alone will not solve the issue. Market access is a precondition for the financial viability of POs. Many resorts are close by to islands but many are reluctant to buy from multiple farmers or POs”
- “Apex PO is a registered PO just like other sub-POs. Trust and transparency factors should be addressed. Should ensure all POs have similar access to support provided from the project”
- “Registering and forming a new Apex may take time and few years to settle based on past PO formation and set up experience. So better to start the project with the strongest PO and consolidate operations at project maturity”
- “Keep it to a small number of participating sub-POs, otherwise you will have an administrative nightmare.”
- “Revolving fund should provide loans to both POs and individual farmers.”
- “Past experience is many delinquent loans which could impact sustainability of revolving fund”

5. Access to Finance for Farmers and Agriculture Sector Development in Maldives

Given the significance of the revolving fund scheme in the MMI project, it is pertinent to better understand the loan landscape in Maldives as it pertains to farmers’ and PO access to financing.

Access to finance is a challenge for many farmers and even POs in the Maldives. Collateral based lending and burdensome loan terms and conditions prevent many from accessing finance until recently. Land in Maldives is state owned and small holder farmers are usually given land for cultivation for a year on a rent free basis, while there is no guarantee that the same land plot is available or allocated for the same individual the following year, preventing long term investments and use of land as a collateral. Following the pandemic, land has been allocated in 44 islands for agricultural purposes for a tenure of 3 years while in some locations like Addu City where Apex PO is based, City Council provides land for agricultural purpose for a 10 year tenure, which is not the norm.

Apart from unfavorable loan terms and conditions, limited financial literacy, limited banking history, and limited business record keeping prevent farmers from availing loan facilities either from commercial banks or recently established SME Finance Development Corporation (SDFC). Finding others to serve as a guarantor for a loan can be equally challenging for farmers or POs.

In addition to SDFC there are 8 commercial banks in the Maldives where farmers or POs may access finance. Until the establishment of SDFC in 2019 to assist micro-small and medium

businesses, most of the loan support to agriculture sector was channeled via Bank of Maldives Plc. and to some extent through Maldives Islamic Bank.

For agriculture sector, most favorable loan terms are currently offered by SDFC. The relevant loan products, which are most comparable to the MMI Revolving Fund, are briefly described below.

Institution	Product Name	Sectors	Interest per annum	Loan amounts and terms
SDFC	Dhanduveri Nafaa – Loan product introduced in collaboration with Ministry of Fisheries, Marine Resources and Agriculture	Dedicated loan product for Agriculture sector- Support use of technology for farming (urban agriculture, protected farming, vertical farming etc.); livestock, poultry; Agro forest, nurseries and value addition	6%	<u>Loan amounts</u> - individuals – USD \$4863-32425 - Coops and companies – upto USD 129700 <u>Repayment</u> – 7 years with 1 year grace <u>Equity</u> - 10-15% ; no equity requirements for loan amounts of USD 4863 -repayable over 12-36 months <u>Security</u> - Security required for loan amounts exceeding USD 64850
SDFC	Fashaa Viyafaari – start up loans	Finance fixed assets and working capital needs of start ups	4%	<u>Loan amounts</u> upto USD 129700 for individuals and incorporated business entities <u>Repayment</u> – 10 years with 18 months grace <u>Equity</u> - maximum of 20% <u>Security</u> - Security required for loan amounts exceeding USD 64850
SDFC	Viyafaari Dhirun - Covid-19 Stimulus loan for MSMEs	Finance Working capital; completion of	6%	<u>Loan amounts</u> upto USD 64850 for individuals and

	introduced in collaboration with Government	ongoing projects; business sustainability & diversification; and non-finance consultancy	incorporated business entities <u>Repayment</u> – 5-8 years with 1-2 years grace <u>Equity</u> - only applicable for business sustainability & diversification loans <u>Security</u> - no security requirements
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Lending to farmers and therefore agriculture sector is considered as a risky venture by lenders. Challenges such as limited market access, transport difficulties, crop damage due to climatic events and difficulties in managing pest and disease, frustrate and discourage many farmers to consistently engage in farming. Lenders perceive that a lot of hand holding and capacity building is required to convert a small scale agri-business venture into a viable one.

