

The Republic of Maldives

Fisheries and Agricultural Diversification Programme

Mid-Term Review

Main report and appendices

Mission Dates: 8-23 September 2012
Document Date: 31-Aug 2015
Project No. 1377
Report No: 3730-MV

Asia and the Pacific Division
Programme Management Department

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Abbreviations and acronyms

A11CS	A-Eleven Cooperative Society
AMCS	Addu Meedhoo Cooperative Society
AWPB	Annual Work Plan and Budget
BCS	Baarah Cooperative Society
BDSC	Business Development Service Centre
BML	Bank of Maldives
EoI	Expressions of Interest
FADiP	Fisheries and Agriculture Diversification Programme
FMAQ	Financial Management Assessment Questionnaire
GAP	Good Agricultural Practices
GI	Geographical Indicator
Ha	Hectare
JICA	Japanese International Cooperation Agency
IFAD	International Fund for Agricultural Development
LA	Loan agreement
MCS	Magoodhoo Cooperative Society
MED	Ministry of Economic Development
MFDA	Maldives Food and Drug Authority
MFLC	Maldives Finance Leasing Company
MIB	Maldives Islamic Bank
MNCCI	Maldives National Chamber of Commerce and Industry
MoFA	Ministry of Fisheries and Agriculture
MoFT	Ministry of Finance and Treasury
MoH	Ministry of Health
MoU	Memorandum of Understanding
MT	Metric Tonnes
MTR	Mid Term Review
MVR	Maldives Rufiyaa
NSC	National Steering Committee
PDP	Project Disbursement Profile
PIU	Programme Implementation Unit
PRA	Participatory Rural Appraisals
PT-AFReP	Post-Tsunami Agriculture and Fisheries Rehabilitation Programme
RFP	Request For Proposal
SAARC	South Asian Agreement for Regional Cooperation

SIS	Supervision and Implement Support (mission)
SLA	Subsidiary Loan Agreement
SMEs	Small and Medium-sized Enterprises
STO	State Trading Organisation
TRC	Technical Review Committee
VCCO	Value-Chain Cooperative
VCC	Value-Chain Company
VCS	Vaadhoo Cooperative Society
UNDP	United Nations Development Programme
USD	United States Dollar
USP	Unique Selling Proposition
WA	Withdrawal Application

A. Introduction¹

1. The Fisheries and Agriculture Diversification Programme (FADiP) was approved by IFAD in April 2008, to be part-financed from IFAD loan 726-MV, and became effective on 15th September 2009. The total Programme cost is estimated at USD 5.374 million² (USD 3.5 million from IFAD, USD 546,659 from co-financers, and USD 1.322 million from the Government). The completion date and loan closing dates for the Programme are 30th September 2014 and 31st March 2015 respectively.

2. The FADiP goal is to contribute to a reduction in the vulnerability of those who make their livelihoods from smallholder agriculture and Maldivian Fish processing. This is to be achieved by sustainably improving food and income security, thereby helping to further reduce rural poverty. The Programme objective is to develop smallholder agriculture value chains and Maldivian Fish processing value chains, using a market-driven commercialisation and diversification strategy in a manner that would improve and sustain the incomes of the two primary target groups (small-scale agricultural producers and fish processors). This objective is to be achieved through inputs to three components: value chain development; financial services; and programme management.

3. The findings of a Mid-Term Review (MTR) mission, reported in this Aide Memoire, are based on a country visit by an IFAD MTR mission team which took place between 8th and 23rd September 2012. The visiting IFAD team spent time both in Malé as well as in Ga. Gemanafushi, Th. Hirilandhoo, F. Magoodhoo, and S. Meedhoo, meeting with the Programme Implementation Unit (PIU) contract staff, key government officials and private sector stakeholders. The mission team would like to thank all those who gave their time to discuss the Programme with the mission team, and especially the Ministry of Fisheries and Agriculture (MoFA) and the PIU for their support and facilitation of the mission's work.

4. The objectives of the MTR mission (which follows two supervision and implementation support [SIS] missions) were to conduct a thorough review and assessment of the status of the financial performance of the Programme, and of the implementation of the programme components and activities to determine progress, and associated constraints, in achieving the programme's objectives.

B. Overall Assessment of Programme Implementation Progress

5. Overall progress in implementation is rated as 'moderately satisfactory (4)'. Programme design called for one component to support the establishment of three large Value Chain Companies (VCCs) linking small-scale agricultural producers and fish processors with end-markets, with an average investment of around USD1.5 million per VCC, much of which would cover the costs of professional management teams. A financial services component of the Programme was intended to provide additional access to credit for VCCs through the creation of Subsidiary Loan Agreements (SLAs) with lending and leasing companies. A SIS mission in December 2010 agreed with the Government that it would be more appropriate to work with a larger number of smaller Value Chain Cooperatives (VCCOs), while retaining the financial services component. In this context it was agreed that the PIU would play the role that the programme design originally intended would be played by professional management teams for the envisaged VCCs. The MTR is of the opinion that this change in emphasis was justified and appropriate in terms of both the policy context and the commercial situation in Maldives, and that the modified approach has the *potential* to reach the overall development objective as originally specified. As previous SIS missions have noted however, *actually* reaching the expected outcomes and the overall development objective of the Programme is now crucially dependent on the performance of the PIU, as well as the use of other service providers so as to reach and adequately support the target beneficiaries in the islands. The last SIS mission (December 2011) found that for the most part the PIU had not managed to sufficiently drive Programme implementation, and therefore made a large number of recommendations (37 in total).

¹The mission team comprised Mr. Graeme Macfadyen Consultant – Mission Leader and Fisheries Specialist; Mr. Claudio Mainella, Financial Management Officer, CFS, IFAD – Financial Specialist (8th – 13th September); Mr. Tawfiq El-Zabri, Result Based Management Officer, APR, IFAD – Monitoring and Evaluation Specialist (10th – 15th September); Ms. Merrilene Peramune, Consultant – Value Chain and Marketing Expert; and Dr. Saliya De Silva, Consultant – Agriculture and Post-harvest Specialist. Dr. Anura Herath, IFAD Country Programme Officer, Maldives joined the team from 12th to 23rd September and interacted closely with the mission, participated in field visits and key meetings including the pre-wrap-up and wrap-up meetings.

²Revised amount as per the revised Schedule 2 of the Loan Agreement

6. The MTR mission is pleased to note that most (around 30) of the previous mission's agreed actions have been completed or are ongoing. Of particular note is that PIU staff are more motivated and are spending sufficient time in the field, both as a result of resolution of contractual issues with MoFA and due to good management by the Programme Manager. In addition: a programme logframe revised during the last mission has served to better guide programme activities in support of the programme outputs, outcomes and objective; a revised programme organogramme has clarified reporting and communication lines; the Programme has now engaged with fisheries and agricultural sector activities; and financial management of programme expenditure is robust. Recent focus by the PIU has necessarily been on encouraging communities/cooperatives to engage with the Programme, on supporting the development of VCCO business plans, and on establishing and signing agreements with VCCOs. There have thus been some important improvements in programme performance over the last 9 months, and the Programme is actively involved with many cooperatives at different stages in their development process and their engagement with the Programme (e.g. initial contact by the Programme, registration of cooperatives, receipt by the Programme of Expressions of Interest (Eols) from cooperatives, receipt of business plans, approval by the Technical Review Committee (TRC) of business plans, and signed agreements between the cooperatives and the Programme for the disbursement of funds).

7. However, despite the positive developments since the last SIS mission, the MTR mission notes that overall disbursement to date is only 8.9% of the total revised programme budget. Low disbursement rates for the individual cost categories specified in Schedule 2 of the Loan Agreement (LA) suggest that there is no need at this stage to consider any reallocation of costs. While the Programme has worked with around 34% of the target number of households in the agricultural sector, and 33% in the fisheries sector based on the VCCOs that have formally been incorporated into FADiP, actual impacts on these beneficiaries are limited. The poor overall performance in terms of both disbursement and impacts on beneficiaries, while to some extent explained by the delays caused by the original design issues as discussed above, is nonetheless worrying given the programme life that remains. Other concerns of the MTR mission centre around: the lack of progress to date in achieving many of the programme outcomes such as improved quality of agricultural products, and value-addition in the Maldivian Fish sector; the lack of any progress in the financial services component and a failure to sign SLAs with lending institutions; and the fact that it is now expected that only around 15% of the planned expenditure for 2012 will in fact be used by the end of the year – due in large part to slower than expected disbursement of funds to VCCOs.

8. An important issue impacting on programme implementation and disbursement is the specification in the LA that the Government's contribution to the VCCOs can't exceed 70% of the VCCO capital requirements. The PIU approach has been to sign agreements with the VCCOs which specify a disbursement schedule which requires community contributions of 30% up-front, and then drip-feeds the programme contributions over a one year period based on certain triggers or milestones reached by the VCCO. While a meaningful contribution from the community members of the VCCOs is important in demonstrating a real commitment to the Programme and to the business activities being supported, programme implementation has been delayed due to uncertainty over a) whether community members are able to provide their 30% contribution 'up-front' as currently required by the Programme, and b) what types of assets or financial resources can be used to demonstrate the community 30% contribution and the mechanisms to do so. Some VCCOs have suggested using community assets (such as the market facilities constructed under the Post Tsunami Agricultural and Fisheries Rehabilitation Programme [(PT-AFReP)] in the event that Island Councils give them to the VCCOs, or assets which may not have a productive role within the VCCO business plans – the mission views neither as appropriate.

9. Given that the LA makes no specific reference to the VCCOs having to provide their 30% contribution upfront, the mission recommends that a) community assets should not be transferred to the VCCOs for use as their contribution, b) that any cash or fixed assets being valued and used as a contribution should be an integral part of the business requirements, and c) that specific disbursement schedules are agreed between the PIU and individual VCCOs which reflect the business needs of the VCCOs, rather than using a standardised schedule applicable across all VCCOs.

10. Achieving the programme objective by the end of the Programme, and ensuring the continued motivation of the VCCOs to work with the Programme, will be critically dependent on further capacity development of the VCCOs (which in turn is likely to require extensive use of service providers in addition to PIU inputs, something which has not happened to date), and on the PIU now shifting their

approach and becoming far more involved with the selected VCCOs on an *operational* level as business managers actively engaged with the business activities i.e. the role originally intended for the professional management teams. In the case of both the agricultural and fisheries sectors, but perhaps especially in the case of fisheries-sector activities, overall programme success is also likely to be dependent on an understanding of the market and appropriate marketing strategies for individual VCCOs, which have not yet been well elaborated.

11. The mission also recommends that the PIU keeps a rolling assessment of how many VCCOs it needs to work with so as to reach the target number of beneficiaries, and only works with a number of VCCOs required to reach this target. This will serve to ensure that programme resources are sufficiently targeted to assist specific VCCOs, rather than being spread too thinly.

Agreed action	Responsibility	Agreed date
1. Disbursement schedules agreed on a case by case basis with individual VCCOs which reflect their individual business requirements, and which may allow for staged contributions of the 30% community capital. Only cooperative-provided capital (rather than community assets) and productive assets related to the business to be eligible as the 30% contribution. This may require renegotiation of some agreements	PIU/MoFA	Continuous
2. Rolling assessment made of beneficiaries being reached, so that the Programme can work with the number of VCCOs required to reach the target number of beneficiaries. Eol process closed for the agricultural VCCOs. Government, with the mutual consent of IFAD, may re-open the Eol process in the future.	PIU/MoFA	Continuous

C. Outputs and Outcomes by Component

Component 1: Value chain development

12. Progress in implementing this component is 'moderately unsatisfactory (3)' in terms of the IFAD project performance ratings. However, the Programme is moving in the right direction and has been laying the groundwork for the outcomes to be realised, and it is therefore expected that by the time of the next supervision mission more material change will be evident as a result of programme activities.

Outcome 1.1: Farmers work collectively in marketing their produce to higher-end markets

13. A total of 1,108 individuals are members of the four cooperatives approved so far by the Technical Review Committee (TRC) and the National Steering Committee (NSC). One formal supply contract and two informal supply relationships are in place, which assist farmers in reaching the higher end markets. Progress on the one formal contract has shown that farmers are able to assimilate and adapt to the needs of these markets. Farmers are progressively working to build more formal market linkages with the resort markets in the other two cooperatives. Scaling up the number of operational cooperatives and expanding the market linkages in time to see the expected programme outcomes is the biggest challenge. Progress in achieving the outputs which support this outcome is discussed below.

14. **Preparation and implementation by agricultural VCCOs of successful business plans.** Progress in the preparation and implementation of successful business plans shows that while 4 business plans have been prepared and approved by the TRC for VCCOs which the Programme is now working with, other cooperatives are being supported by the Programme and working towards inclusion in the Programme. The different stages of involvement by communities/VCCOs with the Programme is explained by a range of factors including: the different levels of involvement by the PT-AFReP with communities; the timing of field visits by PIU staff to make initial contacts with communities about the FADiP; the need for the PIU to work with communities on a staggered basis during the initial phases of the Programme; and the differing speeds of response shown by communities to the requests for Eols.

15. Some key issues with respect to specific individual agricultural VCCO business plans are as follows:

16. The Addu Meedhoo Cooperative Society (AMCS) business plan has the strong backing of a market linkage and is a model for other VCCO-resort relationships. The VCCO is now on its second supply contract with Shangri-La. The number of different products being supplied has expanded and AMCS has developed a good understanding of the product and quality requirements of the resort. In a

model of value chain financing and capital building, the resort has also invested in AMCS for three green-houses with costs being recovered in instalments from the supply of fruits and vegetables at no interest. Although it is not included in the business plan, Shangri-La provides a 50% share of the weekly transport costs.

17. The Baarah Cooperative Society (BCS) business plan for the production and supply of eggs shows very marginal profitability and the expected profits will be insufficient to build up capital to invest in the next cycle of layer birds, making the business unsustainable and aid-dependent. The Programme appears to be continuing the demonstration project of UNDP with less emphasis on a sustainable business model. Although concern over the sustainability of egg production was pointed out in the last SIS mission report, no steps have yet been taken to strengthen the business through diversification into agriculture. The business plan for the BCS thus needs to be strengthened through a product diversification strategy and a value chain strengthening strategy. The potential for supplying home garden crops and the relevant cash flow generation needs to be explored to assess if this can become a self-financing business. The possibility of improving the profitability of the egg production business by accessing cheaper feed from alternative sources should also be explored by the PIU, given that feed represents 99% of the direct costs.

18. The PIU have stopped working with the A-Eleven Cooperative Society (A11CS) in Filladhoo on the recommendation of MoFA, due to financial irregularities in the cooperative resulting in a lack of trust among employees and members. This cooperative had no agreement for funding with the FADiP programme, but the PIU had been working on the business plan to transition this cooperative from the NGO and to prepare them to receive FADiP funding.

19. The Magoodhoo Cooperative Society business plan is awaiting legal clearance from the resort partner who will contribute 50% of the cost. The Magoodhoo Cooperative business plan is thus in a state of limbo as the cooperative has no capital or assets of its own to contribute as a 30% share, and it is dependent on the resort contribution to meet its cost share. No work has yet been started by the Magoodhoo farmers despite the cooperative having being formed in December 2011. The mission's field visits showed potential to start a supply of existing home garden crops such as banana and chillies to Banyan Resorts, which will also assist the cooperative to build up capital resources of their own and generate interest from the members.

20. The business plan for Southern Farmers' Cooperative Society has been rejected by TRC and needs to be resubmitted based on suggested amendments relating to a refocus of the business proposal on their existing land resources in Laamu, instead of the proposed land which is part of an on-going programme with MoFA around which there are some performance issues.

21. In addition to the issues discussed above on specific business plans and their funding by the Programme, an important issue more generally is that the VCCO business operations and market linkages with the resorts need to be scaled up and quickly. Tools should be developed to fast track the establishment of effective value chain linkages for the existing cooperatives and the setting up of new VCCOs. The PIU should document the progress and key learning outcomes of the AMCS-Shangri La value chain linkage and use them as an effective business tool in negotiating supply contracts for VCCOs with other resorts and as a training tool for other VCCOs in organizing and managing the supply channels. Two separate tools are required i) a learning tool, video and learning route program, for the VCCOs with key learning outcomes and models clearly scripted into the narrative and ii) a promotional tool, video and presentation from the resort perspective exploring the potential benefits of the value chain linkages.

