

# **REPUBLIC OF MALDIVES**

## **POST TSUNAMI AGRICULTURAL AND FISHERIES REHABILITATION PROGRAMME (PT-AFReP)**

### **SUPERVISION REPORT**

**OCTOBER 2012**

**Loan No. 663-MV**  
**Project No. 1347**  
**Report No. 2746**

#### **REPUBLIC OF MALDIVES**

#### **Post Tsunami Agricultural and Fisheries Rehabilitation Programme (PT-AFReP)**

Loan: 663-MV, Supplementary Loan: 692-MV and Grant 783-MV

Supervision and Implementation Support (SIS) Mission: 24<sup>th</sup> June to 9<sup>th</sup> July 2012

#### **Appendices**

**Appendix 1** Summary of project status and ratings

**Appendix 2** Progress against previous mission recommendations

- Appendix 3** Financial: Actual financial performance by financier; Disbursements by category and by component
- Appendix 4** Compliance with Financing Agreement covenants: Status of implementation
- Appendix 5** Physical progress measured against AWP&B and appraisal targets, including RIMS indicators
- Appendix 6** RIMS table
- Appendix 7** Learning and innovation
- Appendix 8** Audit log
- Appendix 9** Supervision mission schedule and persons met
- Appendix 10** Summary of implementation support provided by IFAD

## ACRONYMS AND ABBREVIATIONS

AIO	Agriculture Implementation Officer
AWPB	Annual Work Plan and Budget
BML	Bank of Maldives Ltd
CBPO	Community-Based Producer Organization
FAO	Food and Agriculture Organization
FADiP	Fisheries and Agricultural Diversification Programme
FC	Fisheries Coordinator
FTC	Fisheries Training Centre
ICB	International Competitive Bidding
ICRAF	International Centre for Research in Agroforestry (World Agroforestry Centre)
IFAD	International Fund for Agricultural Development
IOTC	Indian Ocean Tuna Commission
LCB	Local Competitive Bidding
MCS	Monitoring Control System
M&E	Monitoring and Evaluation
MFDA	Maldives Food and Drug Authority
MOFA	Ministry of Fisheries and Agriculture
MOFT	Ministry of Finance and Treasury
MOU	Memorandum of Understanding
MRC	Marine Research Centre
MSC	Marine Stewardship Council
MTCC	Maldives Transport and Contracting Company
MTR	Mid Term Review
NDP	National Development Plan
PIU	Project Implementation Unit
SDR	Special Drawing Rights
SIS	Supervision and Implementation Support
SLA	Subsidiary Loan Agreement
TOT	Training of Trainers
VLD	Vessel Locating Device
VMS	Vessel Monitoring System
YFT LL	Yellow Fin Tuna Long Line

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### Aide-mémoire

## A. Introduction<sup>1</sup>

PT-AFReP was funded by two IFAD loans and one IFAD Grant. The first Loan (663-MV) and the Grant (783-MV) became effective on 21<sup>st</sup> April 2006. The Loan 663-MV was completed in June 2012 and will be closed in December 2012. The Grant completion was extended by 18 months until December 2012 and will be closed in June 2013. The supplementary second Loan (692-MV) became effective on 12<sup>th</sup> October 2006, and its completion date was extended by one year until December 2012 with a closing date in June 2013. The Programme received SDR 2.85 million from both Loans and SDR 140,000 from the Grant.

The programme goal is to *contribute to restoring agricultural gross domestic product to pre-tsunami levels, returning the economy to a stable, long-term growth trend and reducing the fishery sector's vulnerability to natural disasters*. The dual objectives are (i) *to rebuild and protect livelihoods of the fisher-folk and augment their household income by restoring sustainable fish capture and processing*, and (ii) *to resume and improve production in the atolls so as to reduce poverty and contribute to higher food security*.

Being the last SIS mission before the programme completion review (PCR) scheduled in January 2013, its objectives were to: (i) assess the progress and contribution of programme activities towards achieving programme objectives; and (ii) propose recommendations with implementation support if required to facilitate successful completion of the programme.

After a meeting with the PIU staff on the 24<sup>th</sup> June, the mission team attended a briefing meeting, chaired by the Minister of MOFA, with the Permanent Secretary, State Ministers for Fisheries and Agriculture, and his senior staff. The mission team met with the Ministry of Finance and Treasury; Office of the Programme and Project (OPP), a construction supervising agency; the Maldives Food and Drugs Authority (MFDA); the Bank of Maldives (BML); the Fisherman Association; the Fisheries Training Centre (FTC); the Ministry of Transport and the Transport Authority (TA); the Coast Guard and the Marine Police; Island Councils of visited islands and the community beneficiaries. Well attended pre-wrap-up and wrap-up meetings were held on the 5<sup>th</sup> and 8<sup>th</sup> July respectively.

Relevant staff from the Programme and MOFA joined the field visits. Island-visits were made between 27<sup>th</sup> June to 2<sup>nd</sup> July to discuss the programme's implementation with stakeholders and to inspect programme-funded civil works at Maduvvari, Ga.Gemanafushi, Th.Hirilandhoo, Th. Vilufushi, Gdh.Vaadhoo and L.Kadhdhoo (L.Gan Agriculture Centre). In addition a visit was made to Hulhumale to observe the functioning ice plant supported by the Programme. The mission team thanks the programme staff, the staff of MOFA and MOFT, and other stakeholders for their untiring support extended for carrying out mission tasks.

## B. Overall Assessment of Project Implementation Progress

The overall progress is *moderately satisfactory* (4). Among the strategic activities having potential to contribute to the programme objective, in the fisheries sector construction of four fish markets, credit for four ice plants, installation of vessel monitoring systems (VMS), formulation of a boat building code, and training of Fisheries Center staff have all achieved appreciable progress, but are insufficient for them to be fully functional. Except for one fish market and one ice plant, others have so far failed to generate expected outcomes, but may however do so before programme completion. In the agriculture sector, training of MOFA extension staff and the Community Based Producer Organization (CBPO) staff, and forming CBPOs, have achieved adequate progress and have started contributing to an agricultural production increase on a limited scale. Overall slow pace may impede achieving the programme objectives unless rapid progress is realised during the remaining six months before programme completion. The disbursement rate of Loan 663-MV is 100% and closed; Loan 692-MV is 31% disbursed with pending withdrawal applications; and the Grant 783-MV is 50% disbursed as of 31<sup>st</sup> May 2012. The unspent IFAD resources as at May 2012, six months before completion, are US \$ 1.41 from 692-MV and US \$ 98.3 from the Grant. This amounts to 35% of the total IFAD resources. The main reasons for undisbursed funds are an almost three year late start of the Programme with substantial revisions recommended in the MTR in 2009, extensive procurement delays and the political unrest that prevailed in the country. Except those related to procurement, almost all other agreed actions of the last mission on implementation and financial management have been complied with.

On a hopeful note, there are many positive changes in the PIU since the last mission. The Programme Manager and the Accountant are new recruits and have contributed considerably in: resolving PIU staff issues such as their incentive packages; obtaining assistance of the component coordinators who are MOFA staff members; improving financial management; operating the M&E system to an acceptable level; and introducing effective

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1/ The mission team comprised: Ms Irene Li - Financial and Procurement Specialist; Mr Graeme Macfadyen - Fisheries and Institutional Specialist; Mr Rafique Shaheel - M&E and Institutional Specialist; and Mr Anura Herath, Country Programme Officer, as the Mission Leader and Agricultural Specialist. Ms Tola Satue Purificacion, Legal Council, IFAD joined the mission from 2-6<sup>th</sup> July and reviewed various cooperative agreements supported by the Programme. Mr Ya Tian, CPM, joined the mission from 3<sup>rd</sup> July to 6<sup>th</sup> July, attended the pre-wrap-up meeting and guided the mission in taking critical decisions.

systems for PIU staff management. It is essential that all remaining procurement-related decisions are made expeditiously, and that recommendations in this Aide Memoire are implemented as agreed to conclude the Programme.

### C. Outputs and Outcomes, by Component

#### Component 1: Recovery and Sustainable Development of the Fisheries Sector

The purpose of the component is improved livelihoods brought about by improved and sustainable operating conditions for fishermen and processors. Out of the total allocation, the cumulative expenditure was US \$ 1.25 million (70% of the total allocation) as of May 2012. The component performance is *satisfactory (5)*.

**Establishment of four fish market buildings.** Progress since the last SIS mission has included fish market management training for two island councillors and one administrator from each market site. All construction was completed prior to the last mission. Previous missions highlighted a potential risk that market buildings might not be sufficiently utilised by the communities, and/or might be incorrectly located, and the Programme has attempted to mitigate against such risks by ensuring community-level consultation during the design and construction of the buildings.

The **Maduvvari** building is being well utilised as intended, and is generating meaningful improvements in fish hygiene and quality. Rent of the two upstairs spaces is generating revenue for the island council which, along with charges imposed on fish cutters, is sufficient to cover maintenance costs of the facility. Participants in the programme-supported fish market management training reported that the training was useful and relevant. The only issues of concern are poor drainage of waste water from the building and rusting metal light fittings, which need to be rectified. A proposal by the island council to do so is accepted by the mission.

At **Gemanafushi**, the building is unused as a fish market or processing facility, and there has been no interest in renting the upstairs space. Community consultation led to the siting of the building at a location which is not close to where vessels land because of the expectation that a new quay wall would be constructed in front of the location. Construction is reported to be commencing in September 2012. Once it is completed the market building will be roughly in the middle of the quay wall which might generate some interest in renting the upstairs space in the future, but as the mission noted, there is no demand for use of the downstairs area for fish marketing or processing. The Gemanafushi cooperative society has however submitted a proposal to the IFAD-funded FADiP which includes reference to establishing a location for fish storage and packaging and that has been approved MOFA. The proposal does not mention using the market building as the location for storage/packing, but the mission's consultations revealed that this is the community's intention. The mission supports this proposal for its pragmatism and would hope that FADiP will follow it up.