Most pilot agri-business value chain activities in rural islands were introduced with seed capital or grants from various public sector or donor funded projects, and there is an expectation that grant assistance may be forthcoming in future. This may limit farmers or even POs interest to borrow and many may wait around for such opportunities than partaking in the RLF scheme. It is therefore paramount that, loan products introduced from the RLF either matches or offer better terms by taking advantage the much lower cost of the capital enjoyed by RLF, compared to other funding schemes available in the country including those offered by SDFC.

6. PO Hierarchy Suggestions

Formal registration of cooperatives is a recent development in the Maldives with the first member based cooperatives registered in 2010. Cooperatives are nationally registered legally as member based business entities in the Ministry of Economic Development, irrespective of the geographic location they operates. For this consultation exercise, out of the 58 formally registered agri-business cooperatives, 15 POs were consulted. It was also observed that many cooperatives, partly due to significant impacts of the pandemic, are defunct or non-operational and in need of support for revival. Other than individual members, only government bodies (central government agencies/ city council/atoll or island councils) can become members or buy shares in a cooperative. There is no national level apex body, federation or NGO that represents all formally registered cooperatives in the country.

In the absence of a nationally recognized Apex body, stakeholder POs consulted were in agreement to identify and empower a PO that is performing relatively well to act as an Apex PO. POs noted that for practical purposes it takes time and coordination for formation, registration and activation of a totally new, higher level nationally recognized body and achieving this

milestone may be a challenge in a geographically dispersed country, especially during a pandemic that has forced frequent internal travel restrictions and island shutdowns to contain spread of the virus. POs expressed the view that a national level Apex can be considered at the stage of project maturity and when the country is able to come out and reasonably recover from the pandemic situation.

POs indicated that in the current situation there is a need to adopt a pragmatic approach and ensure the structure set up under the project promotes trust and transparency among all participating POs and that no PO is left behind from receiving assistance and capacity building support.

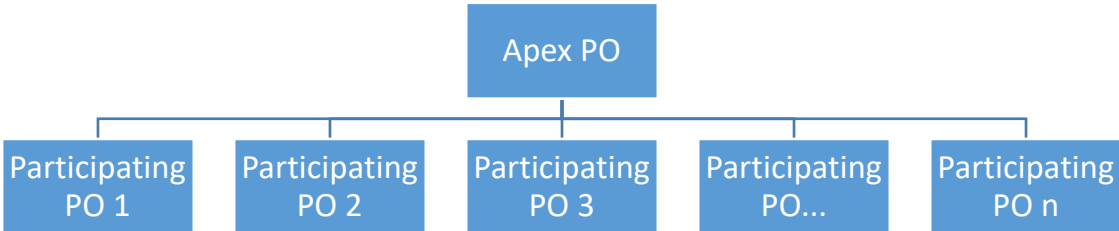
Based on feedback from stakeholders as well as the opinion of the NC, there is a very real need to address trust and transparency issues between the Apex PO and the other active and functional POs not selected as the Apex. Beyond that issue, there may also be challenges trying to work directly with the smaller, less active or non-operational/defunct POs that have limited capacity to comply with project requirements.

A possible solution to address trust and transparency issue would be to consider formation of an alliance of POs through an MOU type undertaking among all participating POs to achieve the objectives of GAFSP project and obtaining formal consent of all participating POs to accept the role of the lead PO. Such an undertaking will help to formally recognize that all participating POs are stakeholders and beneficiaries of the project. Furthermore, transparency issues can be addressed by including representatives from other participating POs in project steering committee or RLF loan appraisal committees.