22. Applicable to all VCCOs, *in both the agricultural and fisheries sectors*, is that the mission views the quality of the business plans as mediocre. New business plans should be developed in a more interactive process with the island communities/cooperative members. This will offer a chance to train cooperative members in business planning which will be useful for practically operationalizing and scaling up the value chain cooperative business. The Business Development Service (BDSC) toolkit and Ministry of Economic Development (MED) Small and Medium Enterprise toolkit may be used by the PIU for this purpose. Building up of a capital base for reinvestment should be given sufficient emphasis in the business plans to ensure that the cooperatives are run on a sustainable basis. The mission recommends that the existing checklist of critical areas to be covered in the business plans should be amended and improved, and recommendations will be made in the full mission report.

23. Also applicable to all VCCOs, *in both the agricultural and fisheries sectors*, is the need for the PIU to spend sufficient time with stakeholders to plan a detailed action plan to guide the implementation of the VCC/VCCO business plans. This work should help to operationalize the business plans and to be clear about their implementation, and as noted earlier the PIU's role at an operational level must be integrated into these plans. These action plans should be based on 'needs assessments', and should form a 'road map' for each VCCO which clearly articulates responsibilities and timeframes for all activities (in terms of capacity development and operations), both for cooperative members and for PIU staff and other service providers. The preparation of these actions plans/road maps should be a requirement for any disbursement of capital to the VCCOs.

24. **Establish linkages with higher end markets for farmers through VCCOs.** Progress to date can be measured by the fact that only one supply contract is in place between AMCS and Shangri-La, while the PIU expects to sign the supply contracts for Baarah Cooperative Society with Seagull for the supply of eggs in September 2012.

25. Key issues and requirements for the Programme include the need for the PIU to pursue formal supply contracts for Vaadhoo Cooperative Society with the four identified resorts, as farmers are currently supplying resorts on an informal basis. An initial supply contract may also be developed between Banyan Tree and Magoodhoo for the supply of the home garden crops once these are identified. This can act as a forerunner to the eventual supply contract for the production and supply of leafy vegetables to be funded by FADiP.

26. The mission also feels that an important issue is that VCCO market linkages need not be limited to supplier-purchaser relationships, but could be built to include value chain financing, technical, administrative, and logistical support. Such services and relationships would serve to further support the sustainability of the VCCOs beyond the programme life. The AMCS-Shangri-La linkage is a good example of the possible value chain linkages that can exist.

27. Supply and quality consistency is necessary to build confidence in the VCCO-resort/resort supplier market linkage. A case in point is that the result of the failure of the A11CS in Filladhoo, which has eroded the confidence of their buyers in dealing with other VCCOs. The learning outcomes from the Filladhoo experience need to be incorporated into the PIU approach to building marketing and business management capacity in the VCCOs.

28. **Develop guidelines to improve VCCO administration.** The PIU has progressed with the development of operational guidelines for AMCS, and these were reviewed by the MTR team and recommendations made for some improvements.

29. A key issue with regards to improving VCCO administration *in both agricultural and fisheries sector* VCCOs, is that cooperatives need practical operational assistance and training on a wide range of issues such as maintaining books of accounts, maintaining purchase and supply orders, and maintaining farmer accounts so as to manage credit facilities. Although some training is provided through the visits made by the PIU these are on *ad hoc* basis and do not give the sustained exposure needed for the cooperative workers to deal with a commercial environment. Two solutions are therefore recommended. Firstly, the AMCS operational guidelines should be used as the basis for similar guidelines for other cooperatives, and once finalized they should be adapted appropriately for use by the other cooperatives. Secondly it will be beneficial for the cooperative staff who have had no exposure of working in an office environment to complete a brief internship in the businesses they supply to. The PIU should explore the option of cooperative management staff interning in resorts for a short period, and such an arrangement should be pursued initially with Shangri-La and Banyan Tree.

30. **Establish Marketing Strategies to promote agricultural VCCO products and services.** Progress in establishing marketing strategies is limited to the development of some basic market ideas within the business plans, and will be refined with the commencement of actual cooperative operations. Brand names and logos have been created for the three approved agricultural cooperatives. To ensure room for product expansion the brand names have been generalized with the island or cooperative name followed by the word fresh e.g. 'AMCS Fresh'.

31. Although the brand names and logos have been designed, the agricultural cooperatives lack a clear branding strategy. The branding strategy should be synonymous with the unique selling proposition (USP) of the cooperative *vis a vis* their target market and should drive development of production systems and market relationships. Registration of brand names and logos should be done

immediately for those VCCOs which have already developed them. Marketing strategies also require the building up of marketing capacity in the cooperatives to pro-actively work with the identified market linkage partners and pursue new market relationships. Service providers may help with developing the branding strategies and in developing the capacity of PIU staff on this issue.

32. **VCCOs utilize computerized databases for recordkeeping.** AMCS is in the process of purchasing accounting software. They currently use an excel spreadsheet to maintain their records. There is no data security as no back-ups are being made. There is no progress on this output at BCS. This output is also specified under the fisheries Outcome 1.3, and the mission notes that given the emerging status of the fisheries sector VCCs/VCCOs and the programme's involvement with them and the fact that no sales have yet taken place, there has been no progress in achieving this output for the fisheries VCCs/VCCOs.

33. A key issue is that VCCO staff in all *agricultural and fisheries cooperatives* will be the need for training to use the proposed computerized accounting package. The cost of the accounting software should be built into the business plans. Farmer production planning databases should also be set up at as VCCOs become sufficiently active (i.e. AMCS), so as to improve operations.

34. A second important issue *applicable to both fisheries and agricultural cooperatives* is that building capacity in the use of appropriate computer software needs to take place before sales activities commence, so that immediately after business activities begin appropriate records are being kept. Capacity building needs, and agreement about the nature and frequency of information to be reported by the VCCs/VCCOs should be contained with the actions plans and operational guidelines recommended above. Appropriate safeguards for ensuring data security need to be put in place as soon as the computerized systems are in place.

Outcome 1.2: Improved productivity, quality and reliability of farmer produce

35. The Programme shows mixed results with respect to this outcome. Farmers in AMCS have demonstrated improved productivity, quality and reliability of their produce, as reflected by the increased variety and quantity of supply to their main buyer Shangri-La's Vilingili Resort and Spa. The resort reported to the mission that it is happy with the consistency and quality of the goods received from AMCS. Nevertheless, A11CS has discontinued its melon production due to an internal dispute among members. Similarly the BCS has discontinued its supply of eggs to Manafaru Beach House Resort due to a delay in obtaining the second batch of layers. In order to cut down the costs of transportation, the PIU is planning to link BCS with a new buyer, Seagull Group, when it starts production again.

36. The following key issues are highlighted, based on the discussion of outputs under this outcome, as discussed below:

- Two VCCOs with which FADiP has engaged (A11CS and BCS) failed to maintain a consistent supply to their contract partners;
- Neither VCCOs nor farmers are aware of Good Agricultural Practice (GAP) standards and there is no GAP certification system in Maldives;
- Proposed agriculture input supply stores and information desks in the islands have not been established by the Programme;
- Only five farmers (7% of registered farmers) have signed forward contracts with AMCS;
- VCCOs maintain quality standards on an *ad hoc* basis due to a lack any inspection and certification scheme, and there is insufficient training to improve the quality of agricultural products; and
- Only one VCCO has received its FADiP funding to expand its business so far.

37. A number of outputs are specified in support of this outcome, as discussed below.

38. **Farmers implement Good Agricultural Practices (GAP).** GAP address issues related to soil, water, crop and fodder production, crop protection, animal production, animal health and welfare, harvest and on-farm processing and storage, energy and waste management, human welfare, health, and safety, and wildlife and the landscape. There is no GAP certification system developed for the Maldives and as observed in the field, farmers don't maintain GAP in their farming operations as they are unaware of standards. The PIU has neither conducted training needs assessment nor developed any training materials on GAP. The PIU is however currently working on developing a GAP certification system and Standard Operation Procedures (SOPs) describing each step in the flow of

the product and the way that these steps are performed to ensure proper cleaning and sanitation practices.

39. **Farmers gain easy access to agricultural inputs.** The PIU is planning to develop input supply stores in AMCS and BCS before the end of the year by providing initial stocks and working capital. This facility is available for all the agricultural VCCOs. AMCS has taken the initiative to have an input supply store in its office space without direct support from FADiP. Discussion by the mission with farmers (10 male and 1 female) in Meedhoo revealed that all farmers buy inputs from the AMCS store because of the lower prices, credit facilities, and an ability to have their own unique repayment schedule. However, the variety and quantity of inputs available in the store is limited and thus they have to buy other inputs from shops either in Meedhoo or in Malé. Currently the cooperative maintains its input store, which includes poisonous substance, in a small building where they maintain the office and vegetable/fruit sales outlet. Moving the store to a central location where they have already secured land from the city council, and conducting training on agriculture store keeping, will be important. The establishment of Agriculture Information Desks having cyber extension facilities connecting the islanders to MoFA extension/agribusiness unit is yet to be completed.

40. **Farmers establish forward/production contracts with VCCOs.** Although awareness programmes about the benefits of contract farming have been conducted by the PIU, only limited progress has been made in signing forward contracts with VCCOs. There are only five farmers out of 70 registered suppliers, who have signed forward contract with AMCS, and this is also only on an experimental basis. Uncertainty in input and output prices and the impact of non-supply due to unforeseeable conditions such as weather, are the main factors contributing to farmers not signing the contracts. These concerns are well addressed in the forward contracts and an awareness programme will assist in developing more forward contracts for which legal assistance will be provided by the Programme.

41. **VCCOs create minimum quality standards for crops.** The mission observed that AMCS is practicing initial steps in quality assurance, including the selection of produce based on colour, unblemished exterior, and size, ideally done at the farm gate. However, other external and internal characteristics and standard practices (e.g. washing with 10-20°C cold water, room drying, and using gloves to handle produce) are not practiced by the cooperatives. Both the Executive Committee members and farmers are unaware of the proper quality standards for crops. Therefore, establishment of an inspection and certification scheme to improve the quality of agricultural products and conducting relevant training is important. As agreed by the resorts (e.g. Shangri-La) and food suppliers (UFS) that have supply contracts with VCCOs, the PIU can organize visits to these organizations to give VCCOs a better idea of the quality and safety standards they should maintain.

42. **VCCOs expansion activities are strengthened:** Only two VCCOs showed progress in expansion activities. A new supply contract was signed between Shangri-La Vilin'gili Resort and Spa and AMCS on 31st July 2012 for one year, under which the cooperative sells 80% of their produce. The variety of crops supplied and the sales volumes have both increased over recent years. The cooperative has secured access to other markets, shops and resorts in Addu as well as Malé without the direct FADiP support. BCS has got its second stock of 300 birds, and FADiP funds will be disbursed soon to establish two additional poultry sheds making a total capacity of 1,500 birds. FADiP will also support establishment of agriculture input stores in AMCS and Baarah, cold storage and collection vehicle in AMCS, improve farmers' shop (vegetable and fruit outlets), branding and packaging and providing working capital for daily operations. However, only AMCS has received its initial 10% disbursements of MVR 78,699.

Outcome 1.3: Service providers design activities based on community needs

43. Only limited progress has been made in achieving this outcome, and the PIU has only worked with four service providers. The Business Development Service Center (BDSC) of the MED has been used to train AMCS, BCS, and A11CS EXCO members, in Operations Management and Business Implementation, and Administration, under a cost sharing facility. Two consultants have conducted the need assessments in Ga. Gemanafushi and Ha. Baarah, selected through an open bidding process. The Programme has also worked with MoFA extension staff to provide island based training on pest and disease management.

44. This outcome was specifically introduced in the revision of the logframe during the last supervision mission, based on recognition that the PIU staff would be unlikely to be able to sufficiently

support all the VCCOs with which the Programme will need to work. It was therefore agreed that other service providers should be contracted by the Programme to assist with value-chain development and improving capacities of those working within them. At the present time, the PIU has no clear plan of which potential service providers should be used by the Programme, when, and to do what. It is therefore important that a specific 'service provider plan' be specified so as to ensure that the activities of service providers are integrated with PIU activities. This plan should be based on appropriate consultation with potential service providers, such as MFDA.

45. Participatory Rural Appraisals (PRAs) carried out in focused areas and potential communities: Community needs assessments have only been completed in Ga. Gemanafushi and Ha. Baarah. These needs assessments were undertaken by two service providers Mr. S.K. Usman and CDE Consulting respectively. While the Gemanafushi report has been submitted including a needs assessment toolkit, the one for Baarah is still only available at a draft stage. PRA of community needs must be immediately carried out in other islands in which the Programme is working.

46. Value Chain Action Plans developed for the focused areas and potential communities. Other text in this Aide Memoire covers the issue of value-chain actions plans (paragraph 23), and the lack of any real progress. The key issue with respect to this output and outcome, is that potential service providers are identified to complete specific activities within the action plans.

47. Strengthen the M&E activities of MoFA Agribusiness Unit. There has been no progress on this output so far. UNDP is supporting the establishment of an Agriculture Information Dissemination Center and strengthening of the Agricultural Business and Extension unit of MoFA under its Integrated Farming Project. UNDP is planning to hire a consultant to prepare a concept note for the set-up, operation and maintenance of the unit. Once it is established and MoFA staff are trained, the unit will collect data and information on programme progress and impact, and will thus represent an important service provider in support of programme activities.

48. Service providers receive information on community needs. There has been no progress in this output so far. If service providers are to effectively support the PIU as the Programme goes forward, it is imperative that the service providers are fully informed as to the real needs of the communities, so that service provision can be tailored accordingly. This will require the PIU to ensure that all relevant document about the Programme and the communities (e.g. needs assessments) are provided to the service providers, and that detailed briefings are provided to service providers by the PIU staff prior to their engagement by/with the Programme.

Outcome 1.4: Improve value-addition in Maldivian Fish and other fish processing value-chains

49. Due to the slow start in working with the fisheries sector, the Programme has not made any progress in achieving this outcome. A number of outputs are specified in support of this outcome, and progress and key issues towards achieving them are discussed below.

50. An important change to the sector since programme design is reduced Maldivian Fish production in the country due to a number of interlinked factors including: reduced skipjack landings as a result of both stock status in the Indian Ocean and increases in fuel prices which combine to make the profitability of fishing marginal; many vessels having switched to handline fishing for yellowfin tuna for the export market; the commencement of some fresh skipjack exports; and significant increases in international prices paid for frozen skipjack tuna. Implications of these changes include the fact that a) there are now far fewer islands producing significant quantities of Maldivian Fish, which places limitations on where the Programme can meaningfully work, and b) and that the potential importance and impact of the Programme has become even greater – ensuring increases in value-addition in Maldivian Fish and related by-products may be critical in ensuring the continuation of a meaningful Maldivian Fish production sector in the country. Other factors which underpinned the design of the Programme, such as the poor quality of Maldivian Fish exports and a lack of value-addition generally in the value-chain, remain as valid today as they did during the design.

51. VCCs/VCCOs established and improved administration. The PIU have laid the ground-work to begin working in earnest with the Hiriland Cooperative Society, the Gemanafushi Cooperative Society, and Kamburu Company Pvt Ltd. Work to date has however been of a preparatory nature in terms of cooperative formation and support for the preparation of business plans. Other activities in support of this output, such as the development of operational guidelines and the development of value-chain action plans have not yet been completed due to the recent approval of the business plans by the TRC.

52. Both Gemanafushi Cooperative Society and Hiriland Cooperative Society have been intending to use community assets (markets, or fuel tanks) as part of their contributions to the businesses. As recommended above this should not be allowed, and agreements and disbursement schedules for FADiP monies provided to the VCCs/VCCOs and their contributions, should be based on the individual needs of the businesses, following a rigorous assessment by PIU staff.

53. The mission noted good support by the Island Councils in both Gemanafushi and Hirilandhoo for the potential cooperative activities, but also observed the weak institutional and human capacity of cooperatives Executive Committee members. The PIU is therefore urged to pay special attention to the building of this capacity, not just to ensure good administration but also to ensure transparency in all matters and to reduce the risk of elite capture and/or a lack of sustainability of the cooperative entities. A specific issue in this regard relates to Hiriland Cooperative Society where there are plans for existing individual business activities to be incorporated into the VCCO, and for the VCCO to engage not just with Maldivian fish activities. The PIU must therefore ensure that no FADiP funds are used to support these other business activities, and that all records relating to different business activities are kept separate in the VCCO administration.

54. With respect to Kamburu Company Pvt Ltd the mission notes that there are only 20 shareholders. So as to increase the programme's reach to beneficiaries, a requirement should be made of the company to have a minimum of 40 shareholders (company law in the Maldives sets a maximum number of 50 shareholders for private companies).