The siting of the fish market at **Vilufushi** was insisted on by the community following consultation and was based on a promise by the National Disaster Management Centre that a new quay wall and fishing harbour would be built in front of the building, which is in front of a fish processing area specified in the island development plan. This construction was never carried out and is not now planned. Erosion at the site is now threatening the structural integrity of the building itself and some shore-side elements of the facility have already collapsed onto the beach. The building is unused, and the community is not prepared to formally take ownership of it until protection against erosion is provided. Given the investments already made with programme funds, there is a basic and urgent requirement to provide some temporary civil engineering works to protect the building. The Vilufushi island council have made a proposal for light civil engineering works to protect the market building. This proposal includes finance and materials worth of US \$ 11,900 to be provided by the community, but requires an additional US \$ 47,000 of external support. The mission recommends that this external support be provided by the Programme. The logistics of disbursement would be best solved by the Programme signing a contract with the island council to complete the civil works, and to pay cash installments based on an agreed disbursement schedule with all works to be completed before the end of 2012. The island council would then take responsibility for all procurement issues, which would have to be in accordance with national procurement procedures.

At **Hirilandhoo**, a first request for proposals by the private sector to run the fish market building was not successful due to a requirement for interested parties to pay for insurance of the building, and a view by the private sector that a 5 year lease was not sufficient security. Waiving the requirement for insurance and increasing the lease period to 10 years resulted in three proposals being submitted to the island council, with the successful bid being a monthly rent of MVR 1,700. The private sector party will be required to maintain and keep the whole building clean, to keep the downstairs for fish cutting without a charge and to use upstairs for other economic activities. The building appears well located in the heart of a fish processing area, and in front a new quay wall being built at the time of the mission. It is therefore expected that similar sustainable benefits and outcomes experienced at Maduvvari will also be realised at Hirilandhoo. The island council reported good levels of involvement in the design and construction of the building, and also reported that the market management

training provided by the Programme was useful and relevant.

**Credit provided for ice production units.** All programme funds (US \$ 400,000) have now been disbursed from the Ministry of Finance and Treasury to the Bank of Maldives as per the recommendation of the last mission. Four applications for ice plants have been received, three are already approved with an associated disbursement by BML of around US \$ 300,000 (roughly US \$ 100,000 per loan), and one further approval and disbursement is expected in July 2012. One ice plant has already been installed and is operational, and two others under loan facility have been ordered and will be delivered and installed shortly.

This programme output has been a success. MOFA have reported strong demand for additional credit for ice plants, and proposes to utilise remaining programme funds, which will otherwise be unused before completion, for this purpose<sup>2</sup>. This would require an amendment to Schedule II of the loan agreement (LA) for loan 692-MV which currently has no provision for credit. It would also require a new Subsidiary Loan Agreement (SLA) to loan 692-MV which would specify the lending and on-lending terms between MoFT and a lending institution. The mission accepts MOFA's proposal as it would be entirely coherent with the Programme's objective and outcomes.

**Fish landing facilities in Hulhumale.** The last SIS mission agreed to cancel the remaining activities planned under this output (construction of fishing vessel moorings) and to reallocate programme funds to other activities, so there is no progress to report. A design study was funded by the Programme and completed in 2010, and as noted in previous SIS mission, was of a high standard. Development of the site is now under the responsibility of the President's office. The design study has been provided to both the Hulhumale Development Corporation (HDC) and the President's Office, and can therefore be expected to provide some national benefit despite the fact that the Programme will not now support any civil works at the site.

**Necessary alterations required to the 2012 AWPB as a result of the above discussion.** The mission accepts a proposal made by the Maduvvari community (around \$1,000) to correct the drainage deficiencies in the fish market building. The mission also accepts the proposal made by the Vilufushi island council for US \$ 47,000 to contribute towards protection works in front of the market building. The mission also accepts the proposal by MOFA to provide an additional \$400,000 for a credit line for ice plants.

Agreed action	Responsibility	Agreed date
1. 2012 AWPB revision to include the provision for funds to a) modify the drainage system in the Maduvvari fish market building and replace the light fittings, b) support civil works to protect the Vilufushi market building, and c) provide for an additional credit line for ice plants	MOFA/PIU	15 <sup>th</sup> July 2012
2. Lending and on-lending terms for additional credit provision to be specified in a new SLA to loan 692-MV, and submitted to IFAD for approval	MOFT	31 <sup>st</sup> July 2012
3. MOFT to write to IFAD requesting a) an amendment to the LA for 692-MV so as to incorporate a credit element for additional ice plant loans to be provided through BML, and b) approval for a new SLA	MOFT	31 <sup>st</sup> July 2012

## Component 2: Recovery and Sustainable Development of the Agriculture Sector

The component purpose is to improve production practices of organized small and medium scale agriculture producers, which directly contributes to the programme goal. The progress is *moderately satisfactory* (4). Out the total allocation, the cumulative expenditure was US \$ 604,234 (65%) as of May 2012. Expected outputs were improving the Agriculture Centers to support technology dissemination; increasing technical capacity of MOFA extension staff and CBPO facilitators to advise producers; forming CBPOs to organise agricultural production; and strengthening the plant and animal quarantine center to quarantine imports.

**Strengthening the Capacity of Agricultural Centres.** Construction of staff quarters and farm tool stores of the L.Gan Agriculture Center has not been completed as planned. Some construction faults were noticed in April 2012 requiring corrections. Further, MOFA requested expansion of the rooms' size which would require demolition of two walls. The mission disagrees because of cost escalation, completion delays, and the fact that current design sufficiently meets the needs. The newly instituted government facility, namely Office of Programs and Projects (OPP) is currently supervising construction. The lack of such arrangements on regular basis during the initial period was a cause for poor construction quality. OPP will provide the technical completion report once all works are completed to release the retention money to the contractor. The Programme is supporting only the staff quarters. The rest of the facilities, including lecture rooms, should be established to

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MOFT and MOFA both submitted letters to IFAD in support of this approach during the mission.



utilise the center. Such work has not started. MOFA's intention is to commence the work as soon as possible. Meanwhile there is a possibility conducting lectures in the island in other buildings and MOFA will assess that possibility soon.

**Capacity Building of MOFA Extension Staff and CBPO Facilitators.** Thanks to the combined efforts<sup>3</sup> of PIU, MOFA and International Centre for Agro-forestry Research (ICRAF), 8 MOFA extension staff and 3 CBPOs have successfully completed a theory and research based one year Diploma programme from British Pant University of India in November 2011. Three Diploma holders are in MOFA Head Quarters and the rest in Hanimaadhoo Agriculture Centre. They are now qualified for promotions from their initial G3 level to MCS 2 level which is a technical grade with additional extension responsibilities. According to them, exposure through the programme, particularly the research component, was very useful for confident delivery of agriculture extension and training. The research topics covered are highly relevant to support the rapidly growing agriculture sector in the islands and the dissertations contain adequate technical material as extension booklet for farmers.

MOFA is still to develop a strategy and an action plan to use the diploma holders, including 3 CBPOs, in the on-going training programmes of PT-AFREp (or even FADiP). There is a dearth of information and training in agriculture in the islands mainly in pest and disease control, and fertiliser usage. This is more so in the MOFA's drive of promoting organic agriculture. Emerging CBPOs also need commercial orientation in farming, knowledge in good management practices, and information management. Trained CBPOs can provide these services. Currently there is a voluntary input from them in such services which needs to be formalised and systematically transferred to be picked up by FADiP, so that PT-AFREp initiated and supported both CBPOs and CBPO-Facilitators will sustain.

**Training of Trainers (TOT).** The purpose of the activity is to use the master trainers in turn to train the community on the same subjects. First and the second training batches, started in February 2010 and April 2011 respectively<sup>4</sup>, have finally produced 20 master trainers who are CBPO facilitators (3 out of this 20 got Diplomas) and 9 MOFA staff. All CBPO facilitators had contracts with the Programme for this purpose. Some left for other jobs before expiry of their contract. A few are providing training to the community but without an effective action plan. In some cases the MOFA CBP-Facilitators are used for training. Many master trainers remaining have hardly interacted with the community and the CBPOs for lack of a well designed and flow-up training strategy and an action plan, together with a compensation system to utilise the trainers. The programme emphasis was mainly on the TOT. MOFA however reckon that TOT is a sound methodology for imparting knowledge and will use it as its extension strategy in its regular programmes.

**Formation of CBPOs.** By the end of 2011, seven CBPOs were formed with 1,740 members out of targeted 3,750 (46%) in seven islands, and five of them are registered cooperatives (in Baraah and Filladhoo in Haa Aliifu atoll and Meedhoo and Fuvahmulaki in Gnyaviyani Seenu atoll, and Kendhikolhudhoo in Noonu atoll). The membership of a CBPO varies from about 80 to 300 with an average of 250. The ones picked up by FADiP have over 250 members and they are vibrant producer and marketing organizations. In an island with about 400-700 households, it appears that cooperatives are capturing a notable number.

The CBPOs that were not picked up by FADiP are in need of organizational strengthening including finalizing their constitutions, technical information on crop production, market linkages, leadership and financial management training etc. A full range of capacity building needs has not been identified, and if done so it would have been a useful input to the FADiP to build the CBPO capacity. The mission noted that the Island Councils are keen to engage and provide leadership to the CBPOs, but there is no formal strategy for such interventions (see agreed action 6).