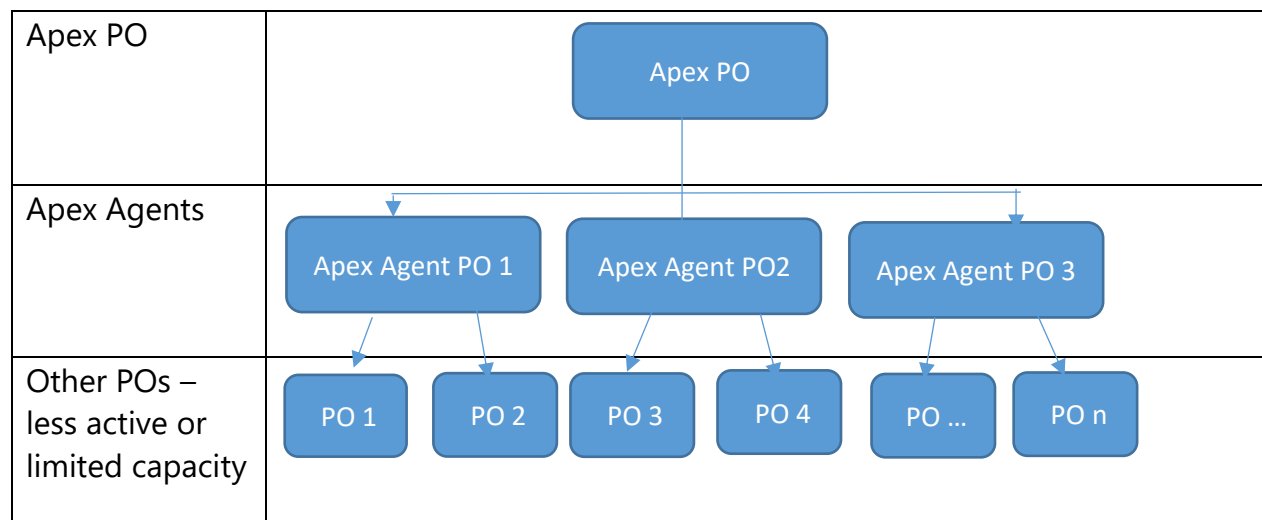
To address the second issue, the Apex PO can interact with participating POs and let individual participating POs deal directly with its members. Alternatively the lead PO can designate a few of other performing POs as an agent of the lead PO, and delegate some of the functions to other performing POs. This would limit lead PO's interaction at cooperative entity level or interact with a selected few participating POs designated as agents, creating a more enabling environment for more participating POs to take a leadership role in governing and managing the PO enterprise eco-system. Benefits and endowments can be provided to each participating PO based on the member size and potential for growth.

Based on the above, NC recommends the following structure to be adopted

Option 1



Option 2



7. Profiles of Potential Apex POs

The following two active POs were shortlisted from the POs consulted. Shortlisting was based on the consultation held with 15 POs which were reachable and after assessing each of the PO against the criteria set for Apex PO evaluation. The two POs listed below are in good standing, have demonstrated business continuity and some level of resilience even during the pandemic, and possess adequate capabilities to be considered for the role of an Apex PO.

Addu Meedhoo Cooperative Society (AMCS)

AMCS was formally registered in 2010 by a group of farmers searching for a bargaining ground for better prices for their products. Formalization and development of the cooperative was initiated with the assistance of MoFMRA under International Fund for Agricultural Development supported post-tsunami rehabilitation projects.

AMCS is a marketing cooperative that acts as an intermediary between farmers and high-end market buyers. AMCS supports farmers in securing fair prices and high value for farmers' products by selling produce to the high-end resort market. In addition, AMCS ensure that quality standards are met by farmers by encouraging farmer participation in quality control trainings, through provision of appropriate tools such as baskets to pack, carry and transport produce, and by organizing transport of the harvest from farms to the storage and to the final end buyer.

With assistance of neighboring resorts, over the last 10 year AMCS has been able to attain and support development of farmers of Seenu Hulhu-Meedhoo, Addu City, Maldives. As one of most mature cooperatives operating in the agricultural value chain, AMCS provide technical support to other cooperatives in the country. It has provided six month technical assistance to Bizville Maldives Cooperative Society in Haa Alif Atoll Hoarafushi to set up a Greenhouse with hydroponics system. With a decade of experience, AMCS is ready and keen to collaborate with existing and new cooperatives ventures throughout the Maldives.