55. The mission notes the lack of apparent interest by Maavah Cooperative Society in working with the Programme and therefore suggests that efforts by the Programme cease. However the Programme should continue to explore and progress work with Maduvvarree Cooperative Society, in Makunadhoo, and in any other potential islands so as to be sure to reach the target number of beneficiaries in the fisheries sector.

56. **Fishers adopting higher quality techniques for onboard handling and improved fish processing & Quality of processed fish and packaging improved.** Given the emerging status of the fisheries sector VCCs/VCCOs and the programme's involvement with them, there has been no progress in achieving these two outputs.

57. Activities in support of these outputs depend on working with both the catching and processing sectors, so as to improve quality. It will also require the Programme to work with the marketing VCCs/VCCOs both for any re-processing they engage with (e.g. re-drying), and for ensuring quality in value-addition activities (e.g. packaging). Activities in support of the outputs related to quality issues *in both agricultural and fisheries VCCOs* should not commence until just before the VCCO is about to start its operations, so that training is appropriately targeted on those supplying the VCC/VCCO, and so that improvements in techniques are fresh in the minds of those supported by the Programme. The MFDA and MoFA are both likely to be key service providers for these two outputs in terms of capacity development and inspection, and their involvement should also be incorporated into the individual VCC/VCCO action plans suggested above, as well as the service provider plan.

58. **Marketing strategies established to promote VCC/VCCO products to higher end markets through innovation and branding & Improved marketing of Maldivian Fish and other fish products.** There has been no progress to date in achieving these two outputs, again explained by the focus of PIU activities so far, and by the fact that the fisheries post-harvest business expert was only recruited in June 2012.

59. Specification of detailed marketing strategies contained within the business plans for the VCCs/VCCOs must be based on a thorough understanding of the market. The current business plans are not sufficiently grounded on such an understanding, and are far from sufficient in terms of the specification of marketing strategies based on market segmentation (e.g. retail and food service segments, and sub-segments within them), and an understanding of the requirements of different market segments in terms of both the demand characteristics (e.g. quality, quantities, timing of deliveries, pricing, payment terms, packing requirements, etc), and the appropriate strategies for promotion and penetration. There is therefore an urgent need for this work to be completed. The mission recommends that a short term technical assistance input of around 4 weeks be used to work alongside the PIU and MoFA to complete this work. This input may be followed by other inputs depending on the findings of this work. Terms of reference for the technical assistance will be provided by the mission.

60. The mission notes the continuing problems that island-based Maldivian Fish processors have in selling product to Malé-based traders for export to the Sri Lankan market. The Programme should therefore investigate the export market potential in both Sri Lanka and other export markets in more detail. However, the PIU and the technical assistance suggested should also thoroughly investigate the potential for the domestic market to provide an outlet for value-added Maldivian Fish and related products. Recent efforts by some of the four large buying companies, such as Kooddoo Fisheries Maldives Limited, to develop value-added products for Maldivian Fish and related by-products suggest that the domestic market in the Maldives is ready and willing to pay for quality, branded products, although the mission has not had time to explore the financial viability of these initiatives. Domestic marketing initiatives may offer a good way for VCCs/VCCOs to begin improved operations on a smaller scale with financial inputs and fewer risks than those posed in export marketing.

61. **Expansion of VCC/VCCO activities are strengthened.** There has been no progress to date in achieving this output.

62. **Roadmap for Maldivian Fish Geographical Indicator (GI) status specified and first steps taken.** There has been no progress in achieving this output largely because it is contained within the Terms of Reference for the fisheries post-harvest business expert who was only recruited in June 2012. It has never been expected the lifespan of the programme will be sufficient to actually achieve GI status for Maldivian Fish, hence the wording of this output. However the PIU staff should now work on developing the road map, and clearly specify what steps it may be realistic for the Programme to take. The road map should be clear to specify in a logical sequential order all steps, to assign steps to individuals with specific timeframes, and to specify key risks and mitigating strategies.

Agreed action	Responsibility	Agreed date
3. Develop a) a learning tool – video and learning route, for VCCOs, and b) a promotional tool – video, for market linkage partners, based on the AMCS model	PIU/MoFA	31st December 2012
4. Baarah Cooperative business plan to be strengthened so as to include a diversification strategy into agricultural products	PIU/MoFA	31st December 2012
5. Detailed actions plans developed for all VCCOs, so as to operationalize and guide implementation of the business plans. These action plans to be a requirement for any financing by the Programme	PIU/MOFA	Continuous
6. Detailed operational guidelines developed for all VCCOs, so as to operationalize and guide implementation of the VCCOs	PIU/MOFA	Continuous
7. Registration of brand names and logos for those VCCOs which have already developed them, and development of branding strategies	VCCOs/PIU/MOFA	31st December
8. Business plan development for new VCCOs should use existing BDSC and SME business plan development toolkits	PIU/MOFA	Continuous
10. Explore the possibility of cooperative management staff interning with resorts	PIU/MOFA	Continuous
11. Develop locally-appropriate and programme-specific Good Agricultural Practice document and SOPs. Technical service providers may be useful in contributing to both	PIU/MoFA	31 st March 2012 for GAP and SOPs
12. A 'service provider plan' specified identifying service providers and detailing all their activities, based on appropriate consultation with them	PIU/MOFA	31 st October 2012
13. All service providers to be fully briefed by the Programme before undertaking any programme-related activities	PIU/MOFA	Continuous
14. Training on quality issues to be carefully timed to take place just before relevant VCCO activities take place	PIU/MOFA	Continuous
15. Kamburu Company Pvt Ltd to be required to have 40 members before financial support is provided by the Programme	Kamburu/PIU/MOFA	n/a
16. Short-term technical assistance to be recruited to complete a Maldivian Fish market study, based on agreed terms of reference	PIU/MoFA	30 th November 2012
17. The PIU and the government should consider the potential for diversified fisheries-sector proposals not solely focussing on Maldivian Fish	PIU/MOFA/NSC	Continuous

Component 2: Financial services

Outcome 2.1: Small farmer producers, fishers and VCCOs invest in expanding their farm or fishing enterprise

63. Progress in implementing this component is 'highly unsatisfactory (1)' and there has been no progress. This component foresees the establishment of a credit facility to support investments of VCCs and VCCOs to expand their enterprises in the agricultural and fishing sector. Partners identified during design were the Bank of Maldives (BML) and the Maldives Finance and Leasing Company (MFLC). During the programme's implementation, due to insufficient engagement of BML, and findings of the previous supervision mission (December 2011) that the MFLC was an unsuitable programme partner, the PIU has tried to identify other partners, such as the Maldives Islamic Bank (MIB) for the implementation of this component. However there has been no progress in agreeing Subsidiary Loan Agreements (SLAs).

64. The key issue for the BML, and potentially for other on-lenders, is that the lending rate of 4% from the government and the 7% cap on the interest rate to be charged to the final borrowers provides very little spread to cover administration costs and lending risks. BML reiterated to the mission that current market conditions do not allow the bank to complete the necessary steps to finalize the SLA. The mission also met with the MIB which has already been approached by the PIU and by other supervision missions in the past. MIB management expressed similar concerns to BML, with additional constraints being that they only have offices only in Male', and no availability of internet banking. Another issue specific to the MIB would be Islamic financing modalities which would require the amendment of current SLAs and other operational aspects. The mission also met with the Financial Controller of the Ministry of Finance and Treasury (MoFT) to report on the meetings with BML and MIB and to request if it was possible for MoFT to explore the option of reducing the lending interest rate of 4% to BML. MoFT explained that the rationale behind the interest rate of 4% includes foreign exchange risk and administrative costs. The Financial Controller informed the mission that the government has shares in both BML and MIB and that they will negotiate with both banks to activate the Financial Services component. MoFA should thus write to MoFT stating the urgent need for the government to resolve this issue.

65. As per the specific terms of reference for the MTR mission, as assessment has been made as to whether this component should be retained or not. The mission notes that: the overall disbursement rate of FADiP is low and there is no urgent need for additional financing to other components; that the concept of a component of Financial Services is still valid as support to the development of VCCOs but is not immediately necessary as most of the VCCOs are at an embryonic stage; that the experience of the PT-AFREp has shown the use of credit facilities may be demanded; and that there is a willingness of the PIU, together with the commitment of MoFT, to continue to negotiate with BML and MIB. The mission therefore recommends that component 2 should be retained for the time-being, and that the PIU should seek MoFT support for engagement with BML and MIB to finalize SLAs. Progress should be assessed during the next supervision mission, together with a decision at that time on whether to re-allocate the component's financial allocation.

Agreed action	Responsibility	Agreed date
18. MoFA to write to MoFT stressing the importance of this issue And the PIU to then seek active engagement by MoFT and MoFA in negotiations with BML and MIB	PIU/MoFT/MoFA	15 th October 2012 Continuous until June 2013
19. 2013 Supervision mission to re-assess if the component should be kept	IFAD team/PIU MoFA/MoFT	By June 2013

D. Programme Implementation Performance

66. **Programme management performance.** Performance is rated as *moderately satisfactory (4)*. The previous SIS mission noted a large number of significant concerns with regards to programme management, and correspondingly proposed remedial actions which were jointly agreed by IFAD and the Government in the Aide Memoire. The mission is pleased to note that these agreed actions have been successfully completed. All PIU staff are in post, a revised logframe is proving to be a useful tool for planning staff activities in support of programme outputs and outcomes, and a revised organogramme has served to better clarify reporting roles and responsibilities and lines of communication. But of greatest significance is the increased amount of time being spent by the

implementation officers in the field. While quantitative data are not held by the PIU, a qualitative impression gained by the mission is that all implementation officers are spending *at least* 50% of their time in the field, as recommended by previous SIS missions. This change in attitude has been brought about both by the resolution of previous conflict between PIU staff and MoFA over PIU contracts which have all been revised, and by a new and more robust approach to staff management and planning of staff activities; the Programme Manager holds monthly meetings with both the fisheries and the agriculture teams within the PIU, as well as individually with PIU staff members to discuss their monthly work plans and previous month's performance. The first formal six-monthly staff reviews will take place in December this year.

67. The following staff are currently working within the PIU, and this staff complement and mix of expertise is considered sufficient, as long appropriately backed up by the use of other service providers and short-term technical assistance as required: Programme Manager; Programme Accountant; Monitoring & Evaluation Officer; Fisheries Implementation Officer; Agriculture Implementation Officer; Business Implementation Officers (2); Accounts Assistant; Agricultural Marketing and Business Expert; Fisheries Post Harvest Business Expert.

68. The PIU implementation officers and marketing experts for both sectors, must continue to achieve a benchmark of *at least* 50% of their time in the field. To-date many visits have been made by the agriculture team, or the fisheries team, travelling as a group i.e. 2-3 staff travelling together. While such an approach may be appropriate for some visits made to the islands and efficient in terms of cost given high internal travel costs between islands, the Programme should now consider the potential for staff to travel and spend time in particular islands on an individual basis. This may serve to support the recommendations made above on a) providing sufficient support to the number of cooperatives, and b) the PIU playing a more operational/business role in the VCCOs. Whether staff travel together or individually should be assessed on a case by case basis to get an appropriate balance between efficiency (i.e. value for money) and effectiveness (i.e. bringing about programme outputs and outcomes through productive use of PIU staff in the field).

69. The current and improved programme management is not officially documented. Doing so, in the form of a programme management manual, could be of benefit both to any future IFAD programmes such as the forthcoming Mariculture Enterprise Development Project, as well as in the event of any unforeseen changes in programme management staff. The mission therefore recommends that, based on current practice, the Programme Manager develop a short programme management manual.

70. The last SIS mission resulted in FADiP funding for the two component coordinators being withdrawn. From the end of December 2012 there will be no funds budgeted for component coordinators under the PT-AFReP even if it is extended as appears likely. Both coordinators are providing a much more supportive and hands-on approach to engagement with FADiP than was previously the case, and an incentive for their continued involvement as the principal linkage between the PIU and MoFA is required. For this reason the mission recommends that FADiP pick up funding for the two component coordinators from January 2013.

71. The AWBP for 2013 is currently in draft form and has not yet been cleared by the National Steering Committee (NSC) or submitted to IFAD for no objection. The AWBP should be amended based on the findings of this mission, and steps then taken for its approval by Government and IFAD. Once the AWBP for 2013 has been approved, efforts should be made by all parties to implement it without undue and *ad hoc* modification or revision, unless strongly justified.

72. The **National Steering Committee (NSC)**. The previous mission made a specific recommendation for the NSC to meet more regularly and for attendance at NSC meetings to improve. The mission notes that this is indeed now the case, and that the NSC is providing more regular and improved guidance for the Programme.

73. **Implementation support received and required.** Implementation support provided to PIU staff has been limited since the last mission to some very short office-based training in Training Needs Analysis (TNA), which PIU staff report to have been useful, and to elaboration of a detailed IFAD M&E Manual that was further reviewed during the mission to highlight key forms and reporting outputs that should be ensured. No other training and capacity development has been approved by the NSC because of concerns over the suitability and relevance of training, and the *ad hoc* nature of requests for training and the lack of any systematic planning of implementation support requirements.

Continuing capacity development of PIU and MoFA staff is very important for the ultimate success of the Programme, both in terms of increasing the skills of PIU and in terms of retaining their motivation. Some overseas training may be justified in special circumstances, but because many PIU and MoFA staff could benefit from similar types of training (e.g. in value-chains, in marketing/business skills, etc) bringing trainers to Maldives might provide better value for money by ensuring that multiple PIU/MoFA staff could participate. It would also allow for standard 'off-the-shelf' training courses to be tailored to the particular requirements of the Maldives and the FADiP while trainers are in the Maldives (it is not proposed that the FADiP pay for training providers to modify standard courses prior to their arrival in the country, but rather that trainers should be able to be flexible in their use and delivery of standard courses so as to reflect the Maldivian context and FADiP requirements. This would require the PIU to suitably brief trainers about the FADiP prior to any training courses taking place). The mission recommends that a small working group be established comprising the Programme Director, the Programme Manager, and the two Component Coordinators. This working group should meet prior to the preparation of each AWBP to jointly agree on implementation support requirements based on programme needs and careful justification. The implementation support working group would then submit the proposed trainings for approval by the NSC prior to their inclusion in the AWBP.

74. **Monitoring and evaluation (M&E).** Monitoring and evaluation processes have improved since the last supervision but are still rated as *moderately unsatisfactory* (3). IFAD and MoFA/PIU have supported a continual re-calibration of the programme's implementation approach in the face of unexpected challenges, leading to a gradual and iterative process of establishing a functional M&E system. By its mid-term period, the Programme has finalised its logframe in close consultation with MoFA policy-makers; translated this into PIU and individual delivery targets; completed the first segment of the baseline survey (which has been reviewed by the mission and requires some modifications and improvements in terms of analysis and reporting); and, with IFAD support, developed an M&E manual including forms and report formats. While the M&E system was being developed, progress reporting to the NSC took place regularly, through oral briefs focussed on key immediate actions and bottlenecks.

75. While these actions have articulated clear outcome targets and have focussed PIU efforts towards the specified deliverables, and also led to an informed selection of indicators, the Programme still needs to translate the M&E forms into Dhivehi and to transpose the same into an excel database to facilitate their utilization by FADiP partners and staff. The PIU also needs to urgently complete the next segment of the baseline survey, as well as orient local partners on the benefits from engaging in data collection and analysis and train them with regard to their expected roles and functions under the M&E system. The AWPB for 2012, which represents the key planning window of the M&E cycle, while an improvement on previous AWPBs in terms of structure and content, could also have been strengthened by ensuring that specific (physical) delivery targets were included in the AWPB, which instead included only financial allocations.

76. Given the slow pick-up in cooperative establishment, however, the delayed roll-out of M&E tools has not substantially undermined performance management within FADiP. Notwithstanding the above, the mission emphasises the role of a functional M&E system in supporting programme management and the NSC in undertaking effective planning and oversight around the logframe; including the identification of gaps, of capacity building requirements at MoFA and FADiP, and of alternative options when bottlenecks or insurmountable obstacles are faced. Specifically, the FADiP logframe, which was elaborated during the last supervision with inputs from MoFA policy-makers, could be effectively utilised to focus NSC discussions and secure agreements around key programme activities. More generally, a utilisation-focussed approach should now be instilled into the M&E system, whereby specific tools and outputs are programmed to address stakeholder information needs. Such an approach suggests that an M&E work plan, specifying M&E resource requirements and determining the packaging and frequency of M&E outputs needs to be formulated to ensure effective and timely launch and execution of programme M&E. This M&E plan should be incorporated into the AWPBs, with specific tasks and timings itemised for the M&E officer.