**Strengthening of the Plan and Animal Quarantine Centre.** The center has received the incinerator which was installed and functioning, and laboratory equipment is in place. The supplier provided basic training in using the instruments for quarantine and administrative officers who were stationed at the time of delivery. Currently there are no qualified staff to quarantine; no laboratory technicians although there are vacancies in MOFA for the same; no technicians to be trained by the programme-financed short term Consultant Entomologist for long term benefits; many of the laboratory equipment has never been used; and no qualified resident staff or a formal system to run the center. Such deficiencies will hamper achieving the expected outcome. MOFA however agreed to provide support.

1. **New agriculture activities proposed in the 2012 AWPB.** After a joint review with MOFA and PIU, the mission accepts the proposals to train selected individual farmers on poultry and goat production; and agricultural / fisheries exposure trips to Chochin and Chennai for PIU/MOFA technical staff once a detailed proposal is approved by the PSC and IFAD and

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The Annual Progress Report of 2011 and the 2011 SIS mission reports described with details the process and efforts that went into the Diploma programme.

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Details of the process in training are found in the progress report and the 2011 SIS mission reports.

printing of research dissertations. The mission, however, declines the proposal to support poultry and goat farming with financial and material grants for the main reason that it is in contradiction with the concept and modality of production support that FADiP is using in the same community, but provides US \$ 100,000 as credit for the sector in the credit line.

Agreed action	Responsibility	Agreed date
4. Draw up an action plan to engage diploma holders attached to MOFA & CBPO in agric extension activities.	PIU with MOFA	31 <sup>st</sup> July 2012
5. Three most useful dissertations would be selected (Hand Book on Pest and Disease Control would be one of them), translated into <i>Divehi</i> and 200 printed copies of each to be distributed among the CBPO members who are in agricultural production.	PIU with MOFA & the Component Coordinator	30 <sup>th</sup> Sep 2012
6. Develop an action plan to build capacity in CBPOs which are not linked to FADiP including a capacity needs assessment, and a strategy to sustainably use the trained CBPO facilitators and master trainers even after PT-AFReP. The plan should be closely discussed with the Island Council members to solicit their cooperation in the CBPO development process.	PIU with MOFA	31 <sup>st</sup> July 2012
7. Use the programme financed entomologist to train the staff of the quarantine center and get needed training to use the equipment.	PIU to initiate MOFA actions	31 <sup>st</sup> July 2012

### Component 3: Policy support to the Ministry of Fisheries and Agriculture

The component purpose is to enhance national capacity in policy formulation, planning and management in the fisheries and agriculture sectors. The progress is *moderately satisfactory* (4). Out of the total allocation, the cumulative expenditure was US \$ 1.8 million (56% of the total allocation) as of May 2012.

**Fisheries master plan.** The Programme financed an international consultant in fisheries policy and management over 2010 and 2011 to assist MOFA and the PIU to develop the master plan, and other outputs under component 3, and a short-term fisheries revitalisation consultant (in 2009 prior to the MTR). Since the last mission, concrete outputs have included a logframe for the establishment of a framework fisheries management plan for the Maldives, which resulted from a workshop which took place in June 2010.

The framework fisheries management plan logframe while not officially adopted by the Government, is reportedly being used to guide some fisheries management activities and improvements. However, the mission observed that the Coastguard (a key partner of MOFA for improved fisheries management) is totally unaware of the logframe. The mission now recommends, taking cognition of the new government's priorities for management of the sector and other changes that may have occurred since the workshop in June 2010, that all relevant stakeholders re-visit the logframe in a short management planning workshop, facilitated by MFA and PIU staff, and amend, finalise, disseminate and implement it. Failure to do so could mean a lack of lasting benefits resulting from the activities which have already been completed by the Programme. No additional programme costs are envisaged for this activity.

**Capacity building for regional and international cooperation of MOFA/Government.** Maldives became a full Contracting Party to the Indian Ocean Tuna Commission (IOTC) in the middle of 2011, and programme funds were thus used to pay for 6 months of membership fees which were due. An additional US \$ 70,000 has been allocated for 2012 membership. All funds budgeted for attending at regional meetings have now been fully used. MOFA have proposed to use programme funds in 2012 for participation by MOFA staff in two study tours in India on ice plants and FAD installation, a Codex Committee meeting in Indonesia on fish and fish products quality certification, and two workshops in Malaysia both related to FAD installation (one on multi-beaming surveying and the second on hydrographic surveying and auto-CAD software), and the mission supports this suggestion.

**National MCS complying with international standards and conventions.** Technical tender specifications were prepared by the Programme, Vessel Monitoring System (VMS) hardware/software was procured from Geoeye<sup>5</sup> following a competitive bidding process, and initial training in the VMS hardware/software was completed as part of installation. A VMS base station has been established at the MOFA with a link to the Coastguard, and both are operational. A separate order for 207 Osprey Vessel Locator Devices (VLDs) was also placed with Geoeye at a cost of US \$ 350,000 as recommended by the last mission, but was then cancelled by MOFA. The reasons being high costs of the Osprey units, the costs of associated air time, and a lack of clarity over the mechanism for collecting fees from fishermen and paying Geoeye for air time. The Programme is also procuring a dual channel echo sounder for hydrographic surveys for installation of Fish Aggregating Devices (FADs), and funds are budgeted in 2012 for training of MCS inspectors and for VMS and MCS data management.

Ten trial Osprey VLD units were provided as part of the initial VMS hardware / software procurement. One was used by the Coastguard and three by yellowfin long-line vessels fishing during a two month trial period, but none are now being used because there is no agreement about how and whether to pay for airtime. While the fisheries regulations specifically require VMS/VLD in the long-line fishery, for other vessels the regulations refer to VMS but don't specifically require the use of VLDs for handline yellowfin vessels (estimated at around 300 in number) or skipjack pole and line vessels (estimated at around 900), and a VMS is not an international/IOTC requirement for these vessels as they are not fishing outside of the Exclusive Economic Zone (EEZ). The government has however stated to the mission its commitment to the use of VMS in order to better manage the fishery (Minister of Fisheries and Agriculture, Pers. Comm., 24th June 2012). And existing fisheries regulations would allow for MOFA to introduce VLDs as a requirement of licensing conditions.

With the cancellation of the Geoeye VLD order, the government, after spending considerable amounts of programme funds, now have a functioning Monitoring Control and Surveillance (MCS) system but one which is not operating to monitor vessel activity. Opting for an alternative provider of VLDs and an associated VMS system is being considered by the government as a way of reducing long-term costs. There is a risk that it may not be possible to complete a new tender process before programme completion in December 2012, but the mission accepts the government's proposal to undertake a new tender process, given that it may be in the longer-term national interest (despite the programme funds already spent). If a new tender process is to be started, appropriate actions must be taken very quickly enabling programme funds to be used before December 2012. It

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Geoeye is the global distributor of the Osprey and Sat-202 Vessel Locator Devices (VLDs) made by Honeywell



is recommended that the PIU work closely with the FMA on any new tender and that the PIU prepare a schedule of steps / deadlines which will have to be completed by certain specified dates if programme funds are to be used.

Without an operational VMS/MCS system in place generating catch data and vessel reports, the mission agrees with the government proposal that funds budgeted (\$75,000) in 2012 for training in VMS and MCS data management to be used for a three month consultancy for an international fisheries management/data consultant to be assigned to the FMA, to work on MCS and other data and catch reporting issues. Terms of reference will be provided by the mission team in the SIS mission report and further amended by the Government and the PIU based on government priorities.

**Human Resource capacity of the competent authority (Maldives Food and Drug Authority).** All training was completed prior to the last mission. The mission notes that there are training evaluation forms for all trainings held by the PIU which can be reviewed by the PCR, along with a more general assessment of improvements in competency.

**Boat Building Code.** All activities under this output were completed prior to the last mission with two separate documents/codes prepared for wood and fibreglass (FRP) fishing vessels, along with a document on ‘the way forward for implementation’ of the building code. The last mission noted that the Transport Authority (TA) was to establish a committee for implementation of the code, which has not been established. The new personnel in the TA are getting to grips with the documentation provided by the Programme and have stated their commitment to implement the code. However, the TA also highlighted to the mission the constraints in implementing the code in terms of equipment required which is not available (e.g. for testing FRP thickness and water content), manpower limitations, and also a lack of budget for training in the code. Provision of such training is desirable for the work already funded and completed under the Programme to have an impact.

**Maldivian fish and fisheries products from pole and line/hand line certification.** All programme funds were utilised in 2010 to pay for a full Marine Stewardship Council (MSC) assessment of the skipjack pole and line fishery by the MSC-accredited certification body, Moody Marine. Due to concerns over whether the fishery would pass the MSC-standard in the absence of a stock assessment of the status of skipjack tuna, the government and industry decided to suspend the certification process until such time as a stock assessment had been completed. It was completed and published by the IOTC in 2011, and a second assessment mission to the Maldives has recently been completed by Moody Marine (but not paid for by the Programme). The MSC-assessment report has recently been submitted for peer review, and should be available for public consultation by the end of July 2012. There are indications<sup>6</sup> for strong likelihood of the fishery passing the MSC assessment process. This would mean that the Programme has directly contributed to the achievement of this programme output, and to improved fisheries management, new market opportunities and potentially higher prices for exported products being sold with the MSC logo.

**Training in quality standards for traditional processing of Maldivian Fish.** The Programme completed a fisheries extension training programme for 30 people from Maamendhoo prior to the last mission and the output is completed. The FADiP is now focussing strongly on improvements in quality standards for traditional processing of Maldivian Fish.