AMCS has an 8 member board and currently a management team of 3 staff. Two of the board members are women. Board members are elected for a consecutive tenure of 2 years. Temporary staff are hired on a need basis. They have a physical office, warehouse space and a pickup to organize transport for its members. AMCS currently has 513 members of which 52 % are women and works with its members in Seenu Hulhu-Meedhoo.

Ability to serve as Apex-PO:

AMCS has a robust performance history and financial reporting procedures. Annual General Meetings (AGM) are convened on a regular basis and accounts are independently audited on an annual basis, presented to its members at AGM and published in its website and filed at the tax authority. Current staff numbers are limited but board members are experienced and would likely work well with the ISU if staff capacity is slightly augmented at the start of the project. AMCS operates a small credit facility for its members and have managed a loan provided buy one of resorts to expand production capacity of its farmers. It has networked with other POs and provided direct technical support to some of the POs and would likely work well with other participating POs.

Faafu. Magoodhoo Cooperative Society (FMCS)

FMCS was formally registered in 2011 and operates as a production and a marketing cooperative. The cooperative is in the value chains of cultivating fresh fruits and vegetables and poultry farming. FMCS engages in greenhouse farming and own a poultry farm with a capacity to hold 3000 chickens. It works closely with the farming community in the Faafu Atoll Magoodhoo.

FMCS has a 9 member board and currently a management team of 2 staff and one board member volunteering services to the coop. None of the board members are women. Board members are usually elected for a consecutive tenure of 2 years. Temporary staff are hired on a need basis. They have a physical office, warehouse space and a pickup to organize transport for its members. FMCS has 380 members of which two-thirds are women.

As one of most mature cooperatives operating in the agricultural value chain, FMCS also provide technical support, especially on development of poultry value chain, to farmers residing in other

rural islands. With its years of experience, FMCS is also ready and keen to collaborate with existing and new cooperatives ventures throughout the Maldives.

Ability to serve as Apex-PO:

FMCS has a robust performance history on value chain development. In the last three years it has slide back on PO governance. Financial reporting and filing of tax returns have not been completed for the financial year 2020 and for the last three years, legal requirements to convene AGMs as required under the Cooperative Law has not been met. The PO is in the process of rectifying governance related lapses and expect to fulfil these requirement before end of the financial year 2021. Current staff numbers are limited but board members are experienced and would likely work well with the ISU, if staff capacity is slightly augmented at the start of the project. It has managed a grant provided from a nearby resort to expand production capacity of its farmers. It has networked with other POs and provided direct technical support to some of the POs and would likely work well with other participating POs.

PO Profile Summary

PO	Founded	# Board Members	Board diversity		# Current Staff	Office Space	# Members	Member inclusiveness		Type of Members
			M	F				M	F	
AMCS	2010	8	6	2	1 Manager, 1 Admin and 1 support staff	yes	513	244	269	Mostly rural farmers engaged in cultivation of fresh fruits and
FMCS	2011	9	9	0	1 Manger, 1 support staff and 1 member as volunteer)	yes	380	127	253	Mostly rural farmers in value chains cultivation of fresh fruits and vegetable and poultry farming

8. Other Participating POs and Private Sector Entities

Potential other participating POs and private sector entities that are keen to work with the Apex are listed below. All POs listed are distributed across the country in different atolls. Basic due diligence of these POs were made in assessing potential for an Apex role. Most of POs listed below are minimally active in the last 2-3 years and reported difficulty in continuing operations due to COVID related difficult working conditions.

A list of other registered agri-business POs that could possibly be engaged in the project is included as Annex 1. As part of the consultation exercise, it was impossible to reach out to this

group of POs and this could be because these POs may only be minimally active or entirely defunct at this time, with no action taken by its members to delist from official records.

Potential and most relevant Government State Owned entities that are supporting micro-small and medium business development in the country, that are ideal for establishing partnership under a PO-led approach is also listed below.