77. **Coherence of AWPB.** The implementation of the Programme was not coherent with the activities and outputs planned in AWPB 2011 due to issues such as delays in providing grants to VCCOs, lack of service provider involvement etc. It is thus rated as *moderately unsatisfactory* (3).

78. **Gender focus.** The performance is 'moderately satisfactory (4)'. Programme activities to date have focussed on community mobilisation and as such gender mainstreaming is manifested in the

composition of trainings and VCCO membership. Both demonstrate active participation of women, however women's participation in VCCO Executive Committees appears restrained. Notwithstanding, women are expected to benefit equally from community development, improved access to inputs and markets, and commercialisation of agriculture and Maldives fish production, activities in which they are important contributors.

79. **Poverty focus.** The performance is 'moderately satisfactory (4)'. As noted in the previous supervision mission, the introduction of VCCOs (rather than private companies) potentially improves poverty outreach as it allows for poor and vulnerable households to participate in VCCO elections and governance, promotes decentralised local development decisions that are attuned to the needs of pro-poor civil organisations, and in aggregating small holders promotes pro-poor marketing and value chains. This advantage continues to hold and its realisation will depend on how effective VCCOs are in reflecting member interests and in marketing produce. At this early stage of VCCO establishment, these features are yet to be demonstrated in practice.

80. **Effectiveness of targeting approach.** Targeting performance is rated as 'moderately unsatisfactory (3)'. In planning its interventions, the Programme has relied strongly on building on previous PT-AFReP activities in specific islands, and a knowledge about where agricultural production and Maldivian Fish processing are most prominent. While this makes certain sense, the Programme will need to have a broader understanding of poverty and malnutrition in the expanded Programme area, in order to measure and ensure effectiveness in targeting. For this purpose the PIU should collect and review existing data from agencies such as UNDP, UNICEF and the Ministry of Health (MoH) on poverty levels and malnutrition.

81. In this respect, important elements of the M&E system recommended by the previous supervision mission included (i) consolidation of information already available to the Government on nutrition and food production/access in the programme area (which now encompasses all islands except for Male) and (ii) undertaking Participatory Rural Appraisals (PRAs) in islands with highest potential and need. With respect to the first element, there is no evidence that such information has yet been formally consolidated into FADiP information system or decision-taking; which (i) makes the assessment of targeting effectiveness rather challenging at this stage, (ii) places challenges for future results assessment. Needs Assessments (and corresponding business plans) have been undertaken under component 1 in some communities, and these should be used to inform the PIU of local conditions in potential intervention areas; however the content and quality of these assessments varies. A minimum set of contextual, qualitative and quantitative information required under these assessments needs to be specified by the PIU. With respect to the second element mentioned, although the EoI process includes a PIU validation and, subsequently, FADiP NSC member knowledge to guide selection from among the EoI short list, a PRA approach would contribute to a more complete and transparent island selection process that determines interest and potential beyond the limitations of the EoI processes. Even for those islands not immediately qualifying/selected for VCCO development, PRAs could serve to map local context and to suggest priorities for community action and open a space for scaling up of FADiP methodology, in line with programme objectives.

82. The last supervision identified in the appraisal report how the number of beneficiaries was deduced. The appraisal report indicated the number of farm/fisher households, and multiplied that by an average household size. The appraisal document is considered as an important document to help interpret the LA. Consequently when the LA refers to individuals, it can be deduced that this reflects family members also. Taking the entire family accordingly, that corresponds with the estimate of 1,200 households shown in the table below.

Target Group "category"	Total number of households to be reached by the end of Programme (Appraisal Targets)	Number of households reached so far (cumulative)	
		Total number	Of which, women
Fisheries sector processors	400 households	130	102 of 201 individuals
Small-scale agriculture producers	800 households	272	270 of 519 individuals

Note: Table includes only those three cooperatives which have agreements signed with the Programme (two agricultural and one fisheries), not with other cooperatives with which the Programme is working with but at an earlier stage of involvement

83. **Knowledge management.** The Programme does not have a knowledge management strategy, 'learning agenda' or any other documented plan for organising knowledge management and knowledge sharing activities. Previous missions have not made any concrete suggestions about knowledge management, and there is no separate sub-component, staff or budget for knowledge management in the Programme design. Given these factors, the PIU can be commended for planning a knowledge sharing activity associated with farmers day in October 2012, and for having already prepared an outline for a television documentary on the AMCS which has been discussed with MoFA media staff. However apart from these proposed activities, there have been no activities to acquire, generate, analyze, document or share knowledge since the last supervision mission. The Programme should thus prepare a written knowledge management strategy detailing the activities and responsibilities of individual PIU staff in contributing to a) assessing and analysing successful processes, lessons learned (e.g. on success of resort forums) and best practices, b) the development of knowledge products in the form of videos, photo stories, case studies and articles, and c) organising knowledge and information sharing events where appropriate. Such events may be particularly relevant for cross-fertilisation of ideas and information between VCCOs, and for further generating interest by potential customers in VCCO products. The nascent M&E system also provides an excellent opportunity to better integrate the FADiP work and capacity building with that of MoFA. MoFA learning processes can potentially benefit from regular sharing of FADiP M&E assessments; and the MOFA programming can be informed by the resources and effort being placed by FADiP in supporting commercial farming and fishing activities. Innovation and learning that could be captured through KM is therefore to be included in the Programme, and particularly its KM strategy.

84. **Partnerships.** In addition to the obvious partnerships between producers and markets being supported by the Programme, and partnerships identified in the programme design such as with MFDA, it is also already successfully engaged with a number of other partnerships. Some observations and recommendations are as follows:

- The Ministry of Economic Development (MED) is a particularly important partner given a number of its ongoing and potential activities and projects. Of special note are the MED-supported BDSCs, a Kuwait Fund project it is implementing, the South Asian Agreement for Regional Cooperation (SAARC) development funded SAARC business association of home-based workers (SABAH) project, a tourism value-chain project, and a forthcoming phase 2 of a previous Asian Development Bank (ADB) project. FADiP and MED have previously engaged in some cost sharing of activities. Communication at the present time is less frequent than it was, and is not formalised. It is recommended that one person in the PIU be designated as the focal point for liaison with MED and for regular monthly meetings to take place so as to avoid duplication of activities, and to explore and support information sharing, cost sharing, synergies and division of responsibilities;
- The Programme has historically been in partnership with UNDP in relation to programme activities in Filladhoo and Baarah and the hand-over of NGO assets to VCCOs, and UNDP-organised 'resort forums' bringing together communities and resort island managers and owners. A continuation of UNDP and FADiP engagement for the resort forums is important for the FADiP, along with the UNDPs Integrated Farming Project;
- The PIU has an established relationship with the Maldives National Chamber of Commerce and Industry (MNCCI) from their support in helping to disseminate information about the FADiP to the business community. Given earlier recommendations relating to the need for the Programme to have a much greater focus on the marketing-end of the supply chain, a continued partnership with the MNCCI is important.
- The Programme does not have an active partnership with the Japanese International Cooperation Agency (JICA), but the mission notes that JICA has recently funded a study on the fisheries sector and plans to engage with MoFA in support of the fisheries sector. The Programme should therefore keep abreast of developments and develop a partnership with any future JICA activities if appropriate.
- Island Aviation, the State Trading Organisation and Asia Forwarding all represent potentially important organisations with which FADiP might choose to partner in the future, given their potential role in the transport, distribution and marketing of products being produced by the VCCOs.

Agreed action	Responsibility	Agreed date
20. A programme management manual to be developed so as to document current management practices within the PIU	PIU/MoFA	31 st December 2012
21. Consideration to be given on a case by case basis for more travel by PIU implementation officers on an individual basis, rather than as teams/groups	PIU/MoFA	Continuous
22. A training and implementation support working group to be established and to agree training requirements for PIU/MOFA staff to be included in the AWBP	MoFA/PIU	31 st October 2012
23. A knowledge management strategy to be agreed and documented	PIU/MoFA	End of December 2012
24. First segment of the baseline study to be revised/improved, and the next segment of the baseline survey to be completed	PIU/MoFA	31 st October 2012 30 th November 2012
25. M&E plan to be developed and reflected in AWBPs	PIU/MoFA	31 st October 2012
26. Participatory Rural Appraisals, Needs Assessments and available information all used to improve programme targeting	PIU/MoFA	Continuous
27. Funding for the two component coordinators to be paid for by FADiP when their PT-AFRiP funding expires	PIU/MOFA	January 2013

E. Fiduciary Aspects

85. **Financial management.** Financial management is rated as 'moderately satisfactory (4)'. The mission, using the Financial Management Assessment Questionnaire (FMAQ), reviewed all relevant financial management aspects of programme administration. The overall programme fiduciary risk is rated as low, with however a concern of better reporting, recording process and maintaining enhanced transparency. Relevant details will be provided the full MTR report.

86. The internal control procedures in the accounting unit on recording / processing and monitoring of Withdrawal Applications (WAs) were found to be sound; the mission reviewed the last WA (n.3), checked supporting documentation and categorization of expenditures, and no major inconsistencies were identified. The mission reviewed the latest External Audit report where major internal control issues were identified in relation to expenditures ineligible under IFAD financing for an amount of USD 50,975. The mission has been updated on an increased amount of ineligible expenditures which now total USD 57,281 as at 10th September 2012. MoFT has created a project account identifier in the MoFT system, but to date the relevant amount has not been credited to the account.

87. Proper segregation of duties in preparing and approving project payments is maintained; accounts are kept up to date through the use of Quickbooks (a professional accounting software which replaced the use of excel). No direct access has been given to project staff to the Public Accounting System, due to a lack of available licences, so the Programme is now using Quickbooks. This is a reliable software which generates reports to be used for financial statements preparation. The mission reviewed the six-monthly financial statements for the period ending in June 2012 and no particular issues were identified. The mission also reviewed bank reconciliations and the Special Account reconciliation, which were correct and up to date. The mission reviewed the fixed assets register and verified the existence of some assets; there is no evidence of misuse or loss of assets.

88. As accounting/financial procedures are not documented, the mission recommends that the PIU should prepare an "Accounting Manual" to ensure proper documentation of processes and procedures in case of staff turnover, and for audit purposes. The mission also recommends the continuation of the process of training and exchange of information between the accountant and the accountant assistant, to ensure proper back-up arrangements in case of staff absence or turn-over. In addition, the mission recommends prompt credit in the project account identifier at MoFT of USD 57,281 of ineligible expenditures charged to IFAD.

89. **Disbursement.** This is rated 'highly unsatisfactory (1)'. The loan became effective on 15th September 2009 and is scheduled for completion on 30th September 2014. To date, 60% of the implementation period has elapsed with a cumulative disbursement rate of just 8.9% against the total approved Programme cost of USD 5.3 million. In accordance with the IFAD Corporate Project Disbursement Profile (PDP), the disbursement rate should by now have reached 39% of the total approved Programme cost, based on an implementation period of three years. While the programme cumulative disbursement rate is at 8.9%, disbursement of IFAD-only financing is at 20% with a programme utilization of resources at 8.4%.

90. **Counterpart funds.** The implementation performance of this activity is rated as *moderately unsatisfactory* (3). The government is expected to contribute USD 1.3 million towards the programme costs over the 5 year period. Up until 13th September 2012, the government had released USD 0.194 million (or 14.9%) as its counterpart funding for the Project.

91. **Compliance with loan covenants.** The implementation performance of this activity is rated as *moderately satisfactory* (4). All applicable covenants have been complied with except clause 2.04 (a) – use of loan proceeds, part of which has been used to finance expenditures not authorized under IFAD financing and 3.04 (b) – there has been slow counterpart financing and charging of ineligible expenditures under IFAD financing.

92. **Procurement.** The implementation performance of this activity is rated as *moderately satisfactory* (4). During the period under observation, no major procurement activity has been performed; there were no substantial procurements for equipment and materials or consultancy services. This is one of the effects of the slow implementation of the Programme from an operational and financial point of view.

93. **Audit.** The implementation performance of this activity is rated as *moderately satisfactory* (4). The Audit has been completed for the year ended 31st December 2011. The audit report of 2011 was submitted to IFAD on time, the opinion was unqualified and generally complies with the standard template. The Programme maintains an Audit Log with details on the action taken on the observations. The value of some of the audit observations is meagre.

94. **Credit Facilities.** Comment on credit facilities to be provided through the Programme has been discussed earlier under the description of progress and key issues for component 2 of the Programme.

Agreed action	Responsibility	Agreed date
28. Prepare an "Accounting Manual"	PIU	31 December 2012
29. The accountant to complete the training of the accountant assistant	PIU accountant	31 December 2012
30. Expenses ineligible under IFAD financing to be credited to the project account identifier in MoFT	MoFT/PIU	30 th September 2012

F. Sustainability

95. The mission's findings on the prospects of sustainability of Programme-induced benefits are described in this section and relate to the inter-linked dimensions of sustainability (**institutional, social, economic, technical and environmental sustainability**). At this stage in the Programme implementation it is too soon to expect the Programme to have taken specific steps to ensure sustainability of Programme benefits after Programme completion or to have prepared an "exit strategy". Thus prospects for sustainability at the present time rest strongly on the original Programme design, and the modifications to the modalities for implementation as agreed during the last supervision mission. In addition to the recommendations made in this section, many of the recommendations made earlier will serve to work towards ensuring sustainability of Programme benefits.

96. **Institutional sustainability.** While the focus on a number of VCCOs has increased their overall institutional sustainability, the VCCOs are newly established and have little business experience. The programme should continue to support the building of institutional capacity in the VCCOs to address the sustainability of the VCCOs as viable business enterprises. Currently the PIU is playing the supporting role envisaged in the design for the management companies which were to be headed by business people with adequate know-how and experience in marketing and business management. Capacity building is required to strengthen both the PIU staff and the VCCOs with regards to building marketing strategies for the VCCOs, especially with regards to the Maldivian fish VCCOs. Dishonouring supply contracts by the VCCOs, as in the case of A11CS and BCS, can cause damage to existing and future VCCOs.

97. **Social sustainability (Empowerment).** The programme is actively targeting women through criteria laid down for cooperative membership. Further, capital accumulation in terms of the distribution of the FADiP shares in the cooperative on a 60:40 basis to women and men respectively is included in the funding agreements between the Programme and the cooperatives. The resort buyers linkages with the local community/VCCO are based on Corporate Social Responsibility (CSR) programmes and therefore they are much more likely to help build social sustainability in the

agricultural VCCOs. Support for Maldivian Fish processing will serve to maintain social sustainability of traditional island-based processing activities. However the mission observed that the VCCO (or the community) is not adequately empowered / strengthened to take critical business decisions to mobilise their own savings etc to start implementing the business proposals. This is therefore rated as *moderately satisfactory* (4) which is a step down in comparison to the previous mission rating.

98. **Economic and financial sustainability.** The AMCS has proven its financial viability by having a bank balance of MVR 403,856 (as at May 2012) after one and a half years of its operation. Vaadhoo Cooperative Society is expected to be financially viable if it secures supply contracts with four resorts – Robinson Club, Jumeirah, Park Hyatt, and Ayada - with which it already has informal agreements. AMCS has been effectively and transparently managing its financial benefits as a cooperative. It keeps the cash in bank as their 30% contribution to the total investment, and once the grant is received from FADiP and the business is established, they will decide on a suitable profit sharing procedure to pay dividends to the shareholders. On the other hand, financial and economic feasibility of other producer VCCOs (e.g. Baarah Cooperative Society, Magoodhoo Cooperative Society) cannot be guaranteed without carrying out a proper technical and economic analysis, which the PIU is not practicing currently. In Maldives, agricultural land is leased out for certain time periods by the city councils. For instance, Addu City Council charges MVR 600 per 20,000 ft² per month from farmers for a 10-year lease agreement. Thus certain productivity levels should be maintained to earn a profit. Furthermore in Meedhoo, farmers are uncertain about retaining their land as the Council is carrying out a land use planning process, which will lead to possible reallocation. Such uncertainty can result in less investment on land, which may affect long term financial sustainability. The small average land size also prevents economies of scale being generated by individual farmers or by the cooperative as a whole. At present, although farmers have some knowledge about the profit and loss of different crops based on past experience, only a few farmers maintain their financial records (3 out of the 11 asked by the mission in Meedhoo). There is no cost of production data based on different production strategies available from farmers or held at MoFA. High transportation cost in the Maldives also limits the possibilities for supply base expansion and market diversification.