**Training and demonstration of YFT LL onboard of FTC vessel.** One three-month input was provided in 2010 by a Master Fishermen (MF) with expertise in longlining, which was used to prepare a handbook on longlining (‘Handbook: horizontal surface longline fishing, February 2011’) and longline gear specifications, which were then used to procure longline fishing gear. There has been no progress since the last mission. The MF’s previous input did not include any fishing trials or training, as the vessel to be used was not ready at the time and the gear had not been procured. It is now necessary for a MF to complete the longline training, and the government is in favour of hiring the same MF. Delay was due to procuring a generator for the training vessel. The Programme needs to move quickly to ensure the training vessel is still ready for trials, to identify trainees, and to re-engage the master fishermen. However, first time selection of MF has not received IFAD “no-objections” and that should be requested this time prior to MF recruitment. Further an assessment of MF performance should be recorded maintained in the Programme.

**Fisheries Training Centre (FTC) and Fisheries Division staff training.** Training as planned has been completed. The FTC is currently staffed with only five personal, but new staff are to be recruited. The Programme will therefore retain US \$ 5,000 to train them.

**Functioning legitimate CBPOs established and working in partnership with MoFA and FTC.** Since the last mission, packing machines to be used during the training of CBPOs have been procured and training content on CBPO formation, fisheries issues, and value-addition has been prepared. Training of trainers was ongoing at the time of the mission. Training of trainers was delayed due to procurement delays of packing equipment and an initial lack of community interest. The Programme advertised three times for private sector fishers from the

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<sup>6</sup> Pers. Comm., Moody Marine assessment team, June 2012

islands to be master trainers without success, so decided to open up the training to island council staff. The training currently being completed (17<sup>th</sup> June to 5<sup>th</sup> July) is a course for 16 people, with only one woman. The Programme has no clear plan at the present time for the implementation of a training programme to be completed by the trainers in the community. This should be agreed with the trainers currently undergoing training, with activities linked with ongoing FADiP activities. The PT-AFREP has not been successful in establishing any fisheries cooperative societies, FADiP is supporting registered and emerging cooperative societies in the fisheries sector.

**Agriculture master plan.** The plan has been finalised with FAO funds, and programme funds were thus used to hire an international entomologist with duties of coordinating entomology research, farmers and local officers training, identification and quarantining pests, and establishing the laboratory. The entomologist is attached to MOFA and her training work was appreciable. The quarantine related work has been hampered due to the lack of staff and material. Her contract will end in December 2012. The mission noted her useful input in farmer training, and MOFA can consider contract extension with FADiP funds.

**MoFA staff training.** All MOFA staff training has now been completed and they are back from overseas training and working in MOFA, providing a supportive and oversight role to programme activities.

**New activities in AWPB, 2012.** The mission approves MOFA's request to use US \$ 30,000 of IFAD loan funds for training of MOFA/Fisheries Division staff and participation in various meetings/workshops. The mission also agrees to use funds (US \$ 75,000) for training in VMS and MCS data management, for an international fisheries management/data consultant (US \$ 60,000 currently allocated for the training of MCS inspectors will be re-allocated). The mission has approved a request by MOFA for US \$ 25,000 to be used to service the vessel to be used for longline fishing trials, given that it has been standing unused for many months. It is expected that this amount can be found from within the existing figure of US \$ 105,000 for longline training, but such an activity needs to be reflected in the text of the AWPB.

While not contained within the current draft 2012 AWPB, MOFA have indicated a desire to use loan funds to purchase sonar radio buoys along with positioning equipment to fix on its FAD network. Units would cost around US \$ 1,000, and there are around 50 FADs in Maldives. This would assist with locating lost FADs and would contribute to better FAD management and management of juvenile catches of overexploited species such as yellowfin tuna. While such an initiative is to be commended, the mission considers that there is not sufficient time before programme completion to introduce and complete such a new activity given the procurement issues that would be involved, and the proposal is thus declined.

Agreed action	Responsibility	Agreed date
8. Workshop to be held by the FMA to amend, finalise and adopt the draft fisheries management plan logframe	MFA and all other relevant stakeholders	30 <sup>th</sup> October
9. Government to commence with a new tender process for VMS/VLDs	MOFA/PIU	31 <sup>st</sup> July 2012
10. Transport Authority to complete training programme in the boat building code	Transport Authority	30 <sup>th</sup> Nov 2012
11. Master fishermen to be re-recruited for completion of longline fishing gear trials and vessel to be made ready	MOFA/PIU	31 <sup>st</sup> Aug 2012
12. 2012 AWPB revision to include the provision and use of funds for a) an international data management consultant, b) equipment & training in the boat building code, c) training of MOFA/Fisheries Division staff & participation in technical meetings/workshops, and d) servicing of the vessel to be used for longline trials	MOFA/PIU	15 <sup>th</sup> July 2012

## D. Project Implementation Performance

**Project management performance.** The management performance is *satisfactory* (5) indicating an improvement since the last SIS mission. The PIU is fully staffed with the Programme Manager and the Accountant (who also cover FADiP) who were newly recruited in September and October 2011 respectively. The total programme technical staff of five, plus the Fisheries and Agriculture Component Coordinators who come from the MOFA permanent staff and are playing a more active role since last mission, are adequate to manage the Programme to its completion. Since the Programme Manager's recruitment, the mission was happy to note a number of positive management changes such as more staff-time allocated in the field; maintaining monthly staff advance plans; monthly staff meetings; and monthly updates to the National Steering Committee (NSC) on Programme implementation and issues. The Permanent Secretary of MOFA continues to provide overall guidance, is accountable for financial management, and functions as the official interface between the Programme and all other agencies. The State Ministers for Fisheries and Agriculture provide policy advice and guidance.

The PT-AFREP and FADiP share the same PIU. Most management related issues that were raised by the last SIS mission for FADiP in November 2011 were therefore relevant for PT-AFREP. Key such issues were lack of

field-based work of PIU staff, poor contribution of the component coordinators to both PT-AFReP and FADiP Programmes, unsatisfactory nature of the PIU staff contracts (working time, pensions, exchange rate adjustments of the salaries for inflation etc.), and a lack of clarity of staff duties and reporting responsibilities. These were impeding the progress of both PT-AFReP and FADiP. This mission noted a considerable improvement in the PIU in respect of these issues. There is a willingness of the staff to work in islands and about 75% of the technical staff man-days have been spent in the islands since January 2012. This is due to the increased compensation for field based work, and better programme-planning of PIU work including field activities coupled with essential reporting requirement of the staff to the management. The two component coordinators are now actively involved in PT-AFReP implementation with a clear list of duties. Their professional role is appreciated in the PIU and they have a feeling of inclusiveness which encourages them to better interact with the Programme. The PIU staff contracts were revised in June 2012 through a re-recruitment process with an enhanced contract package in comparison to the original one. A clear list of duties and reporting responsibilities were provided. It is noteworthy that these improvements will spill over to improve the management efficiency of FADiP.

Protracted procurement processes handled by MOFA have held back the programme progress significantly. Examples include VLD and eco-sounder procurement, Master Fishermen recruitment, and the construction contract for the Agriculture Center. The mission observed that lack of firm decision making at the MOFA senior staff level could have been the main reason for procurement delays. Delays in decision making could also be due to legitimate policy priorities or divergence of ideas between senior officials. The mission however is of the strong opinion that such issues should be addressed at the PSC level in a participatory manner and resolved for the benefit of the Programme.

**Monitoring and evaluation.** The performance is rated as *moderately satisfactory* (4). An M&E Manual was prepared during the initial years of implementation, on the basis of which the Programme collected data on inputs, activities and outputs and prepared monthly, quarterly and annual reports. The Baseline Survey was completed in 2009, but the Programme was exempted from conducting the mandatory RIMS survey. M&E information flows from the record books of the fish processing households and farmers to the CBPO facilitators who are trained to collect data and information. The data is aggregated and stored in a database in the PIU for preparing reports. The CBPO facilitator's reports on community level trainings, which are verified by Island Council for the PIU to release their allowance. Similarly, back-to-office reports inform about activities undertaken by the Programme staff. Regular monthly meetings are held in the PIU as part of the learning system.

The PIU summarises the data received from the islands and prepares monthly and quarterly reports of the Programme, but these reports do not cover analysis of emerging issues, implementation constraints, successes and failures, or positive changes/impacts as a result of programme activities. The Programme reported annually on first level RIMS indicators, but has not reported on 2<sup>nd</sup> level indicators related to effectiveness and sustainability since the MTR. The monthly reports to the President's office are mainly descriptive in nature mentioning what activities have been completed and what the Programme is intending to do in the following month; it neither contains information on physical and financial progress against annual targets nor progress since the previous month. Programme staff occasionally found discrepancies in the activity reports of CBPO facilitators in the agriculture sector. The mission observed inconsistencies related to the list and numbering of outputs in the log frame, the RO-AWPB, and the progress report submitted to the mission.

Out of the six recommendations of the last mission on M&E, the programme complied with only four. The M&E Officer mentioned that programme outcomes and performance of the CBPO facilitators could not be monitored due to a lack of tools. Without outcome monitoring the M&E system is only able to report on activities and outputs and the Programme Management is able to use the M&E system only partially for decision making.

2. With only 6 months before programme completion, the Programme needs to (a) use qualitative (possibly Most Significant Change methods, or a combination of focus group and Key informant interviews) and quantitative tools for undertaking outcome and impact assessment where a comparative analysis of indicators given in Annex II (ii) of the baseline survey report needs to be done leading to the PCR; (b) analyse output level data for the entire period of the Programme along with outcome indicators/2<sup>nd</sup> level RIMS to evaluate the result chain as part of impact evaluation; and (c) use the M&E budget to support the Programme and Projects Department of GoM to undertake quality assurance checks of fish market infrastructure constructed by the Programme to provide the 'Conditional Assessment Report' for the release of retention fees.