Registered POs

#	Name	Location
1	Addu Meedhoo Cooperative Society	Hulhu-Meedhoo, Addu City
2	F. Magoodhoo Cooperative Society	Magoodhoo, Faafu Atoll
3	Fuvahmulah Cooperative Society	Fuvahmulah City
4	Hembadhoo Womens Cooperative Society	Hemnadhoo, Noonu Atoll
5	Kihaadhoo Cooperative Society	Kihaadhoo, Baa Atoll
6	Kudarikilu Cooperative Society	Kudarikilu, Baa Atoll
7	Kanditheemu Cooperative Society	Kanditheemu, Shaviyani Atoll
8	Unity Stars Cooperative Society	Nilandhoo, Faafu Atoll
9	Hdh Makunudhoo Cooperative Society	Makunudhoo, Haa. Dhaal Atoll
10	Fuvahmulak Fisherman Cooperative Society	Fuvahmulah City
11	Maakurathu Cooperative Society	Maakurathu, Raa Atoll
12	Badha Cooperative Society	Dharavandhoo, Baa Atoll
13	Dhivehi Masverin	Gemanafushi, Gaafu Alifu Atoll
14	Raa Maduvvari Rahvehi Cooperative Society	Maduvvari, Raa Atoll
15	South Cooperative Society	Maradhoo, Addu City

Private Sector Support Organizations for Agriculture Sector Development

#	Organization Name	Support areas	Shareholding
1	SME Finance and Development Corporation (SDFC)	Access to finance to MSMEs. Have dedicated funding window to support Agriculture sector development	85% Government ownership. Male' City, Addu City and Fuvahmulah City Council have 5% share each
2	Agro National Corporation (AgroNat)	Support Commercialization and market access for agricultural produce as well as capacity building	100% Government ownership
3	Business Center Corporation (BCC)	Support provision of business support, capacity building, market outreach and SME research	100% Government ownership

9. PO Assessment Score and Recommendation of Apex PO

Based on the below assessment matrix and the NC's research and interactions with these organizations, the NC recommends AMCS to serve as the Apex-PO. On governance, organization, engagement of members and level of inclusiveness, AMCS appears to be on the stronger side compared to FMCS. Almost all POs consulted, acknowledged that nationally AMCS is the most successful cooperative that has been so far formed since the inception of public sector support to organize rural farmers under a corporatized business model and possess the rapport necessary to liaise amongst the other POs. Engagement of women in decision making roles also features well in the case of AMCS. Compliance with legal requirements such as convening of AGMs, timely preparation and publication of audited financials and filing of regular tax returns is indicative that, with adequate support of ISU, AMCS will have the capacity to plan, organize and report throughout the project.

The NC reminds of the importance of keeping the above comments and below assessment matrix in complete confidence.

APEX PO assessment Matrix

	Organizational Structure & Governance	Organizational Capabilities	Performance History	Financial Management	X-Factor	TOTAL (out of 25)	Comments
AMCS	4	4	4	4	4	20	10 years of sustained and continuous operations; Have office and warehouse space; Has a vibrant and functioning executive board with women members; Has constitution and other corporate documents, audited accounts. Most PO site AMCS is the best performing PO nationally so far; Ensure compliance with legally required reporting requirements; experience in

							networking with other POs
FMCS	3	3	4	3	4	17	10 years of sustained and continuous operations; Have office and warehouse space; Experienced executive board members; Has constitution and other corporate documents; experience in networking with other POs; Need to strengthen compliance with legal reporting requirements; regular engagement with members and board diversity by empowering women members to join the board

Annex 1 - Registered Agri-business POs that could possibly be engaged in the project