99. **Technical sustainability.** Technical feasibility in commercial crop production and marketing, and egg production, is proven in many target islands, and some commercial companies are already producing value-added Maldivian Fish products for the local market. However, there are some major technical limitations, and unless suitable strategies are taken they could prevent the optimization of the benefits. The small land size and lack of entitlement to the land reduces the incentive for farmers to invest in land productivity improvements such as drainage systems, establishment of permanent structures (green houses), agricultural machinery or even application of adequate amounts of organic manure which can have long term effect on agricultural productivity. A second limitation is dependence on rainwater for high-tech agricultural systems like hydroponics, and auto pot systems, and egg production. Another concern is the lack of Maldivian employees or their high wage demands, resulting in a dependence on foreign labourers from Bangladesh and Nepal. This could reduce the long-term sustainability of skills retained in the Maldives if such labour leaves the country. Other limitations on technical sustainability include poor access to agricultural inputs, insufficient extension/veterinary services in the islands, and a lack of access to technical and market information. Facilitation of access to quality inputs at cheaper rates, access to market and technical information, and technical training in agricultural islands to support the production of existing and new varieties of fruit and vegetable products in the islands need immediate focus. One of the untapped resources in many parts of target islands is members' homesteads, which have areas of about 2000 - 3000 ft². There are about 200 home gardens supplying fruits and vegetables to AMCS. Presently home gardening is practiced on an *ad hoc* basis without proper planning. The islands are highly prone to natural calamities, particularly with the climate change impacts causing frequent and increasing severity in storms and floods. In order to reduce these effects, farmers need to invest in drainage systems, protected agriculture (green houses), wind breaks, insurance, etc.

100. **Environmental sustainability.** Although there are no serious impacts of farming on the environment at the present, precautions should be taken not to overuse inorganic fertilizers and pesticides, which can pollute shallow ground water tables, causing negative effects on flora and fauna and the health of people in the islands. Support for Maldivian Fish value-addition may serve to reduce fishing pressure on yellowfin tuna stocks (more susceptible to overfishing than skipjack tuna) if vessels switch back to skipjack fishing, and to reduce the negative environmental impacts currently

associated with poor management of fish waste. The Programme should carefully consider the environmental impacts of wood use in the smoking stage of the Maldivian Fish production process.

101. No specific agreed actions are proposed, as the agreed actions stated earlier in this Aide Memoire will serve to ensure sustainability.

102. **Exit strategy.** The Programme needs to ensure that all MOU and agreements between the VCCO and MOFA and resorts to be complied with and managed. PIU has initiated and monitor the compliance in MOUs but need more emphasis and close supervision. The Programme needs to identify areas of success and best practices in value chain activities, which will be taken over for implementation and scaling-up in other cooperatives which are emerging. It is time to ensure a smooth transition of the facilities, processes, and resources to all VCCOs which are functioning or commence operations so that it will be a key part of the exit strategy. The mission recommends that MOFA, together with PIU, should develop an exit strategy indicating what activities will be continued, how they will be internalised into institutions including MOFA, and how they would be funded (if funds are required) to ensure smooth transition of the PIU responsibilities and handholding input to the VCCOs. Performance is moderately *satisfactory* (4).

103. **Scaling up.** Some of the value chain relationships between communities and tourist resorts are highly productive and beneficial for both to the communities and to the resorts. The VC with Shangri-La is a case in point. The willingness of Banyan Tree to provide a grant for production improvement is another example. These process have a potential to scale up and replicate in the other VCCO and for that the PIU should include a process documentation efforts which will capture and record such potentials. Considering the potential, but unavailability of a process, innovation and learning for scaling up is rated as *moderately unsatisfactory* (3).

G. Impact

104. **Physical and financial assets.** Although community mobilisation has advanced since last year, FADiP investments have not yet materialised as expected during the last mission. The lack of progress in the financial services component, the young age of VCCOs and the nascent M&E execution continue to preclude measurement of impact on physical and financial asset ownership by the target group. However the keen interest, by a broad composition of selected communities, demonstrates an expectation of substantial benefits from the social and community capital in the form of functioning processing and marketing VCCOs. With the expectation of the last mission that the communities will mobilise their assets including savings, this was rated moderately unsatisfactory taking into account the assets availability and the potential to creating them. However this mission noted that the expectation has not realised and as such it is rated *unsatisfactory* (2).

105. **Food security and increases incomes.** As in the case of physical and financial assets, programme assistance has not yet advanced to a stage of impacting on food security or incomes, and no additional measures of food security are available at this time. The previous supervision mission had recommended the PIU to verify the RIMS survey malnutrition findings by sharing them with the Ministry of Health or UNICEF, for comparison with disaggregated data from the National Health Survey of 2009. This has not yet been undertaken. This is rated as *moderately unsatisfactory* (3). The rate has declined from 4 in the last mission to 3 for the reason that some of the VCCOs have not been able to continue with the marketing activities which has reduced the income earning potential and resulting food security of the communities.

106. **Policy impact.** Programme activities in support of agricultural cooperative development, and their apparent success, are having a policy impact by helping to reinforce government policy in support of cooperative development in the agricultural sector. In the fisheries sector the Programme is fully coherent with Government policy. Any success of Maldivian Fish value-chain development will be a strong incentive for replication by other private sector parties, and for further Government support to a policy of supporting the value-addition to tuna in the Maldives through Maldivian Fish businesses, rather than skipjack tuna being exported in frozen form for processing and value-addition overseas (primarily in tuna canneries in Thailand).

Agreed action	Responsibility	Agreed date
31. PIU to verify the RIMS survey malnutrition findings by sharing them with the Ministry of Health or UNICEF, for comparison with disaggregated data from the National Health Survey of 2009	PIU/MoFA	30 th October 2012

H. Conclusion

107. In conclusion, the MTR mission finds that overall progress in implementation is 'moderately satisfactory (4)'. The MTR is of the opinion that the previous change in emphasis from working with a few large VCCs as specified in the programme design, to one where the Programme will work with a larger number of VCCOs at the community level, was justified and that the modified approach has the *potential* to reach the overall development objective as originally specified.

108. There have been some notable improvements in programme implementation since the last SIS mission. Programme and financial management are both robust, and most agreed actions from the last SIS mission have been implemented, most importantly the requirement for PIU staff to spend more time in the field. This has served to ensure that the groundwork is being laid by the PIU to achieve the outputs and outcomes in support of the overall objective of the Programme, and the Programme has *reached* around 34% of the intended number of target beneficiaries.

109. However, the Programme has made insufficient progress so far in bringing about positive *impacts* on these beneficiaries, because of insufficient *actual progress* in achieving many programme outputs and outcomes (such as improved quality of agricultural products, and value-addition in the Maldivian Fish sector), and there is poor overall disbursement (currently 8.9% of the total revised programme budget). The low disbursement rate is only partly explained by the delays resulting from the changed implementation modalities for the Programme to work with VCCOs. Other key reasons and issues which have contributed and which must be resolved include: the lack of any progress in the financial services component and a failure to sign SLAs with lending institutions; a failure to adequately use service providers; and uncertainties over what the communities are to use as their 30% contributions to the VCCOs' capital requirements.

110. The MTR mission recommends that the PIU specify individual agreements and disbursement schedules for particular VCCOs that are tailored to meet the specific business needs of the VCCOs, rather than adopting a generic approach. VCCOs should be required to make a 30% capital commitment, but not necessarily up-front, and the disbursement schedules of the capital contributions from the Programme should be based on detailed operational plans developed to help with implementation of the business plans. The capital contribution from the PIU will be in proportion to that of the VCCOs with an addition according to the requirement of the business plans. The need for these operational plans is reflective of the need for the PIU to now become more involved with the VCCOs on an operational day-to-day basis, effectively becoming part of the management teams within the VCCOs. In supporting this responsibility the mission recommends to recruit service providers. The mission also recommends that the PIU keeps a rolling assessment of how many VCCOs it needs to work with so as to reach the target number of beneficiaries, and only works with a number of VCCOs required to reach this target. This will serve to ensure that programme resources are sufficiently targeted to assist specific VCCOs, rather than being spread too thinly.

111. All recommendations and actions in this Aide Memoire are considered by the NSC as endorsed.

112. IFAD and the Government of the Republic of Maldives endorse the findings of the supervision mission.

Signed in Malé 23rd September 2012.

Mr. Graeme Macfadyen
IFAD mission team leader

Mr. Ahmed Mazin, Chief Funds Executive
Ministry of Finance and Treasury

Dr. Abdulla Naseer, Permanent Secretary
Ministry of Fisheries and Agriculture

Date

Appendix 1: Summary of project status and ratings

A. Basic Facts

Country	Republic of Maldives		Project ID	726-MV	Loan/Grant No.	726-MV
Project	Fisheries and Agricultural Diversification Programme				Supp. Loan/Grant	
Date of Update:	10/2012	Last Supervision	20/12 - 07/12, 2011		Financing terms	HC
Supervising Inst.	IFAD/IFAD	No. of Supervisions	2			
				USD million	Disb.rate%	
Approval		Quality at entry rating		Total costs	5.260	8.87
Agreement	April /2008	Effectiveness lag		IFAD loan	3.236	8.4
Effectiveness	15/09/2009	Problem project	Since Dec 2010	DSF grant		
MTR	09/2012			IFAD grant		
Current completion	30/09/2014	Last Amendment	12/2011	Domestic		
Current closing	31/03/2015	Last Audit	06/2012	Cofinancing	.723	0
No. of extensions				Government	1.300	14.97

B. Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	3	4	1. Quality of project management	3	4
2. Acceptable disbursement rate	1	1	2. Performance of M&E	2	3
3. Counterpart funds	3	3	3. Coherence between AWPB & implementation	2	3
4. Compliance with loan covenants	3	4	4. Gender focus	4	4
5. Compliance with procurement	3	4	5. Poverty focus	2	4
6. Quality and timeliness of audits	3	4	6. Effectiveness of targeting approach	4	3
			7. Innovation and learning	4	3

B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Actual outputs& outcomes /VCC development	3	3	1. Institution building (organizations, etc.)	4	4
2. Actual outputs/Financial Services	1	1	2. Empowerment	5	4
3. Actual outputs/Programme Management	3	5	3. Quality of beneficiary participation	3	3
4. Physical/financial assets	3	2	4. Responsiveness of service providers	3	3
5. Food security	4	3	5. Exit strategy (readiness and quality)	Too early	4
			6. Potential for scaling up and replication	5	5

Note on B.1.5. There has been no procurement

C. Overall Assessment and Risk Profile

		Last	Current
C 1	Overall implementation progress (Sections B1 and B2)	2	4
C 2	Likelihood of achieving the development objectives (section B 3 and B4)	3	4
C 3	Risks <i>Short description of major risks for each section and their impact on achievement of development objectives and sustainability</i>		
	Fiduciary aspects	The main fiduciary risks which have a potential impact on achieving the development objectives are: <ul style="list-style-type: none"> The current slow disbursement rate; Weak internal financial procedures and controls; A failure to fully comply with, and follow, the Loan Agreement covenants 	
	Project implementation progress	The main perceived risks for implementation progress are: <ul style="list-style-type: none"> PIU staff motivation and sufficient time spent in the field Insufficient commercial and business sector experience of PIU staff A failure to identify and use appropriate service providers – critical in mitigating the risks associated with PIU capacity A lack of support by Government for implementation of specified AWBPs 	
	Outputs and outcomes	Key risks associated with the Programme outputs and outcomes are: <ul style="list-style-type: none"> Communities/VCCOs and Programme/Government failing to agree on community/VCCO financial contributions to businesses, due to either the nature or scheduling of capital contributions PIU staff not sufficiently engaging with the running of the VCCOs on a day to day, and operational basis Weak institutional, technical, and organisational capacity within VCCOs and a failure by the Programme to adequately support capacity developments in these areas, which would increase the risk of a lack of sustainability of VCCO operations (see below) The Programme working with too many VCCOs, and as a result of spreading programme resources too thinly between many VCCOs, being unable to provide the level of input required to ensure their success A failure to progress the financial services component of the Programme A failure to adequately understand the market requirements of the value chain i.e. a focus just on the production-end of the value chain without sufficiently engaging in research and analysis to understand the market and appropriate market promotion and penetration strategies. 	
	Sustainability	The key risk to sustainability is the ability of the Programme to adequately build and maintain VCCO capacity. Failure to do so would critically endanger the achievement of the development objectives.	

D. Follow-up Action

Issue/problem	Recommended Action	Status/Timing
Component 1: Value chain development	<ul style="list-style-type: none"> Disbursement schedules agreed on a case by case basis with individual VCCOs which reflect their individual business requirements Rolling assessment made of beneficiaries being reached, and EoI process closed for the agricultural VCCOs Detailed actions plans developed for all VCCOs, so as to operationalize and guide implementation of the business plans Detailed operational guidelines developed for all VCCOs A 'service provider plan' specified identifying service providers Short-term technical assistance to be recruited to complete a Maldivian Fish market study, based on agreed terms of reference 	<ul style="list-style-type: none"> Continuous Continuous Continuous Continuous 31st October 30th November
Component 2: Financial services	<ul style="list-style-type: none"> MoFA to write to MoFT stressing the importance of resolving the impasse with this component 2013 Supervision mission to re-assess if the component should be kept 	<ul style="list-style-type: none"> 15th October 2013 SIS mission
Component 3: Programme management	<ul style="list-style-type: none"> A programme management manual to be developed A training and implementation support working group to be established and to agree training requirements for PIU/MOFA staff A knowledge management strategy to be agreed and documented First segment of the baseline study to be revised/improved, and the next segment of the baseline survey to be completed Funding for the two component coordinators to be paid for by FADiP when their PT-AFREp funding expires 	<ul style="list-style-type: none"> 31st December 31st October 31st December 31st October and 30th November Jan 2013

Note: Recommended actions in section D above do not include all the agreed actions contained within the Aide Memoire, but focus on the actions considered by the mission to be of most critical importance

Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs

Action Area	Action Agreed	Agreed Date for action to be taken	Whom	Progress in completion of action
	Value Chain Component			
1	Another call for interest to be completed with special focus on Maldivian Fish, but preceded by outreach in the islands, and subsequent calls made providing for continuous submission of proposals	31 st January 2012 and continuing	PIU/MOFA	Since 21 st December 2011 EOI process has been left as an opened process until September 2013.
2	Request made for an amendment to the Programme area as defined in the Loan Agreement	31 st January 2012	MOFT	Completed
3	Greater focus on field time to reach farmers and fisheries (not necessarily just cooperative members) and to be actively involved in the operations of VCCOs/VCCs	Continuous	PIU/MOFA	On going
4	A training and target beneficiary needs analysis to be completed (this may be outsourced by PIU)	29 th February 2012	PIU/MOFA	Both Fish and Agriculture TNA for PIU staff completed 6 th September 2012. TNA of beneficiaries completed in Gemanafushi and Baarah but not yet in other islands.
5	Training service providers identified and contracted to carry out training alongside PIU contract staff	March 2012 onwards	PIU/MOFA	On going. Some training provided by MOFA, with other service providers to be identified following TNA
6	Programme to ensure that grants are provided where possible in a phased financing approach based on performance and a disbursement schedule	Continuous	PIU/MOFA	On going
7	Production contracts between farmers/fishers and cooperatives to be signed	Continuous	PIU/MOFA	On going only in AMCS at this stage as well as BCS
8	Support provided to VCCs/VCCOs on technical legal issues relating to contracts	Continuous	PIU/MOFA	On going
9	Membership targets in MoUs for VCCOs to be revised following needs assessment and negotiation with communities	31 st March 2012	PIU/MOFA	Review is done on case by case basis
10	All MoUs and forward supply contracts signed by NGOs be transferred to and re-signed by the Cooperatives	31 st March 2012	VCCOs/MOFA/PIU	In progress
11	Legal advice to be taken on the legality of grants envisaged under the Programme and clearance provided by the Attorney General's office	31 st January 2012	MOFA/MOFT/Attorney General	Completed
12	MFDA training consultant to be recruited, with other potential service providers included in the training	29 th February 2012	PIU/FAO	Will be recruited when other activities related to this completed. To be done
13	Programme to commence work on branding of Maldivian Fish and GI status as part of AWPB for 2012	From January 2012	PIU/MOFA	On going
14	Programme to facilitate a new supply contract between AMCS and Shangri-La	31 st January 2012	PIU/MOFA	Completed
	Financial Services Component			
15	Attempts made to reach an agreement with the Maldives Islamic Bank, BML and MFLC over the financial services component. MTR to make final decision about this component	Immediate until September 2012	PIU/MOFT/MOFA	Still MOFT is negotiating