**Coherence of AWPB.** The implementation of the Programme was coherent with the activities and outputs planned in AWPB 2011, subject to the comments made on the achievement of the outputs during this period. There was no outstanding activity or output that was undertaken, which did not feature in the plan. Hence it is rated as *highly satisfactory* (6).

**Gender focus.** The progress in Gender is *moderately satisfactory (4)*. Traditionally men and women have been playing a relatively equitable role in the fishing industry where men do the fishing while women carry out processing and preparing the fish. With higher education and increased mobility of women, their role in the islands has also expanded. The mission was informed that women are involved in farming, contributing labour and time and participating in farm management decisions. Women have access to financial services in the islands where some of the women have taken advantage of the mobile banking system of the BML and have opened savings accounts. Getting larger loans is still difficult for women due to lack of collateral as a large portion of the immovable assets are in the name of the male members in the family. The islands have health centres/clinics under the Ministry of Health, which address women's health issues and inform about nutrition. Women are also members of the Island Councils, and the CBPOs and Cooperatives formed during the PTAFRAP programme implementation period. Out of the total women targeted, 34% have been reached by the Programme through training and capacity building. Out of the 2,562 persons trained, which also includes staff from FTC, MFDA and MOFA 52% are women. For the number of people attending training in agriculture, a little more than half of the participants are women. By and large women are benefitting from the Programme. In the fisheries sector almost all fish processors are women.

The Programme was designed keeping in view the Gender Mainstreaming Framework which is a follow-up of the IFAD Gender Action Plan of 2003-2006, but during the start-up of the Programme gender sensitisation was not carried out and the Programme did not prepare a gender strategy to address gender issues. As of now, there is no gender focal point in the Programme. The first and the only gender sensitisation activity was completed in June 2011 in Hanimaadhoo Agriculture Centre, by the M&E focal point highlighting the need for a gender sensitive poverty and livelihoods analysis; incorporation of views of women; and proposed that the Programme needs to understand what women do, what they have, and what makes them poor. Out of the 31 CBPO facilitators trained there are only 6 women facilitators.

The M&E system has collected gender disaggregated data, but could not monitor and report gender issues to be addressed by the Programme; and tracer studies were not conducted to understand the interventions on equality and empowerment of women.

3. With six months left for programme completion, views of women regarding the benefits they have derived from the programme, their awareness, capacity building and their involvement in the programme needs to be documented. A gender sensitisation module needs to be incorporated in the technical trainings that are going to be completed during the remaining period of the programme.

**Poverty focus.** The progress made in poverty focus is *moderately satisfactory (4)*. There is relative poverty among farmers and fishers in the islands, but no social disparity, or absolute poverty and deprivation was observed. Maldives has successfully achieved the MDG goal of halving the population living below the poverty line to 1% in 2011 (UNDP, Maldives Poverty Reduction, 2011). Geographic targeting of 25 islands affected by the tsunami was completed, and the Programme was open for all to enrol/join, thereby giving opportunity to the poor to benefit from the Programme. There was no deliberate inclusion of the poor through targeting. Initial trainings have focused on the MOFA and FTC staff and later the CBPO members. The poor are being benefited as members of CBPOs particularly in the agriculture sector, and will benefit further with the concept of collective marketing emerging in the target islands. Similarly, with the social agreements reached in the use of fish marketing centres, there will be more opportunity for relatively poorer fish processors to benefit in improvements of fish processing quality and marketing. In the trainings planned for CPBO members by the PIU, poorer households are likely to benefit.

**Effectiveness of targeting approach.** This is rated as *moderately satisfactory (4)*. As per the geographic targeting, 25 islands were targeted out of the 30 affected by the tsunami. There was no conscious targeting of those households in the islands that were relatively more affected by the tsunami in terms of loss of life and assets. According to the 2006 census there were 31% women-headed households in Maldives, and of these 19% were in islands involved in fisheries and 25% in islands engaged in agriculture. There are no recent data available in the Programme on the percentage of women-headed households in the targeted islands; and data need to be collected in the targeted islands for the PCR. The table below shows targeting of different stakeholders for trainings conducted by the Programme, which include farmers, fish processors, agriculture and fisher CBPO facilitators, and MOFA staff. There has been an increase in the total number of these targeted categories receiving training since the last supervision mission.



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 headed
Fishers	1072	28	No data available
Farmers	3750	3169	No data available
Total	4822	3197	

**Knowledge management (KM).** The progress in KM is *moderately unsatisfactory* (3). There is no separate sub-component for KM in the Programme design; and the Programme did not prepare a KM strategy in line with IFAD's KM strategy for Asia and the Pacific Region. However, the programme design has created avenues for generating and sharing knowledge by providing budgets for training, workshops, exposures, building technical capacities of staff and facilitators through certificate and diploma courses. There is no designated KM focal point in the programme and as a result full attention was not given to documentation of processes, success stories, lessons and best practices. For building capacity of staff in knowledge management M&E Officer, Fisheries Implementation Officer, two Agriculture Implementation Officers, underwent KM training in October 2010 and April 2011 organised by IFAD and FAO in Katmandu, Nepal.

Inadequate effort was made to understand knowledge needs and provide support to KM activities. The Programme staff have highlighted that past missions did not emphasise the need for KM in the programme. The learning system was not effectively used to solve emerging implementation problems as evident from the delay in completion of outputs. The Programme is yet to document the effects of the completed TOT trainings. Similarly, training and demonstrations conducted among fishers and farmers in terms of change in knowledge levels, attitude and practices have not been evaluated; and have insufficiently followed-up to ensure adoption of new practices at the household level (particularly with regards to pest management).

A part of knowledge and information needs in the fisheries and agriculture sectors are covered through training and extension. As informed by island council members, information and knowledge sharing has already begun between inlands in relation to the formation of cooperatives; marketing of fish, vegetables and fruits. For example, the Addu Meedhoo Cooperative in S. Meedhoo is planning to do business in fruits and vegetables with VCCO of Gemanafusi.

4. Documentation of knowledge, successful innovations and best practices generated during programme implementation needs to be undertaken soon so that it may be first shared during the Programme completion workshop, and also scaled-up by FADIP. The Programme needs to start a) documentation of successful processes, lessons and best practices in the programme and develop knowledge products in the form of videos, photo stories, case studies and articles; and b) organise knowledge sharing events to cover the following thematic areas: (i) Madduvari fish market case study; (ii) boat building codes; (iii) impact of ice manufacturing plants; (iv) use of green houses; (v) research work of Diploma students on IPM and Organic fertilisation, etc; and (vi) innovation and best practices that are ready to be scaled-up.

**Partnerships.** The Programme has been actively supporting increased partnerships and linkages between various stakeholders in the fisheries sector, such as: MOFA/MFA and the Coast Guard; FTC and island-based beneficiaries; Government and the IOTC; MOFA and MFDA; and individuals in island communities (through CBPOs). These have helped sustain many of the programme inputs and would ensure their impacts. Island councils have become closer partners of supporting and guiding the programme-initiated cooperatives. They are service providers too and the performance is rated as *moderately satisfactory* (4).

Agreed action	Responsibility	Agreed date
13. The mission team endorses the proposed revised AWPB, but recommends that it is submitted with the NSC approval to IFAD for formal 'no-objections'.	MOFA/PIU	31 <sup>st</sup> July 2012
14. Use qualitative (Most Significant Change, focus groups, key informant interviews) and quantitative tools to undertake outcome assessment leading to impact evaluation for the PCR.	MOFA/PIU	30 <sup>th</sup> Nov 2012
15. Undertake study/assessment of institutional development process for strengthening CBOs formed under the programme contributing to the PCR.	MOFA/PIU	30 <sup>th</sup> Nov 2012
16. Utilise the M&E budget to undertake quality assurance checks of infrastructure constructed by the programme leading to the provision of "Condition Assessment Report".	MOFA/PIU	31 <sup>st</sup> Oct 2012
17. Document views of women on the benefits they derived from the programme to be incorporated in the PCR.	MOFA/PIU	30 <sup>th</sup> Nov 2012
18. Incorporate a gender sensitisation module in the trainings to be conducted in the remaining period of the programme.	MOFA/PIU	Continuous

19. Document successful processes, lessons, best practices and innovations in the Programme and develop knowledge products for Programme Completion Workshop (PCW).	MOFA/PIU	30 <sup>th</sup> Nov 2012
20. Organise knowledge sharing events in selected thematic areas.	MOFA/PIU	30 <sup>th</sup> Nov 2012

### E. Fiduciary Aspects

**Financial management.** The performance is rated as *satisfactory (5)*. Disbursements under the Programme, as of 31 May 2012, now stand at: (a) approximately SDR 1.4 million from Loan 663-MV (about 100% of the total loan of SDR 1.4 million); (b) SDR 70 622 from IFAD Grant C 783-MV (50% of the total grant of SDR 140,000); and (c) SDR 246 600, excluding a US \$ 635 787 advance to the Special Account, from Loan 692-MV (17% of the total of SDR 1.45 million). Loan 663-MV was scheduled for completion on 31 December 2011 and closing on 30 June 2012. Funds are almost fully disbursed. The remaining balance, in the amount of SDR 1,213 will be cancelled upon receipt of the final audit and satisfactoriness of the PCR. The imminent closure of this loan account is required. The Grant was extended to be completed on 31 December 2012 and closed by 30 June 2013. The financing rule specifies that 32.5% of the category expenditures will be financed from IFAD and 67.5% of the category expenditures shall be financed by the Government. Due to the tight constraints currently faced by the government budget, the government does not have enough resources to support the Grant activities this year. Consequently, only very limited expenditures by IFAD, in the amount of US \$ 1,227 have been incurred during the first two months of 2012. No expenditures have been incurred since then. The Government requested extension of the Grant completion date for a period 5 months from 31 December 2012 to 31 May 2013 while maintaining the same closing date of June 30, 2013. The requested extension is very critical to support the programme activities and results respectively. The undisbursed grant amount about US \$ 104,000 as 31 May 2012 would permit finalising pending activities in 2012 and to achieve the programme objectives.