#	Name	
1	UNITED REGIONAL COOPERATIVE SOCIETY	Not Active
2	BODUTHILADHUNMATHI COOPERATIVE SOCIETY	Not Active
3	A ELEVEN COOPERATIVE SOCIETY	Not Active
4	BAARAH COOPERATIVE SOCIETY	Not Active
5	GAHDDHOO COOPERATIVE SOCIETY	Not Active
6	MASHE COOPERATIVE SOCIETY	Not Active
7	VAADHOO FARMERS COOPERATIVE SOCIETY	Not Active
8	HOADANDU FRESH COOPERATIVE SOCIETY	Not Active
9	SOUTHERN FARMERS COOPERATIVE SOCIETY	Not Active
10	FUNAADU DEVELOPMENTCOOPERATIVE SOCIETY	Not Active
11	FUNADHOO COOPERATIVE SOCIETY	Not Active
12	THENADHOO COOPERATIVE SOCIETY	Not Active
13	KAASHIDHOO GREEN COOPERATIVE SOCIETY	Not Active
14	FAADIPPOLHU COOPERATIVE SOCIETY	Not Active
15	VEYMANDOO WOMENS COOPERATIVE SOCIETY	Not Active
16	THINADHOO FARMERS COOPERATIVE SOCIETY	Not Active
17	GAHDDHOO EKUVERINGE COOPERATIVE SOCIETY	Not Active
18	FIYOAREE FARMERSCOOPERATIVE SOCIETY	Not Active
19	KAASHIDHOO UNITY COOPERATIVE SOCIETY	Not Active
20	KURINBEE COOPERATIVE SOCIETY	Not Active
21	GA GEMANAFUSHI COOPERATIVE SOCIETY	Not Active
22	DHARAVANDHOO DEVELOPMENT COOPERATIVE SOCIETY	Not Active
23	MAAVASHU COOPERATIVE SOCIETY	Not Active
24	HIRILAND COOPERATIVE SOCIETY	Not Active
25	MEEMU MADUVVARI COOPERATIVE SOCIETY	Not Active
26	KAMADHOO UMMEEDHU COOPERATIVE SOCIETY	Not Active
27	BAARASHU YOUTH COOPERATIVE SOCIETY	Not Active
28	KATOLLA COOPERATIVE SOCIETY	Not Active
29	MAAMAKUNUDHOO DEVELOPMENT COOPERATIVE SOCIETY	Not Active
30	DHUVAAFARU COOPERATIVE SOCIETY	Not Active
31	KULHUDHUFFUSHI COOPERATIVE SOCIETY	Not Active
32	SOUTHERN FARMERS COOPERATIVE SOCIETY	Not Active

Annex 2- Stakeholder Questionnaire templates

To Gov't and non-PO stakeholders:

1. What are the greatest challenges facing farmers in Tonga today? In particular, the small farmholders. (Who would you consider as small farmholders?)
2. What are your thoughts on a project like the Missing Middle Initiative?
 - a. How should this be tweaked to fit the context of Tonga? (These answers will be based on learnings from Bangladesh MMI project)
3. What supplementary activities would complement MMI, especially if there is any indicative activity as a part of the national priorities of the Govt of Tonga
4. What's your impression of PO landscape in Tonga? What is the key 1 (or 2) aspects that need strengthening?
5. Which PO(s) do you think are best equipped to handle such a program as the Apex PO? What maybe the criteria for selecting an apex?

To Prospective POs:

1. What are the greatest challenges your organization and your members face today? Please group into regulatory/policy; challenges in the ecosystem; issues with POs themselves, inclusiveness norms, especially related to gender (women farmers)
2. What opportunities exist for your members?
 - a. What needs to happen to realize these opportunities?
3. What are your thoughts on a grant project like the Missing Middle Initiative? (You may wish to consider the Revolving Fund and graduation process and the access to tech pieces and their willingness (or not) around it.). This point will be clearer after the upcoming Friday (30th) meeting
4. What supplementary activities would complement MMI?
5. Your thoughts on your organization's ability to manage such a Revolving Fund scheme?
6. Does your org have any experience with member Revolving Fund or financial assistance to members in the past?

- a. If so, how many members were involved? What was the quantum of fund involved? What was the mechanism followed?
- 7. What is your typical member profile? (other farmer orgs, farming families/businesses, hobbyists)
- 8. Information to Collect:
 - a. Org vision, mission and goals;
 - b. Organizational structure;
 - c. Documented administrative policies and procedures;
 - d. Clearly laid out programmes with indicators of success and monitoring systems;
 - i. Project/Program History
 - ii. Measured impact
 - e. Adequate financial systems and procedures ensuring accountability and transparency;
 - i. Financial History
 - f. Networking capabilities