Action Area	Action Agreed	Agreed Date for action to be taken	Whom	Progress in completion of action
	Programme Management Component			
16	Draft organigramme, ToRs, and progress report template to be provided by the mission team and finalised by the PIU and MOFA	31 st January 2012	IFAD/PIU	Completed
	AWPBs to provide separate budget estimates for fisheries and agriculture activities where possible	Annually	PIU/MOFA	Completed
17	New position for a senior fisheries post-harvest and business expert within the PIU to be filled	29 th February 2012	PIU/MOFA	Completed
18	Contract revisions and competitive recruitment of PIU contract staff to be completed, with new contracts providing for careful management of handover periods, and based on revised ToR	31 st March 2012	MOFA/PIU	Completed
19	Staff evaluation panel to periodically review PIU contract staff performance and appropriate action taken if required	Monthly	PIU/MOFA	MOFA decided to review every six months with the revised contracts
20	Individual CBPO facilitators to be assessed for performance and appropriate action taken	30 th June 2012	PIU/MOFA	Completed
	Component coordinator positions to be disbanded	31 st January 2012	PIU/MOFA	Completed. PIU request MTR mission to reactivate positions to coincide with completion of PTAFREP.
	Programme Implementation Performance			
21	NSC to meet monthly and with better attendance so as to provide necessary guidance and approval for PIU activities	Monthly	NSC MTR	On going (meetings are taking place monthly and attendance is improved)
22	Training for PIU contract staff to be identified by the Programme Manager and carefully justified to the Programme Coordinator	Ongoing	PIU/MOFA/IFAD	MOFA not supportive, and despite justification provided by the PIU, no training has been approved since last mission
23	A Planning and M&E Manual to be finalised	31 January 2012	PIU/MOFA	Completed
	PIU to collect and analyse existing data from relevant agencies and Ministries on poverty levels and malnutrition	By Feb 2012	PIU/MOFA	Completed while M&E systems were developed
24	Close monitoring and support for the engagement of women and the poor in the Programme as VCC/VCCO activities expand to minimise instances of elite capture	Continuous	PIU/MOFA	On going
	Fiduciary Aspects			
25	Access for the PIU provided to the Public Accounting System to allow the PIU to review and download reports, debit and credit advances	31 st December 2011	MOFA/MOFT	Recommendation obsolete – The request to give access to the national accounting system remains on hold as there are few licences available and the ministry does not want to give these to the PIU; they will continue using Quickbooks
26	Pending invoices supporting the advance payments collected by 2011 year end and appropriate action taken if not provided	31 st December 2011	PIU/MOFA	Completed

Action Area	Action Agreed	Agreed Date for action to be taken	Whom	Progress in completion of action
27	Proper guidelines and procedures in place in order to enhance cash management procedures and to implement strict controls over advances at all levels	31 st December 2011	PIU/MOFA	Ongoing – procedures are in place and are mostly sound, but they need to be properly documented via an “Accounting Manual”
28	Effort to develop a custom-made Microsoft XS-based accounting system ('Software') stopped and Quickbooks used instead of the current excel system	Immediate	PIU/ MOFA	Completed
29	PIU to use the financial accounting module to input vouchers into the SAP country system	1 st January 2012	PIU/MOFT	Recommendation obsolete – vouchers are not input in the SAP country system, but produced and manually passed to ministry for proper. PIU is not going to have access to the national system – see above recommendation 25
30	Back up arrangements in place for the accountant position in PIU in the form of an alternate	31 st December 2011	PIU/ MOFA	Partially completed - due to differences in roles, the accountant can replace the assistant accountant but not the other way round
	The ineligible expenditures made from the Special Account (USD 57,281.72) reimbursed by the Government of Maldives	31 st December 2011	MOFT/PIU	not completed prior to mission, but proposed now that programme identifier established
31	The Special Account replenished regularly (when 20% of the allocation fund is used, or at intervals of every 2-3 months). A withdrawal application for replenishment raised in the amount of USD 159,048.39	31 st December 2011	PIU/ MOFA	Completed
32	The PIU to prepare vouchers following the percentage of financing specified in Schedule II	On going	PIU/ MOFA	Completed
33	Auditor recommendations set up as a log with an associated action plan, and then implemented along with follow up of the previous year's auditor's recommendations	31 st December 2011	PIU/ MOFA	Completed and on going
	A reporting package including the Statement of Comparison of Budget and Actual Expenditure provided semi-annually	On Going	PIU/ MOFA	Completed and On going
34	A Programme identifier should be established in the MOFAT treasury account in local currency	1 st January 2012	MOFT/PIU	Completed September 2012
	Sustainability			
35	Research and training completed on the financial viability of different products produced by VCCOs/VCCs	Ongoing	PIU/ MOFA	On going trainings will be conducted once the cooperatives have officially signed and purchased the Quickbooks. The evidence of financial viability is the 30% share contribution

Action Area	Action Agreed	Agreed Date for action to be taken	Whom	Progress in completion of action
				that cooperatives submit with the proposals. This is approved by the TRC financial representative or by the program accountant after seeing all supporting documents submitted by VCC/VCCO's
36	Needs analysis to be completed under Component 1 to investigate potential environmental sustainability issues to be addressed by the Programme	Ongoing	PIU/ MOFA	Completed
	Impact			
37	The RIMS survey malnutrition findings verified, based on a comparison with MoH or UNICEF of disaggregated data from the National Health Survey of 2009	31 st January 2012	PIU/ MOFA	To be completed once the second half of the baseline is completed.

Appendix 3: Summary of key actions to be taken within agreed timeframes

Table 3A: Financial performance by financier

Financier	Approval USD	Revised USD	Cumulative Disbursements USD	Per cent disbursed
IFAD loan	3,435,507	3,236,597	272,043	8.40%
Co-financier	1,902,931	722,598	0.00	0.00%
Government	1,532,575	1,300,374	194,739	14.97%
Total	6,871,013	5,259,569	466,782	8.87%

Table 3B: Financial performance by financier by component (USD '000) in 2012

Component	2012 AWPB	2012 only Actuals				Per cent disbursed
		IFAD loan	Government	Co-financier	Total	%
1. Value Chain Development	1,287,370	56,627	0	0	56,627	4.39%
2. Financial Services	450,000	0	0	0	0	0.00%
3. Programme Management	226,650	29,518	75,426	0	104,944	46.30%
	1,964,020	86,145	75,426	0	161,571	8.22%

Table 3C: IFAD loan disbursements (SDR, as at 15-September-2012)

Category description	Original Allocation	% of Financing IFAD	Revised Allocation	Revised % of Financing -IFAD	Disbursement	Balance	Per cent disbursed
1A. Value Chain Company investment capital	100,000	50%	270,000	55%		270,000	0.00%
1B. Value Chain Company working capital	1,150,000	50%	1,140,000	100%	73,525	1,066,475	6.45%
II. Equipment, materials	5,000	50%	0	0%		0	
III. Training, studies	365,000	50%	230,000	100%	19,099	210,900	8.30%
IV. Incremental credit	335,000	100%	300,000	100% net of BML Contribution		300,000	0.00%
V. Recurrent expenditures- Salary and allowance	130,000	50%	230,000	100%	53,239	176,761	23.15%
Unallocated	265,000		180,000			180,000	0.00%
Initial deposit					324,301	-324,301	100%
Total	2,350,000		2,350,000		470,164	1,879,835	20.01%

Appendix 4: Physical progress measured against AWP&B, including RIMS indicators

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	Article II the Loan			
2.02	LOAND AND GRANT ACCOUNT: shall be opened by IFAD in the name of Republic of Maldives.	IFAD: open loan account.	Complied	
2.03	SPECIAL ACCOUNT to be opened for receiving loan proceeds in the central bank of Maldives (or other accepted by IFAD). Special account shall be denominated in USD.	Republic of Maldives to open a Special Account in USD.	Complied	
2.03 (b)	AUTHORIZED ALLOCATION shall be 500 000 USD.	Republic of Maldives: authorized allocation 500 000 USD.	Complied	
2.04 (a)	USE OF PROCEEDS of the Loan should be used exclusively to finance Eligible Expenditures in accordance with the Programme Loan Agreement and the General Conditions.	Republic of Maldives to use the loan proceeds exclusively to finance Expenditures	Complied	Some expenditures ineligible under IFAD financing
2.05	SERVICE CHARGE at the rate of 0.75% per annum on the outstanding loan amount , semi-annually on each 15 April and 15 October in Loan Service Payment Currency.	Republic of Maldives to pay a service charge at 0.75% per annum on outstanding balance semi-annually	Ongoing	
2.06	REPAYMENT OF PRINCIPAL to be made in 59 equal semi-annual instalments of SDR 39 167, payable on each 15 April and 15 October, beginning on 15 October 2017 and ending on 15 October 2046, and one final instalment in the amount of SDR 39 147 payable on 15 April 2047, in USD.	Republic of Maldives: pay the outstanding principal amt. in 59 equal semi-annual instalments of SDR 39 167 each 15 April and 15 October and beginning 15 Oct 2017 to 2046. One final instalment in SDR 39 147 payable on 15 April 2047, in USD.	Forthcoming	
	Article III the Programme			
3.01	PROGRAMME IMPLEMENTATION: The Republic of Maldives affirms its commitment to the goals and purposes of the Programme(Schedule 1), which shall be carried out by the Programme in accordance with the agreement, in particular section 7.01 of the General Conditions and substantially in accordance with the AWPBs, Procurement Plans, SLA and SLFA.	Republic of Maldives: to comply with commitment to goals and purposes of the programme (schedule 1), particularly section 7.01 of General Conditions, AWPB, Proc. Plans, SLA & SLFA.	Ongoing	
3.02 (a)	AWBP AND PROCUREMENT PLANS: PCU to prepare a draft AWBP each year which includes: detailed description of planned programme activities; procurement plan for at least eighteen (18) mos.; sources and uses of funds based on the respective work plans; budgets prepared by each Programme Party.	PCU to prepare a draft AWPB each year	Ongoing	
3.02 (b)	(i) The PCU shall submit the draft consolidated AWPB to the SC for approval. (ii) When approved, PCU shall submit each draft no later than 60 days before the beginning of the relevant Programme Year to IFAD for comments and approval. (iii) If within 30 days from receipt, no comment received by IFAD on the draft AWPB , AWPB shall be deemed approved.	PCU to submit draft consolidated AWPB and submit to SC for approval. Approved AWPB to be forwarded to IFAD for comment/approval NLT 60 days before programme year.	Ongoing	
3.02 (c)	The SC shall adopt the AWPBs substantially in the form approved by IFAD, and the PCU shall provide copies thereof to IFAD prior to the commencement of the relevant Programme Year.	PCU to provide IFAD copies of AWPBs adopted by SC before start of relevant Programme Year.	Ongoing	Subject to 3 (b) above

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
3.03	PROGRAMME ACCOUNT: As soon as practicable after date hereof, MOFAMR to open and maintain in a bank accepted by IFAD, a current account in MVR for programme operations. The Programme Account shall be operated by the authorized PC and the PCU accountant.	MOFAMR to open a bank account in MVR for programme operations.	Not Complied	Not possible under local financial regulations
3.04 (b)	AVAILABILITY & CHANNELLING OF LOAN PROCEEDS AND COUNTERPART FUNDS: Republic of Maldives shall make available counterpart funds from its own resources not exceeding USD 1 322 000 to MOFAMR in accordance with AWPBs and customary national procedures for development assistance. (ii) Maldives shall make budgetary allocations each FY equal to counterpart funds.	Maldives: Proceeds to be made available to MOFAMR for development assistance; budgetary allocations for each FY; allocation available to MOFAMR annually and promptly in advance in accordance with Agreement.	Partially Complied	A lag period between replenishment and submission of withdrawal applications has caused to show that Government now needs to reimburse USD 57,281.72 to Special Account.
Article IV Implementation Reviews and Reports				
4.01	MONITORING: The MOFAMR shall establish and maintain a management information system) to continuously monitor the Programme in accordance with: para. 3 of Schedule 3 (II. Additional Covenants); Section 8.02 of the General Conditions based on indicators agreed by the Republic of Maldives and IFAD.	MOFAMR to establish a MIS, to monitor the programme.	Ongoing	The re-configuration of the project in 2011 required revisions in the M&E system. These were integrated into a Planning and M&E Manual now finalised.
4.02	PROGRESS REPORTS: MOFAMR to submit to IFAD a 6 monthly and annual detailed progress report against estimates in the AWPB on programme implementation no later than 3 months after each 6 month and annual period based on reports prepared by each Programme Party , reasons for deviations from the AWPB estimates to be included.	MOFAMR to submit progress reports to IFAD every 6 months.	Ongoing	Quality appears to be improving
4.03 (a)	MID TERM REVIEW: Programme Party shall jointly carry out a review of Programme implementation no later than the end of the 36 month following the Effective Date. Based on review, the Republic of Maldives and IFAD shall agree on an action plan for the remainder of implementation period.	Programme Party to produce a Mid-Term Review 36 months after the project effective date.	Subject of this mission	
4.03 (b)	The Republic of Maldives shall ensure that the recommendations resulting from Mid-Term Review are implemented within a reasonable time and to the satisfaction of IFAD.	To ensure recommendations from MT-Review are implemented in due time.	Forthcoming	Post this mission
4.04	COMPLETION REPORT: PCU to submit to IFAD the completion report on the Programme no later than 6 months after the Programme completion date. The Completion Report shall detail actions taken by The Republic of Maldives and Programme Parties to ensure the sustainability of the Programme Achievements.	PCU to submit completion report no later than 6 Mos. After completion date.	Forthcoming	
4.05	EVALUATIONS: The Republic of Maldives and each Programme Party shall facilitate all evaluations and reviews of the Programme that IFAD may carry out during the Implementation Period and for 10 years thereafter.	Republic of Maldives and Programme Party to facilitate all evaluations and reviews.	Forthcoming	

Article V Financial Reporting

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
5.01	FINANCIAL STATEMENTS: The PCU shall prepare six-monthly and annual financial statements of the operations, resources and expenditures related to the Programme in a 6 monthly period and FY and deliver them to IFAD within three months after the end of each six-monthly period and FY.	PCU to prepare financial statements in a 6 month and FY period and deliver to IFAD within 3 months of each deadline.	Ongoing	Required by Section 9.02 (Financial Statements) of the General Conditions
5.02 (a)	AUDIT REPORTS: Within 90 days after the effective date and every year: Maldives shall confirm the appointment of the auditor to be responsible for the audit of accounts and annual financial statements within 3 months after the end of the fiscal year.	Republic of Maldives to confirm appointment of auditor 90days after effective date and every year thereafter.	Ongoing	Complied for FY2011.
5.02 (b)	The Republic of Maldives should have the accounts and Financial Statements audited each FY in accordance with ISA's and IFADs Guidelines of Project Audit. The AR shall include : AR of accounts and financial statements each fiscal year, an opinion on the certified statements of expenditure, management letter addressing the adequacy of the programme's accounting and internal control systems.	The Republic of Maldives to deliver audited financial statements , opinion on SOEs and management letter every fiscal year.	Ongoing	Complied for FY2011
	Programme shall deliver the audit report to IFAD within 6 months after the end of each such fiscal year.	PROGRAMME: delivers audit report to IFAD each project year by June 30.	Ongoing	Complied for Y2011
	Programme shall submit to IFAD a reply to the management letter of the auditors within 1 month after receipt.	PROGRAMME: replies to management letter prior to July 30.	Ongoing	Complied for FY2011
Article VII Effectiveness				
7.01(a)	CONDITIONS PRECEDENT TO EFFECTIVENESS: PC shall be appointed by the MOFAMR and approved by IFAD.		Complied	
7.01 (b)	Republic of Maldives shall have opened the SPA and MOFAMR shall have opened the Programme Account.		Partially complied	
7.01 (c)	The Republic of Maldives shall have established the SC and MOFAMR duly established the PCU.		Complied	
7.01 (d)	Agreement shall have been signed and the signature and performance by the Republic of Maldives shall have been authorised and ratified by all necessary administration and government.		Complied	
7.01 (e)	A favourable legal opinion, issued by the Attorney General or other legal counsel of the Republic of Maldives acceptable to IFAD shall have been delivered to IFAD.		Complied	
7.02 (a)	LEGAL OPINION: The Republic of Maldives to have fulfilled items stated in section 7.01 (d)-	Republic of Maldives shall have signed the agreement and provided authorised signatories.	Complied	
7.01(a)	CONDITIONS PRECEDENT TO EFFECTIVENESS: PC shall be appointed by the MOFAMR and approved by IFAD.		Complied	
Article VIII Miscellaneous				
8.01	REPRESENTATIVE: The Minister of the Republic of Maldives responsible for finance serves as their representative for the purposes of Section 15.03 of the General Conditions.		Complied	
8.02	STATUS OF THIS AGREEMENT: The Republic of Maldives and IFAD agree that the agreement constitutes an international treaty and is binding upon The Republic of Maldives in accordance with its terms regardless of any laws to the contrary in the host country.	Republic of Maldives must abide to the agreement.	Ongoing	