Loan 692-MV was extended to be completed on 31 December 2012 and closed by 30 June 2013. The remaining programme implementation period is only six months. This leaves very little time for the implementation of programme activities. Hence, it is crucial for the Programme to ensure effective implementation. The Programme still faces some important challenges and risks in ensuring that the funds committed are utilized for realizing the expected programme outputs.

The mission drew attention to the fact that timely execution of the planned activities is important for receiving sufficient funds and honouring the commitment of contributing a total of about US \$ 5,160,687 to PT-AFREp.

**Disbursement.** Overall, the disbursements for the Programme are in the amount of SDR 1.7 million of the total Programme cost of SDR 2.99 million. In accordance with the IFAD Corporate Project Disbursement Profile (PDP), the disbursement rate should by now have reached 85% of the total approved Programme cost, based on the implementation maturity of six years. The disbursement rate of 64% is *moderately satisfactory (4)* and only represents 75% of the PDP benchmark of 85%.

The Special Accounts have been replenished in the amount of SDR 330,669.94 in the first six months in 2012. SDR 1,077,933 have not been utilized for programme activities. The mission reviewed the financial transactions through the Special Account for the Programme. A major problem were the considerable delays, due to which the PIU was unable to compile the Statements of Expenditure from the Special Account, which resulted in failure to punctually submit the required reconciliation statement for replenishments. Splitting invoices related to the payment-sharing between IFAD and the Government for the eligible small amounts of expenses added complications for processing and caused heavy workload and delays in transactions. Since each invoice must be paid by two vouchers and each voucher must be accompanied by 3 sets of hard copies of vouchers and supporting documents, 6 sets of hard copies are required for each invoice to be paid.

In addition, the position of Office Assistant was recently abolished. Part of his tasks have been transferred to the programme's Account Assistant. In particular, the programme's Account Assistant must deliver the vouchers to the MOFT on an almost daily basis, which forces the Account Assistant to make one hour of extra travel each day. Due to the above complications, 27 pending invoices in the amount of MVR 331,901,93 (equivalent to about US \$ 22,000) have not yet been processed. Some of these invoices were dated as early as 15 February 2012. All of above issues have led to the cash flow process becoming inefficient. To resolve the existing operational difficulties, the mission met the Financial Controller from MOFT. Additional meetings were held with the Public Accounts Executive of MOFT and the System Implementer. MOFT has always given great support. The Mission suggested that three budget line items ("Project account") in local currency be set up for Loan 663-MV, Grant 783 of PT-AFREp and Loan 692-MV of FADiP respectively in the Central Government System, items which should not be comingled with the Government-committed funds. The PIU will present one payment voucher for each invoice specifying the amounts and budget codes to be financed by the Government and IFAD. The Government agreed with the mission's recommendation and a new procedure should be effective immediately. Further system trainings from MOFT to MOFA and the PIU will be held in the coming weeks. Thus, no further division of the splitting invoices between the Government and IFAD is needed. The PIU will



not need to deliver the hard copies of vouchers to MOFT since MOFA will upload the scanned copy of the payment vouchers to the Government E-System. Hard copies of the document will be reduced from 6 copies to 2 (originals to be filed in the Budget Department and the copies filed at PIU). While this simplifies the payment procedure and increases efficiency, it requires the PIU to monitor and reconcile the Special Account and the Amount in local currency withheld by the Treasury at monthly intervals to ensure that the sharing payment agreement is honoured.

Regarding the above arrangement, concerns were raised as to whether the Government would assume the exchange rate risk. The mission explained that to recoup the actual amount withdrawn from the Special Account, the local currency expenditures funded from the Project Account(s) should be converted at the prevailing exchange rate at the time of the transfer from the Special Account and not at the prevailing exchange rate at the time of the preparation of the Withdrawal Application or the date of payment from the Project Account/s. To avoid discrepancies, monitoring of exchange rates between the currency of denomination and the local currency at time of transfer from the Special Account is to be performed by the Programme. Expenditures claimed/paid from the Special Account were not all eligible under the provisions of the LA before the new PIU Accountant joined the team.

**Issues.** (a) With regard to Grant 783-MV, on 20 December 2011 the PIU raised a Payment Request in the amount of US \$ 94,732 for the Government to reimburse to the Special Account for Government expenditures paid by IFAD. The request as of today has not been settled. As of 31 May 2012, the total amount of the Government due to the Special Account has accumulated to US \$ 97,281.56. (b) For the reconciliation item of 31 December 2011 for Loan 692-MV, the PIU submitted a Withdrawal Application to request IFAD to reimburse the Government pre-financing of IFAD-eligible expenditures amounting to US \$ 246,191.41. Based on the request, IFAD made the reimbursement to the Government Account for the amount in question with an actual value date of 16 February 2012. However, due to the above-mentioned operational difficulties and a failure to reconcile payments made to the Special Account on a timely basis, a duplicate reimbursement was erroneously made to the Government from the Special Account. In addition, IFAD-eligible expenditures as at 31 May 2012 in the amount of US \$ 27,402.64 were pre-financed by the Government. As a result, the overall amount due from the Government to the Special Account is of US \$ 218,788.80. (c) The mission reviewed Special Account Reconciliations and spot checks were conducted on Withdrawal Applications, statements of expenditure (SOEs), and other financial records. It was found that while the majority of these met IFAD regulations satisfactorily, certain items reflected the need for further improvement. The mission noted that there was a handwritten revision for increasing the amount paid (from US \$ 3,708.00 to US \$ 11,124.00) on an urgent voucher. The handwritten revision was signed off by the programme Account Assistant rather than the authorized signatories. This is not in line with Accounting Procedures. The Mission advises the PIU that such handwritten revisions should be avoided in the future. The mission required Withdrawal Applications to be submitted on a timely basis, to ensure efficient cash flow in support of implementation activities. Monthly reconciliation should take place and hard copies of these statements should be printed out and signed by the programme Accountant and the Manager.

The mission recommended that the amounts owed by the Government to IFAD (US \$ 97,281.56 for the Grant and US \$ 218,788.80 for Loan 692) be transferred to the respective designated "Project Accounts".

**Cash management.** During the FADiP SIS mission in November 2011, the mission recommended that proper guidelines and procedures should be established to enhance the cash management procedures for IFAD programmes in Maldives. Prior to this recommendation, cash advances were recorded as expenses rather than advances and no clear cash management procedure was followed. The Mission reviewed the accounting entries of the PT-AFReP, and noted that several advance payments amounting to a total of MVR 103,596.72 were made during 2011 for training and workshops, which were recorded as expenditures. Following the recommendations made by the FADiP mission, the PIU examined these advance payments in further detail to ensure that all required supporting documents were submitted and that the balances remaining unspent in previous years were all returned. The mission noted with pleasure that as of 2012, the PIU has set up a cash log book for its follow-up procedures. The PIU has started to follow the Government cash management procedure, and the cash advance has been recorded in the Account Receivables properly. The required supporting documents with the Back-to-Office Report after completion of the missions have been submitted, for settling the advance payments.

**Counterpart funds.** It is rated *moderately satisfactory* (4). The GOM counterpart funding as per the approved AWPB is committed at the beginning of each year. The Government owes US \$ 97,281.56 in relation to the Grant, due to lack of monitoring over such "pre-financing" out of the Special Account. The Government also owes US \$ 218,788.80 to the Special Account of Loan 692-MV mainly due to duplicate reimbursements made from the Special Account to the Government. The mission noted that the PIU has prepared vouchers following the percentage of financing specified in Schedule II and monitors the Special Account closely. Effective from 1 July 2012, MOFT will set up a unique identifier in the SAP system. Payment vouchers will be raised 100%, split 94% to the IFAD code and 6% to the government code in the system.

**Accounting Software, System Back Up and Government System Access.** The financial records for PT-

AFReP are still maintained through use of Microsoft Excel spreadsheets. The chart of accounts set up in the Excel tables include a good set of information on Category and Components with Expenditure Ledgers and Advance Ledgers. PIU financial records have been backed up on the server for safeguarding on a daily basis. Although using Excel is considered financially risky, considering the short programme life remaining (six months), the Programme is continuing to use Excel spreadsheets for keeping accounting records. The mission recommended that signed hard copies of the required periodic statements should be filed properly, to produce the audit trails.

All vouchers raised from the PIU have been adequately filed. However, there was no confirmation (debit advices) that the vouchers raised were actually paid. Although several previous missions recommended that the PIU should be granted the access to the Public Accounting system, no action has yet been taken. Nevertheless, the mission was informed that upon request by the PIU, it had received monthly statements for the payment requests.

**Compliance with loan covenants.** Almost all Loan covenants have been complied with. The exceptions are inadequate counterpart funds on the grant being allocated and the effective information management system and a monitoring system have to be established. It is rated as *satisfactory (5)*.

5. **Fixed assets management.** The Mission reviewed the programme's fixed asset management and observed the following: (a) The PIU maintains fixed asset records stating location and cost for all Programme assets; (b) The mission verified the physical existence of the fixed assets and found no significant variances between the book balances and physical balances as per the inventory report; and (c) The mission was pleased to note that the PIU's asset register was updated and in good order. It was noted that furniture and computers were labelled properly. The mission encouraged the PIU to conduct physical verification of assets on at least an annual basis, and the Programme Manager to sign off the PIU's Asset Register's Report.

**Procurement.** The Programme prepared and submitted a procurement plan and AWPB for 2011 and 2012 to IFAD, which received no objection. The threshold for prior review for goods and civil works is if US \$ 100,000 and for consultancies is US \$ 20,000. For any such activity below these thresholds, the PIU could proceed with a bid process without referring to IFAD. The actual procurement activities for 2011 and 2012 experienced some delays. To date, two procurement activities below the procurement thresholds have been issued by the PIU and were both vetted through a no-objection clearance from IFAD. The process was reviewed by the mission and was mostly in line with IFAD Procurement Guidelines and the National Procurement Guidelines.

Overall procurement performance is behind the schedule set by the 2011/12 procurement plan. One of the major Procurement Plans for a VLD (Vessel Locating Device) in the amount of US \$ 350,000 is still on hold. Major delays due to the need to ensure compliance with Government procurement procedures have been experienced, such as (i) time spent on negotiations to modify the payment procedures deemed acceptable by the suppliers (ii) the lengthy internal clearance process. The mission urged that the decision concerning the VLD be made by the National Steering Committee as soon as possible.

Separate contract registers and contract collections are maintained by the PIU. The Mission reviewed the PIU contract register and found these to be up-to-date and in good order. The contract register has been amended to include a separate column indicating the existence or otherwise of a Contract Monitoring Form. The audit report highlighted that there have been considerable delays in both the commencement and completion of contracted activities, compared with the predetermined work plan.

The mission recommends that procurement processes and implementing activities be carried out effectively, without any time lags. The reason for any delays should be analysed in detail and remedial measures should be initiated to avoid such delays occurring in the future. The performance is rated as *moderately satisfactory (4)*.

**Audit.** The audit report and financial statements for PT-AFREP for 2011 were submitted to IFAD with unqualified opinions, within the time period specified in the LA. The mission noted with pleasure the improvement in the quality, content and timeliness of the financial statements, which meet IFAD's minimum fiduciary standards, in particular the provision of detailed statement of source and uses of funds, special account reconciliation and notes to the accounts. Notwithstanding the above-mentioned improvement, there is still room for improvement, e.g. the Comparison with Budget Estimates expenditures was not provided. The primary role of the report of Comparison with Budget Estimates is to allow IFAD and the PIU to track whether the budget is realistic and implemented as intended. A variance analysis should be prepared to explain not only the cost and budget comparison, but also the reasons for delays in completion of the Programme in accordance with the work plan.

The Programme prepared the required audit log for the auditors' recommendations for the mission. The mission recommends that the audit log with action plan be put in place and that the PIU follow up on the audit recommendations. The performance is *satisfactory (5)*.

The following issues were raised by the external auditors in relation to 2011: (a) There was a lengthy delay in carrying out a major procurement Plan for a VLD (Vessel Locating Device) in the amount of US \$ 525,000. (b)

Monthly reconciliations and reimbursements should be carried out regularly.

Agreed action	Responsibility	Agreed date
21. Three budget line items ( "Project Account") in local currency be set up for Loan 663-MV, Grant 783 of PTAFRP and Loan 692-MV of FADiP respectively in the Central Government System, items which should not be comingled with the Government-committed funds.	MOFA/PIU and MOFT/MOFA	9 <sup>th</sup> July 2012
22. The amounts owed by the Government to IFAD (US \$ 97,281.56 for the Grant and US \$ 218,788.80 for Loan 692) be transferred to the respective designated "Project Accounts".	MOFA/PIU and MOFT	9 <sup>th</sup> July 2012
23. Monthly reconciliation should take place and hard copies of these statements should be printed out and signed by the programme Accountant and the Manager.	PIU	Continuous
24. PIU be granted access to the Public Accounting system	MOFT	31 <sup>st</sup> July 2012
25. Capacities building of the PIU to be planned through participating in job relevant trainings, particularly advanced excel and quick book, management training, and loan administration.	MOFA/PIU	31 <sup>st</sup> July 2012 onward
26. Monitoring of exchange rates between the currency of denomination and the local currency at the time of transfer from the Special Account is to be performed by the Programme.	MOFA/PIU	9 <sup>th</sup> July 2012
27. Procurement processes and implementing activities to be carried out effectively, without any time lags. The reason for any delays should be analysed in detail and remedial measures should be initiated to avoid such delays occurring in the future.	MOFA/PIU	On going
28. Audit log with action plan be put in place and the PIU follow up on the audit recommendations.	PIU	31 <sup>st</sup> July 2012
29. In order to improve the efficiency of financial management, the following arrangement are agreed: (a) Accountant will be responsible for accounts reconciliation, withdrawal applications preparation and monitoring exchange rates movement; (b) Account Assistant will be responsible for timely closing advance payments, and raising and monitoring vouchers status. The processing time for these vouchers should be limited to 7 working days.	MOFA/PIU	Continuous

## F. Sustainability

- Institutional sustainability.** The Programme-initiated seven CBPOs will be taken up by the FADiP as Value Chain Cooperatives (VCCOs), and five of them are already functioning as VCCOs. This process will ensure their sustainability. The Gan Agriculture Center will be strengthened with staff and other facilities and it will remain under MOFA. There is regular budget provision in MOFA for its sustainability. The Quarantine Center will need more trained staff and proper procedures established to enhance its sustainability. The proposed IFAD-funded Mariculture Enterprise Development Project under MOFA will have substantial investments to improve and staff the Quarantine Center for the purpose of facilitating broodstock and fingerling imports. This intervention will build on the PT-AFReP support and also ensure its sustainability.
- Institutional developments supported by the Programme have included capacity enhancement of: government staff in MOFA, FTC, and the MFDA; and island-level stakeholders in CPBO development and fish market building management. All MOFA staff who have been supported by PT-AFReP to complete degrees in policy and project management under component 3 continue to work for MOFA, and their funding was contingent on them doing so for an agreed period. The approach towards ensuring institutional sustainability of capacity developments at the island level is for the FADiP to continue to build on the activities which have been completed by the PT-AFReP so as to ensure institutional sustainability of island-based CBPOs and Value-Chain Cooperatives (VCCOs). As such it is rated as *moderately satisfactory* (4).

**Social sustainability (Empowerment).** Maldivian island societies are relatively homogenous cohesive communities with Islamic social values and customs having high social capital. Social capital in the programme islands is being harnessed through the formation of CBPOs, which are becoming socially empowered after accessing training and extension services. Social agreements reached after community consultation in the use and management of some fish markets have contributed towards sustainability. Becoming members of CBPOs and receiving information on marketing and participating in collective marketing initiatives in agriculture and

fisheries is improving their bargaining power, giving the poor greater access to markets, which will enhance social empowerment and contribute to social sustainability. The performance is *moderately satisfactory* (4).

**Economic and financial sustainability.** Previous missions made specific recommendations with regards to the design of fish market buildings, to ensure that rental of the upstairs areas would generate sufficient revenue to pay for maintenance and management of the fish marketing/processing areas downstairs, as it was expected that revenue from the downstairs areas would not on its own be sufficient. Analysis of the operations of the one fish market building that is now in operation (Maduvvari) suggests that use of the building is indeed economically and financially sustainable, and that the Hirilandhoo building can also be expected to be sustainable also once handed over to the private sector. The Gemanafushi building may sustainable through the proposal made to the FADiP, but economic and financial sustainability of the building at Vilufushi is far from clear at the present time.

Ice plants paid for through loans provided by the Programme have high chance of been economically and financially sustainable. Private sector taking up loans has submitted detailed business plans to the BML which have been reviewed prior to approval and disbursement of loans. And the provision of ice is likely to directly result in improved quality of fish, which in turn will generate not just improvements in fish prices, but also reductions in fish waste/spoilage. Financial viability of the ice plants will be further ensured through the linkage between this output and the MSC certification of the skipjack fishery, because certification and export of high quality fresh fish with the MSC eco-label can be expected to guarantee market access and potentially also to increase fish prices in export markets.

MSC-branded fish for canning in the Maldives, or for export for canning overseas, may also support financial sustainability of the fisheries sector in general through the potential market benefits resulting from certification (i.e. market access and price increases). With respect to Maldivian Fish, the PTFREP itself will probably not result in sustainable improvements in the quality of Maldivian Fish, but such improvements and resulting financial sustainability, can be expected from the ongoing FADiP. The economic and financial sustainability of longline fishing will be further explored through the forthcoming longline fishing gear trials.

**Technical sustainability** The technical sustainability of longline fishing will be further explored as mentioned above. The training programme to be completed by the TA on the boat building code, and the establishment of a boat building code implementation committee, will help to ensure sustainability of the technical improvements in vessel design as proposed in the code, and the resulting safety improvements that will result from better vessel design. Technical sustainability of improvements in Maldivian Fish processing quality and packing, and in the agricultural production methods supported by the Programme are being ensured through the training provided by both the PTAFREP and the FADiP. The FADiP represents a key strategy for ensuring technical sustainability of the technical improvements and innovations supported by the PTAFREP.