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
8.03	COMMUNICATIONS: The Republic of Maldives shall address all communications relating to the agreement to IFAD.		Ongoing	
Schedule 2 Para 4	STATEMENTS OF EXPENDITURE: Records evidencing certified statements of expenditures shall be retained by The Republic of Maldives for inspection by IFAD		Ongoing	Complied for FY 2011
Schedule 3 Para 1.1-1.2	1.1) DESIGNATION: Lead Programme Agency, shall have overall responsibility for the implementation of the Programme. 1.2) RESPONSIBILITIES: Lead Programme Agency, through its Minister, shall chair the Steering Committee.		Complied	
Schedule 3 Para 2.1	ESTABLISHMENT AND COMPOSITION: The Borrower shall establish and maintain throughout the entire Programme Implementation Period, a Steering Committee for the Programme (SC).		Complied	
Schedule 3 Para 3.1	ESTABLISHMENT AND RESPONSIBILITIES: The Lead Programme Agency shall establish and maintain throughout the Programme Implementation Period, a Programme Coordination Unit (PCU) at the national level.		Complied	
Schedule 3 Para 4.1	APPOINTMENT: The Lead Programme Agency shall appoint a Programme Coordinator (PC) with the endorsement of the SC and prior approval of and on terms of reference acceptable to IFAD.		Complied	
Schedule 3 Para 5.4.1-8.1	The Borrower shall submit a draft of each VCCA to the Fund for its comments and approval before the VCCA; VCCMTA; SLA; and SLFA are signed.		Complied	
II: Additional Covenants Para 1	GENDER: The Borrower shall ensure that gender concerns shall be mainstreamed in all Programme activities throughout the Programme Implementation Period.		Complied	To be monitored as programme activities expand.
II: Additional Covenants Para 2	INDIGENOUS PEOPLE'S CONCERNS: The Borrower shall ensure that the concerns of IPs, where applicable, are given due consideration in implementing the Programme.		Complied	There are no ethnic minorities in Maldives in the target islands, and the entire population is indigenous
II: Additional Covenants Para 3	MONITORING: The Borrower shall ensure that the criteria established and required by IFAD in furtherance and under its (RIMS), as communicated by IFAD to the Borrower, shall be incorporated into and form part of the Programme's monitoring.		Complied	

Appendix 5: Financial: Actual financial performance by financier; by component and disbursements by category

Results #	Objectives/Expected Results	Unit	Implementation targets						
			Appraisal (Total)	Revised (Total)	Planned (Annual)	Achieved (Cumulative)	%	Achieved (Annual)	%
Component 1 - Value Chain Development									
OC1 .1	Outcome 1.1 - Farmers work collectively in marketing their produce to higher-end markets								
1.1. 1	Output 1.1.1: Effective Business plans are prepared and implemented by VCCOs	VCCO		10	6	2	20%	2	33%
1.1. 2	Output 1.1.2. Establish linkages with higher end markets for farmers through VCCOs	VCCO		10	6	6	60%	6	100%
1.1. 3	Output 1.1.3. Develop guidelines to improve VCCO administration	VCCO		10	6	1	10%	1	17%
1.1. 4	Output 1.1.4. Establish marketing strategies to promote VCCO products and services	Tools		-	5	0	-	0	0%
1.1. 5	Output 1.1.5. VCCOs utilize computerized databases for keeping records	VCCO		10	6	1	10%	1	17%
OC1 .2	Outcome 1.2: Improved productivity, quality and reliability of farmer produce								
1.2. 1	Output 1.2.1: Farmers implement Good Agricultural Practices (GAP)	farmers		2000	1200	0	0%	0	0%
1.2. 3	Output 1.2.3. Farmers establish forward/production contracts with VCCOs	farmers		2000	1200	33	2%	33	3%
1.2. 4	Output 1.2.4. VCCOs create minimum quality standards for crops	VCCO		10	6	1	10%	1	17%
1.2. 5	Output 1.2.5. VCCOs expansion activities are strengthened	VCCO							

OC1.3	Outcome 1.3: Service providers design activities based on community needs								
1.3.1	Output 1.3.1: Participatory Rural Appraisals (PRAs) carried out in focused areas and Potential communities	VCCO		-	6	2	-	2	33%
1.3.2	Output 1.3.2: Value Chain Action Plans developed for the focused areas and Potential communities	VCCO		10	6	3	30%	3	50%
1.3.3	Output 1.3.3: Strengthen the M&E activities of MoFA Agribusiness Section	VCCO		-	0	-	-	0	-
1.3.4	Output 1.3.4: Service providers receive information on community needs	Events		-	2	0	-	0	0%
OC1.4	Outcome 1.4: Improve value-addition in Maldivian Fish and other fish processing value-chains								
1.4.1	Output 1.4.1: VCC/VCCO established and improved administration	VCCO		7	3	1	14%	1	33%
1.4.2	Output 1.4.2: VCC/VCCO Utilize computerized database for record keeping	VCCO		7	3	0	0%	0	0%
1.4.3	Output 1.4.3 : Fishers adopting higher quality techniques for onboard handling and improving processing	VCCO		7	3	0	0%	0	0%
1.4.4	Output 1.4.4: Quality of processed fish and packaging improved	VCCO		7	3	0	0%	0	0%
1.4.5	Output 1.4.5: Establish marketing strategies to promote VCC/VCCO products to higher end markets through branding	Brands or other mechanism		1	1	0	0%	0	0%
1.4.6	Output 1.4.6: Expansion of VCC/VCCO activities are strengthened	VCCO		7	3	1	14%	1	33%
1.4.7	Output 1.4.7: Improve marketing of Maldivian Fish and other fish products	VCCO		7	3	0	0%	0	0%
1.4.8	Output 1.4.8: Roadmap for Maldivian Fish GI status specified and first steps taken	Study		1	-	0	0%	-	-

Component 2 - Financial Services									
OC2	Outcome 2 - Small farmer producers, fishers and VCCOs invest in expanding their farm or fishing enterprise								
2.1	Output 2.1: Appropriate financing are available to farmers/ fishers/ cooperatives/ VCCs/VCCOs	USD		450000	450000	0	0%	0	0%
2.2	Output 2.2: Leased facilities are available to farmers/fishers/ VCCOs/VCCs	Agreement							
Component 3 - Programme Management									
OC3	Outcome 3 - Effective and efficient programme management to support the development of agriculture and fishery value chain								
3.1	Output 3.1: Adequately staffed programme with improved competence and Functioning project structures (national to island)	PMU		1	1	1	100%	1	100%
3.2	Output 3.2: TA on project Management support	VCCO		9	9	0	0%	0	0%
3.3	Output 3.3: Functioning Planning, Financial and M&E Systems	system		1	1	1	100%	1	100%

Appendix 6: Compliance with legal covenants: Status of implementation

FIRST LEVEL RESULTS								
Results		Unit	Period ending:		30-Jun		Cumulative	
			AWPB	Actual	% of AWPB	Appraisal	Actual	% of Appraisal
Total Outreach								
<i>(estimated actuals)</i>								
	People receiving project services	Number	6 300	2 517	40%	8 400	2 517	30%
		Male	3 150	1 258	40%	4 200	1 258	30%
		Female	3 150	1 258	40%	4 200	1 258	30%
	Households receiving project services	Number	900	360	40%	1 200	360	30%
	Groups receiving project services	Number	9	3	33%	17	3	18%
Component	Sub Component							
1.6.2	People trained in community management topics	Number	450	100	22%	850	100	12%
	<i>(estimate based on CNA trainings in 2 islands)</i>	Male	225	60	27%	425	60	14%
		Female	225	40	18%	425	40	9%
1.2.2.	People trained in crop production and technologies	Number	1 200	0	0%	4 000	0	0%
		Male	600	0	0%	2 000	0	0%
		Female	600	0	0%	2 000	0	0%
1.4.1.	People trained in post-production, processing and marketing	Number	600	0	0%	1 400	0	0%
		Male	300	0	0%	700	0	0%
		Female	300	0	0%	700	0	0%
1.6.4	Community groups formed/strengthened	Number	3	17	567%	17	17	100%
1.5.3.	People trained in business and entrepreneurship skills	Number	85	13	15%	85	13	15%
		Male						
		Female						

1.2.5	People accessing advisory services facilitated by project	Number	0	0	-	0	-
1.6.8	People accessing development funds created under the project	Number	0	0	-	8 400	0
		Female	0	0	-	4 200	0
		Male	0	0	-	4 200	0
1.3.4.	Financial institutions participating in the project	Number	1	0	0%	1	0
1.3.9	Value of gross loan portfolio	USD	450 000	0	0%	450 000	0
1.5.4.	Enterprises accessing non-financial services facilitated by the project	Number	-	-	-	-	-
1.6.1.	Government officials and staff trained	Number	5	5	100%	-	5
		Female	2	2	100%	-	2
		Male	3	3	100%	-	3

SECOND LEVEL RESULTS		
Component	Results	Rating
Component 1: Increased production and productivity of market driven products by participating small farmer	Effectiveness: improved agricultural, livestock and fishery production	2
	Effectiveness: community development	3
	Likelihood of sustainability of storage facilities	4
	Effectiveness: producers benefiting from improved access to markets	5
	Effectiveness: creation of employment opportunities	4
	Likelihood of sustainability of the marketing groups formed/strengthened	4
	Effectiveness: improved agricultural, livestock and fishery production	2
	Effectiveness: improved performance of service providers	2
	Effectiveness: improved access of the poor to financial services	1
Component 2: Better access to working capital and equipment by participating small farmer producers and fishers	Effectiveness: improved access of the poor to financial services	-
	Sustainability: improved performance of financial institutions	-
	Likelihood of sustainability of enterprises	-
Component 3: Effective and Efficient programme management to support the development of Agriculture and Fisheries Value Chain		
	Effectiveness: promotion of pro-poor policies and institutions	3

Appendix 7: Knowledge management: Learning and Innovation

Learning: What has worked particularly well in this project during this period? What have been the reasons for this?

Improvements to programme management, particularly with the re-casting of the programme logframe, have worked well to clarify for the PIU what needs to be done to achieve the programme outcomes.

The open Eol process has helped generate several new VCCOs and business plan preparation for 5 new VCCOs to get FADiP support is underway.

Since the last SIS mission in December 2011 the PIU has spent more time in the field and the impact of this is evidenced in the development of new agricultural VCCOs and the progress in developing three fisheries VCCOs and one VCC. Initial disbursements have started or are about to commence in two agricultural and one fisheries VCCO.

The PIU has improved its visibility in the communities by participating in various media events that have helped profile the work of FADiP and generate interest in forming VCCOs.

Nearly all elements of the agricultural VCCO marketing cooperative model are in place in AMCS on an experimental basis. This has proved to be a good learning ground with an active and results-oriented cooperative that can be used as a model for others. Active interest from both the cooperative's executive committee and the market partner, Shangri La Resorts, has gone a long way in securing this VCCO model.

Learning: What has not worked so well? What have been the reasons?

Scaling up on the establishment of operational VCCOs has been slow. This is mainly because the cooperative members lack business management capacity.

There have been no new supply contracts developed with resorts since the last SIS mission. Much of the market linkage development in the agricultural cooperatives has been initiated by the resorts- Shangri La and Banyan Tree, and FADiP has transformed these projects into formal cooperatives with better organization. While this is a good market driven initiative the PIU needs more emphasis and support in developing marketing strategies for new agricultural VCCOs.

The marketing strategy for the fisheries VCCOs lack focus/detail due to the lack of a thorough understanding of the higher value-added local markets and the export markets.

Innovation: Describe any interesting innovation noted during MTR mission

With the farmers' experience and specialization in crop production, the mission observed some field level product and process innovations. For instance, some farmers have modified their auto-pot and hydroponic systems to include more local materials and come up with more cost effective systems. Buying seeds directly from the internet (e.g. e-bay) is also new to small-scale farmers. Farmers also try new crops as observed in Meedhoo where they have started growing lemons and tomatoes this year. VCCO links with the resorts are also a process innovation; where small scale farmers have been able to shorten the supply chain thus giving benefits to both ends of the value-chain by reducing transport costs, physical damages and wastages, and possible contamination. Shangri-La is offering local produce on its menu. It also plans to promote agro-tourism and excursions to villages where local communities in Meedhoo will get benefits through selling local delicacies, farm products, etc.

The mission observed no innovations in the fisheries sector during the mission in terms of quality improvements or new market linkages, given that the Programme has only begun to engage with fisheries sector VCCOs. However the establishment of fisheries sector cooperatives being supported by the Programme is itself an innovation in the Maldives.

Innovation: How might this be replicated by others, or upscaled here?

"Farmers Day", and the cross visits organized by MoFA to successful farming operations (e.g. Meedhoo) will be a good platform so that other farmers can replicate the AMCS success-story. Similarly resort forums organized by the UNDP will give an opportunity to create links with VCCOs. Such forums and exposure visits should be organized, and organizations such as Shangri-La should be invited to share their experiences of working with a VCCO with other similar resorts.

Appendix 8: Programme Logframe

No changes to the programme logframe were suggested as a result of the MTR

			Indicators	
GOAL: Contribute to a reduction in the vulnerability of those who make their livelihoods from smallholder agriculture and Maldivian fish processing.			Asset ownership and living standards: 10% increase in households owning selected assets and using improved sanitation facilities	
			Nutrition: 2% reduction of underweight children (under 5 years)	
			Model sustainability, replication and scaling up: Within 3 years of programme completion, 50% of participating fishers/fish processors/farmers, and 50% of VCC/VCCOs sign forward contracts	
PURPOSE: Develop smallholder agriculture value chains and Maldivian fish processing value chains using market driven commercialization and diversification strategy in a manner that would improve and sustain the incomes of the two primary target groups.			800 farmers HHs (5600 persons) and 400 fishers /fish processors HHs (2800 persons) have higher value of agricultural/fisheries sales and net earnings by programme completion	
Outcome	RIMS Indicators	Target	MOV	Assumptions and Risks
1.1 - Farmers work collectively in marketing their produce to higher-end markets	1.2.5 - People accessing facilitated advisory services	At least 3 meetings per VCCO	Meeting minutes, agenda and attendance sheet	A - Members are willing to work together
	1.6.4 - Community groups formed/strengthened	At least 3 meetings per VCCO	Meeting minutes, agenda and attendance sheet	R - Socio-cultural barriers towards true membership participation
	Indicators: % increase in contract volume (in MVR)	Bi-annually per VCCO	Meeting minutes, agenda and attendance sheet with reviewed business plans	

<p>increase in sales per participating farmers for at least 800 farmer HH at least 10 jobs created per VCCO for transporters, labourers, graders or processors %of VCCO/farmers engaged in processing of fruits and vegetables</p> <p>MOV: Baseline Survey Project End Survey MoFA Reports Staff / VCCO Records</p>	1.6.7 - Village/Community plans formulated	at least 3 discussions per business plan	Discussion minutes, agenda, agreed action points	
		at least 3 discussions per product/service	Discussion minutes, agenda, attendance sheet	A - Transparency in identification and selection of potential markets
	2.4.1 Effectiveness: Producers benefitting from improved access to markets	at least 1 contract including renewal, per VCCO annually	M&E reports, VCCO reports, Supply Contracts / MOU	
	1.4.4 - Marketing groups formed and/or strengthened	At least 2 forums/meetings per year	Minutes of the forums/meeting, agenda and participants	
	1.6.4 - Community groups formed/strengthened	1 per VCCO	Guidelines developed,	
	1.6.4 - Community groups formed/strengthened	80% of VCCO members	VCCO member records, Tool developed, M&E reports	R - The most vulnerable farmers may be marginalized when categorized with a commercial perspective
	1.4.4 - Marketing groups formed and/or strengthened, 1.6.4 - Community groups formed/strengthened	at least 5 marketing tools	Tools developed on marketing, analysis reports on markets	
		at least 1 product/service branded per VCCO	logo and trademark registration certificate of VCCO product/service	
	2.6.1	at least 1 promotional activity per quarter per VCCO	Materials developed, VCCO reports, M&E reports	
	1.6.4 - Community groups formed/strengthened 2.5.1 - Effectiveness: creation of employment opportunities	1 Financial, 1 Member details,	Database adopted by VCCOs, VCCO quarterly reports, Computerized records submitted to PIU/MoFA	R - Data security and manipulation
	1.6.5 - People in community groups formed/strengthened 1.5.3 - People trained in business and entrepreneurship skills	at least 5 members/staff	Training records (Training materials, attendance sheets, training evaluations...etc)	A - VCCO members are capable of utilizing basic computer skills
	2.6.2 - Likelihood of sustainability of the community groups formed and/or strengthened	1 per month, 1 per quarter, 1 per year	Monthly, quarterly, bi-annual and yearly reports from VCCO	

Outcome	RIMS Indicators	Target	MOV	Assumptions and Risks
1.2 - Improved productivity, quality and reliability of farmer produce Indicators: % increase in sales # of farmers trained in GAP % increase in supply consistency MOV: Baseline Survey Project End Survey MoFA Reports Staff / VCCO Records		at least 10 Training Need Assessments conducted	Need analysis report	A - Farmers share information truthfully R - Political influence
		At least 5 developed per VCCO	Materials developed	
	1.2.2 - People trained in crop production practices and technologies, People trained in livestock production practices and technologies	1600 (2 members from 800 households - 50% women) are trained	Training records (attendance sheet, training materials, training evaluations...etc)	
		At least 20% of farmers with GAP certification per VCCO	Certificates issued by MoFA / MFDA	A - Proper infrastructure is in place for inspection R - External influences on certification process
		80% of farmers in the island	Store stock records, VCCO Reports	R - Mismanagement of the store A - Caters all farmers rather than specific individuals A - Improve access to community demand-driven agricultural inputs
	1.5.3 - People trained in business and entrepreneurship skills 2.5.1 - Effectiveness: creation of employment opportunities	at least 4 store keepers per VCCO	Training records (attendance sheet, training materials, training evaluations...etc)	
	1.2.5 - People accessing facilitated advisory services	80% of farmers in the island	VCCO reports, MoFA reports	

	1.2.5 - People accessing facilitated advisory services	80% of farmers in the community	Training records (attendance sheet, training materials, training evaluations...etc)	
	1.4.4 - Marketing groups formed/ strengthened 2.2.4 - Effectiveness: improved agricultural, stock and fishery production	30% of farmers with forward/production contracts per VCCO	Contracts/MOUs signed	
	1.6.4 - Community groups formed/strengthened 1.6.2 - People trained in community management topics	at least 1 meeting held quarterly per VCCO	Meeting minutes, agenda and attendance sheet	
		At least 1 inspection and certification scheme created	Scheme developed and endorsed by MoFA, MoFA Records	
	1.2.1 - New staff of service providers trained	At least 3 MFDA staff, 3 MoFA staff, 2 PIU Staff, and 2 staff per VCCO	Training records (attendance sheet, training materials, training evaluations...etc)	
		100% of funds disbursed to the VCCO	MOU signed between MOFA and VCCO, Disbursement schedule, VCCO reports	
		100% of funds disbursed to the VCCO	MOU signed between MOFA and VCCO, Disbursement schedule, VCCO reports	

Outcome	RIMS Indicators	Target	MOV	Assumptions and Risks
1.3 - Service providers design activities based on community needs Indicators: # of service providers actively involved with MoFA MOV: Action Plans MoFA Reports Staff / VCCO Records	1.6.1 - Government officials/trained	At least 5 MoFA staff and 5 PIU Staff Trained	Training records	
	2.6.2 - Effectiveness: Community development	At least 10 PRAs	PRA Reports	
	2.6.2 - Effectiveness: Community development	At least 3 meetings per VCCO	Meeting minutes, agenda and attendance sheet	
	2.6.3 Likelihood of sustainability of community groups	At least 3 meetings per VCCO	Meeting minutes, agenda and attendance sheet	
	1.6.1 - New government officials/trained	At least 5 MoFA Staff Trained	Training records	
	2.2.1 - Effectiveness: Improved performance of service providers	At least 2 sessions per year 1 per each service provider	information session minutes, agenda and attendance sheet	
	2.2.1 - Effectiveness: Improved performance of service providers	At least 4 per year	Minutes of emails, forums/meetings/discussion, and other medias	

<p>Outcome 1.4 - Improve value-addition in Maldivian Fish and other fish processing value-chains</p> <p>Indicators:</p> <p># of fish processing enterprises have higher net returns</p> <p>MOV:</p> <p>Baseline Survey</p> <p>Project End Survey</p> <p>MoFA Reports</p>	1.6.1 - New Government officials/trained	(1) 5 PIU and 5 MoFA staffs trained (2) At least 5 PRA's conducted	PRA Reports	
	1.2.5 - People accessing facilitated advisory services	At least 3 meetings per VCC/VCCO	Minutes of meetings, Agenda, Attendance sheet	
	1.6.4 - Community groups formed/strengthened	At least 3 meetings per VCC/VCCO	Minutes of meetings, Agenda, Attendance sheet	
	1.6.7 - Village/Community plans formulated	At least 3 discussions per VCC/VCCO	Minutes of meetings, Agenda, Attendance sheet	
	1.6.4 - Community groups formed/strengthened	At least one operational guideline per VCC/VCCO including annual review	Guidelines developed,	
	2.6.2 - Effectiveness: Community development	At least 1 plan per VCC/VCCO	Documented action plan	
	1.6.4 - Community groups formed/strengthened 2.5.1 - Effectiveness: creation of employment opportunities	At least 1 financial, 1 managerial database per VCC/VCCO	Database adopted by VCCOs, VCCO quarterly reports, Computerized records submitted to PIU/MoFA	Members have the basic computer skills
	1.6.5 - People in community groups formed/strengthened 1.5.3 - People trained in business and entrepreneurship skills	At least 2 VCC/VCCO members trained	Training records (attendance sheet, training materials, training evaluations...etc)	Members have the basic computer skills
	2.6.2 - Likelihood of sustainability of the community groups formed and/or strengthened	Quarterly reports to be submitted to PIU/MoFA followed by monthly reports	Monthly and quarterly reports of VCC/VCCO	
		At least 5 need assessments conducted	Training records (attendance sheet, training materials, training evaluations...etc)	
		400 men and 400 women trained	Training records	

		(1) # of service providers identified (2) % of gathered information exchanged	Records on Information Dissemination	
	2.2.2 - Number of fishers adopting recommended technologies	National standard developed and implemented by VCC/VCCO	Endorsed standard by MoFA, VCC/VCCO reports	
	1.2.5 - People trained in fish production practices and technologies	At least 2 training to be conducted per VCC/VCCO	Training records	
		At least 1 inspection and certification scheme created	Endorsed scheme, inspection and certification methods	
	1.2.1 - New staff of service providers trained	At least 3 MFDA staff, 3 MoFA staff, 2 PIU staff and 2 other potential inspectors trained	Training records (attendance sheet, training materials, training evaluations...etc)	
	1.2.5 - People trained in fish production practices and technologies	At least 3 staffs per VCCO trained	Training records (attendance sheet, training materials, training evaluations...etc)	Improved infrastructure in the islands and interest of the locals to adopt the quality control measures.
		At least 10 small scale processors utilizing the incubation facility per VCC/VCCO	VCC/VCCO reports, M&E reports	
		At least 1 common packaging standard developed and gazetted	Endorsed standard by MoFA, VCC/VCCO reports	
		At least 1 product/ service branded per VCC/VCCO	Certificates and/or trademarks of the registered brand	
		National standard for 'Maldivian fish' brand developed	Gazetted standard for Maldivian Fish, M&E reports	Fishers compliance with the standards closely monitored and inspected by authorities

	1.4.4 - Marketing groups formed/strengthened 2.2.4 - Effectiveness: improved agricultural, livestock and fishery production	At least 5 forward/production contracts signed with a national marketing agency	Signed contracts	
		100% of funds disbursed to the VCCO	MOU signed between MOFA & VCCO, Disbursement schedule	
		100% of funds disbursed to the VCCO	MOU signed between MOFA and VCCO, Disbursement schedule	
	2.4.4 - Likelihood of sustainability of the marketing groups formed and/or strengthened	At least 1 market analysis done followed by regular reviews	Reports of the analysis / research	
		At least 1 fixed incentive developed per VCC/VCCO	Endorsed documents for agreed incentives	
	1.6.4 - Community groups formed/strengthened	At least 3 meetings per VCC/VCCO	Minutes of meeting	
		At least 1 per VCC/VCCO	Signed contracts	
			Investigation Report, Road Map developed	
			Session Reports	
			Minutes of meetings, materials and presentations	
	1.6.1 - New Government officials/trained	At least 3 MoFA staffs trained	Training record, evaluations and training materials	MOFA has adequate amount of staff to handle the tasks

Appendix 9: Supervision mission schedule and persons met

8 th September	Mission arrived in country
9 th September	Kick off presentation by the PIU Meeting with MOFA (Mr. Ahmed Shafeeu Minister, Abdul Raheem Deputy Minister, Dr. Naseer Permanent Secretary, Mr. Adam Manik Fisheries Component Coordinator, Mr. Shabau Ibrahim Agriculture Component Coordinator)
10 th September	Meeting with Ministry of Economic Development (Ms. Saeeda Umar Coordinator National Implementation Unit for EIF & Aid for Trade, Ms. Nuha Riza Business Development Consultant Enterprise Development Unit) Meeting with Bank of Maldives (BML: Mr. Allan McFarlane Retail Banking Director, Ms. Fathimath Maleeha Jamal Head of MSME. Mr. Zeenad Head of development funds) Meeting with Asia Logistics (Mr. Athuhar Rasheed Director, Mr. Ibrahim Ishan Director) Meeting with UNDP (Mr. Hussein Jinan Programme assistant, Ms. Aisha Solih MOFA/UNDP coordinator) Meetings with individual PIU staff
11 th September	Meeting with Islamic Bank of Maldives (Mr. Ritzza Rosli Senior Manager Financing, Mr. Hammad Rasheed Financing and Investment Department) Meeting with MOFA (Ms. Fareesha Adam Legal officer) Meeting with Seagull Group Pvt Ltd (Mr. Mohamed Shafeegu Chairman) Meeting with MoFT (Mr. Mohamed Ahmed Financial Controller, Mr. Abdulla Nashid Deputy Financial Controller, Ms. Fathimath Didi IFAD focal point) Meeting with UFS (Ms. Nasha Hussain Secretary, Mr. Ismail Nafiu Assistant Manager Sales and Marketing) Meeting with Isle Fresh (Ms. Vishama Aminath Manager)
12 th September	Fisheries team field visit to Gemanafushi and meetings with Island Council (Mr. Asim Mohamed Council President, Mr. Mohamed Shojan Director Council, Mr. Ajwad Mohamed Deputy President Council, Mr. Mohamed Solih, Fiyaz Hassun Councillor, Mr. Mohamed Hastiu Councillor), Cooperative Executive Committee members (Mr. Ibrahim Washid Vice President, Mr. Mohamed Ibrahim Registrar, Mr. Ibrahim Alidid Member, Mr. Ahmed Afsal Youth Present, Mr. Asim Mohamed Chairperson, Ms. Zeentah Adan womens' representative, Mr. Mohamed Hashim treasurer), and community fish processors (7 participants). Agriculture team field visit to S. Hulhumeedhoo and meetings with Shangri-La (general manager and executive chef), AMCS Executive Committee, and AMCS members
13 th September	Fisheries team field visit to Kooddoo fish processing facility and meeting with Mr. Mohamed Shameen (General Manager). Travel back to Malé Agriculture team meetings with Business Service Development Centre (Mr. Ahmed Monsoom Desk Officer) and City Council (Mr. Abdulla Sodiq Mayor, Mr. Hassan Shahid Deputy Mayor, Hussain Fahumee Councillor). Travel back to Malé
14 th September	Fisheries team field visit to Hirilandhoo and meetings with Island Council (Mr. Ali Faiz President, Mr. Ali Siraj Vice President, Mr. Mohamed Haneef Councillor, Mr. Hussain Ahmed Manik Councillor, Mr. Ahmed Shareef Director), Cooperative Executive Committee members (Mr. Easa shareff Chairperson, Mr. Mohamed Shakeeb Vice Chairperson, Mr. Moosa Hussain Manik Secretary, Mr. Abdualh Maniu Treasurer, Mr. Mohamed Shafiu Youth, Ms. Aishath Zuneeyraa Women) and cooperative members (10 participants). Agriculture team field visit to Magoodhoo and meetings with Island Council (Mr. Abdulla Naseer President, Abdul Nasir Vice President, Abdulla Rasheed, Zuhurea Aboobakara Councillors), Cooperative Executive Committee members and cooperative members

15 th September	Fisheries team travel back to Malé Agriculture team meeting with Banyan Tree Velavaru Management (Angsana Velavaru GM, Executive Chef, Purchasing Manager, and Area CSR Manager). Travel back to Malé
16 th September	Meetings with PIU staff Meeting with State Trading Organization PLC (Mr. Adam Azim General Manager Sales and Marketing, Mr. Aiminath Shiuna Manager Marketing/Supermarkets, and Ms. A.S.A. Saeed, Manager Marketing) Meeting with MOFA (Dr. Naseer Programme Director, and Adam Manik and Shabau Ibrahim Component Coordinators) Meeting with MOFA (Dr. Hussain, State Minister)
17 th September	Meeting with MOFA (Dr. Naseer Programme Director) Meetings with PIU staff Aide Memoire and report writing
18 th & 19 th September	Aide Memoire and report writing
20 th September	Pre- wrap up meeting with MOFA (Mr. Ahmed Shafeeu Minister, Mr. Fuad Gasim State Minister, Dr. Hussain State Minister, Dr. Naseer Permanent Secretary, Mr. Adam Manik Fisheries Component Coordinator)
21 st & 22 nd September	Aide Memoire and report writing
23 rd September	Final wrap up meeting (Mr. Ahmed Shafeeu Minister MoFA, Dr. Naseer Permanent Secretary MoFA, Mr. Mohamed Ahmed Financial Controller MoFT, Ms. Fathimath Didi IFAD focal point MoFT, Mr. Ahmed Nazin Chief Funds Executive MoFT, Mr. Adam Manik Fisheries Component Coordinator, Mr. Shabau Ibrahim Agriculture Component Coordinator, Mr. Omar Manik private fisheries sector representative and NSC member)

Appendix 10: Summary of implementation support provided by IFAD

Implementation support during the last year and since the last supervision mission has comprised of training for some individual PIU staff in Training Needs Analysis, and support for the elaboration of a detailed IFAD M&E Manual. For the sake of completeness, the table below provides information on the implementation support which has been provided by IFAD to individual members of the PIU since the Programme's commencement.

Workshop Name	Date	Place	Azma	Firoza Parvin	Ali Arif	Abdulla Shakir	Mohamed Firash	Aaidha Amir	Ali Nishaman	Ibrahim Khaleel	Awvam	Riyaz	Fathimath Suneeza	Aishath Shifana	Mumthaz	Shafeenaz	Afsal
<u>Trainings Completed</u>																	
1 Knowledge Management - Tools & Techniques	4 - 6 November 2009	Thailand, Bangkok						✓									
2 Gender Mainstreaming	22 - 25 February 2010	Cambodia	✓					✓									
3 Monitoring and Evaluation	20 - 24 April 2010	Srilanka, Kandi	✓		✓		✓	✓									
4 Loan Administration	3 - 8 July 2010	Kulhudhuffushi	✓	✓	✓	✓	✓	✓	✓	✓							
5 Knowledge Management - Tools & Techniques	5 - 7 October 2010	Nepal				✓											
6 Knowledge Management - Writing Skills	5 - 7 October 2010	Nepal			✓		✓	✓									
7 Annual Performance Review	1 - 4 November 2010	China	✓					✓									
8 Knowledge Management - Field techniques	30 March - 2 April 2011	Nepal							✓								
9 Knowledge Management - Writing Skills	4 - 6 April 2011	Nepal				✓		✓									
10 Financial Management	19 - 23 June 2011	Srilanka, Colombo									✓	✓	✓	✓			
11 Value Chain Program Design	12 - 16 April 2011	Thailand, Chian Mai				✓			✓			✓		✓			
<u>Trainings Completed 2012</u>																	
12 Community Need Assessment (Fisheries)	3rd September 2012	Male'				✓						✓					
13 Community Need Assessment (Agriculture)	6th September 2012	Male'					✓		✓						✓	✓	

The mission team also provided some implementation support to the PIU during the mission in terms of comments to operational guidelines being prepared for the VCCOs, comments on a baseline study, and provision of technical materials and examples of project implementation manuals, marketing studies, and business costs and earnings models.

Appendix 11: Audit Log

Financial year	Audit Observations as per Audit Report		Audit Observations settled		Audit Observations outstanding	
	Numbers	Value (USD)	Numbers	Value (USD)	Numbers	Value (USD)
2009-2010	4	n/a	3	n/a	1	n/a
2011	7	81,831	2	11,845	5	69,986