**Environmental sustainability.** All fishing methods in the Maldives are highly selective (i.e. with little bycatch) and have low environmental impacts on habitats and ecosystems, and given the regional nature of the fish stocks and the catching capacity of Maldivian vessels relative to other vessels in the Indian Ocean, the Maldivian fishing fleet has little potential on its own to negatively impact on the environmental sustainability of fish stocks in the region. The engagement by the Maldives with the IOTC (supported and funded by the Programme) is also a positive step in ensuring environmental sustainability of regional fisheries stocks through the regional fisheries management body, and increases the potential for the government to influence policy decisions in support of environmental sustainability at the regional level. The government is committed to continuing to pay for membership of the IOTC from 2013 once Programme funding of membership fees ceases. The MSC certification and eco-labelling process supported by the Programme has required, and resulted in, a number of conditions and policy actions for improved fisheries management and environmental sustainability. These actions will be audited in the future by mandatory annual MSC-audits, which will serve to ensure the sustainability of these policy-related environmental improvements.

Other environmental sustainability improvements were expected to be brought about by the Programme in the form of reduced fish processing and waste on beaches. In Maduvvari where the fish market is in operation, such environmental improvements have been realised and are likely to be sustainable given that the island council has banned fish cutting on the beach as a matter of policy, and the community is well sensitized to the importance of environmental and hygiene improvements. However, the lack of use of the other fish market buildings that have been funded by the Programme has meant that no such improvements have been made in other programme islands.

A key expectation of the Programme was to realise sustainable environmental benefits through improved fisheries policy and management and improvements in MCS. The Programme has not made as much progress as was originally envisaged in this area. A key action already proposed in this Aide Memoire, and which would serve to ensure sustainable environmental improvements, would be the re-working and formal adoption of the framework fisheries management plan.

8. **Exit strategy.** Initiating sustainability and ownership of the Programme outputs and outcomes will lead to a smooth exit of the Programme. The Programme needs to ensure that



all social agreements for use and management of fish markets are completed, and that the Agriculture Training Centre is staffed and funded for running the courses. The Programme needs to identify areas of success and best practices, which will be taken over for implementation and scaling-up by FADiP. It will need to ensure a smooth transition of these facilities (for example, CBPOs and fish marketing infrastructures) to FADiP, and as such FADiP represents a key part of the exit strategy. However, the last mission recommended that MOFA, together with PIU, should develop and document 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). Such a strategy is still pending except some CBPO being picked up by FADiP. The mission strongly recommends holding a workshop to formulate a sound exit strategy. Performance is moderately *unsatisfactory* (3).

## G. Impact

**Physical and financial assets.** The Programme has created physical assets worth US \$ 44,556, which comprise of four Fish Markets and the Agriculture Training Centre. The Programme has provided the Bank of Maldives US \$ 400,000 as a credit line for establishing ice plants, which has been disbursed to BML and loans have been provided with one ice plant already installed and operational, and 3 others to be installed shortly.. There is no evidence/report of any financial assets created as a result of the programme. As most of the expected assets were created, performance is *satisfactory* (5).

**Food security.** The Programme baseline study shows a food security index for all the atolls including the targeted islands based on the Vulnerability and Poverty Assessment (VAP) report of 2004 commissioned by the National Planning Department. Changes since the baseline period cannot be assessed because of an absence of updated data. The Millennium Development Goal report 2012 of the National Planning Department however informs a decline in the percentage of women and children suffering from anaemia, but child malnutrition in the form of micronutrient deficiencies still prevail. The Government proposes to take several steps to address this issue. Due to training interventions farmers are cultivating vegetables and fruits for consumption and selling, but volumes are insufficient to enhance food security. The food security index in the target islands/atolls, developed by National Planning Department needs to be updated during the impact assessment for the PCR. As such this is rated as *moderately unsatisfactory* (3).

**Increase in incomes.** The Programme did not track annual changes in incomes in the target islands through income/outcome surveys or through qualitative methods and not reported in the programme's progress reports. This weakness was due to the M&E system not being mature enough; not having tools in the M&E manual to track income; and the Programme received no instruction to do this from any of the previous missions. There is however scattered evidence in the programme targeted islands that there is a trend towards increased incomes as a result of programme interventions. For instance, in Madhuvani island, the quality of fish has improved (more hygienic cleaning and gutting) with the use of the 'fish market' and has also reduced the time prior to processing, which in turn has improved the quality of fish paste (*Rihaakuru*) with a higher prices in the local market. In Kendhikulhudhoo, after the CBPO facilitator was trained in hydroponic technology, he provided extension service for melon cultivation in hydroponics and other cash crops under green house conditions, which has led to an increase in income of these farmers.

**Policy impact.** MOFA will continue to adopt the CBPO and TOT modality as an extension tool to carry out its regular extension programme after realising the benefit of the strategy. In addition, the Programme has contributed towards a policy decision to have a VMS/VLD system for the fishing fleet, and to introduce standards with regards to boat building and vessel construction.

9. **Other impacts.** Detailed training programmes in the agriculture and fisheries sectors have brought about a knowledge enhancement in the community which will eventually help to increase farm production. The Programme has interacted closely with the island councils in designing and implementing programme activities. That has improved the linkages between the community and the councils in non-traditional areas such as the council helping farmers to create market linkages with resorts. These are social impacts which will continue with production enhancements.

Agreed action	Responsibility	Agreed date
30. PIU should organise a workshop in participation with MOFA to develop an exit strategy. The participation of all relevant institutions and stakeholders should be ensured.	MOFA/PIU	15 <sup>th</sup> September 2012

## H. Conclusion

10. IFAD fielded its last supervision and implementation support mission in June 2012, six months before closing the PT-AFREP. The Programme has disbursed 67% of the two IFAD loans and 53% of the grant resources during the six years of its life. It is a challenge for the

Programme to fully utilise the IFAD resources during the remaining six months. The main reason for the disbursement shortfalls was extensive delays in procurement caused by ineffective decision making process at the MOFA level rather than procedural weakness.

11. Many of the agriculture-related outputs have been partially completed. Critical improvements are therefore required to make them functional so as to contribute to the programme objective. The programme investment in L.Gan Agriculture Center will remain ineffective until MOFA establishes the teaching facilities and the teaching staff. The Quarantine center should be staffed and idle equipment should be put to use with a good quarantine system to make it functional. An effective time-bound action plan for the programme-supported CBPOs and Master Trainers is required to deliver much needed agriculture training in island communities.
12. Implementation of the key activities that could have contributed to achieving the fisheries sector objective is incomplete. Fully disbursing the credit line for four ice plants was an exception. The mission proposes to up-scale this activity to meet the demand for ice by allocating more IFAD loan resources to the credit line. One fish market is in operation and that has helped quality improvements of Maldives fish and related fish products that are processed in the island. Two others are non-functional but the community have ideas for their use. It is important that such uses are encouraged and necessary support provided. Fishing vessel monitoring system tools, and the Master Fisherman training programme on long lining vessel operation were incomplete, and need more financing and finalised implementation arrangements to ensure their benefits.
13. All the unfinished activities summarised above can be completed with remaining funds by putting sufficient and timely emphases on the actions proposed by this mission. The priorities should be procurement of the VLD units, the Master Fisherman, and a consultant for data analysis to feed into the fishery management planning process. In preparation for programme completion, the PIU should also commence fielding outcome and impact assessment studies, and start compiling success stories as knowledge products.

## Appendices

Appendix 1	Summary of project status and ratings
Appendix 2	Progress against previous mission recommendations
Appendix 3	Financial: Actual financial performance by financier; Disbursements by category and by component
Appendix 4	Compliance with Financing Agreement covenants: Status of implementation
Appendix 5	Physical progress measured against AWP&B and appraisal targets, including RIMS indicators
Appendix 6	RIMS table
Appendix 7	Learning and innovation
Appendix 8	Audit log
Appendix 9	Supervision mission schedule and persons met
Appendix 10	Summary of implementation support provided by IFAD

## Appendix 1: Summary of project status and ratings

### Basic Facts

Country	Maldives	Project ID	1347	Loan/Grant No.	663
Project	Post-Tsunami Agricultural and Fisheries Rehabilitation Programme			Supp. Loan/Grant	692
Date of Update	8 July 2012			Financing terms	HC
Supervising Inst.	IFAD/IFAD				
No. of Supervisions	5	No. of Implementation Support/Follow-up missions	1		



Last Supervision	May 2011	Last Implementation Support/Follow-up mission	June 2011			
					USD million	Disb. Rate %
Approval	19-Apr-2005			Total costs	4.99	
Agreement	25-Sep-2005	Effectiveness lag	12.2	IFAD Total	4.30	
Effectiveness	21-Apr-2006	PAR value	-----	IFAD loan	4.10	19
MTR	07-Apr-2009			DSF grant		
Current completion	30-Jun-2011	Last Amendment	10-Apr-2008	IFAD grant	0.20	
Current closing	31-Dec-2011	Last Audit	01-Jul-2009	Domestic Total	0.19	
No. of extensions	0			Government (National)	0.19	
				Cofinancing Total	0.50	
				Italy	0.50	0

IFAD disbursement % refers to currency of disbursement.

### Project Performance Ratings

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

  

B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Comp 1 Rehabilitation of Fisheries Sector	3	5	1. Institution building (organizations, etc.)	3	4
2. Comp 2 Recovery & Sust Dev. of Agric Sector	4	4	2. Empowerment	3	4
3. Comp 3 Policy Support	4	4	3. Quality of beneficiary participation	3	3
			4. Responsiveness of service providers	2	4
			5. Exit strategy (readiness and quality)	2	3
			6. Potential for scaling up and replication	4	4

## B.5 Justification of ratings

Overall **programme management** and **financial management** have notably improved since the last mission. In the improvement efforts the PIU has complied with almost all **covenants**, **procurement process** had improved due to the close involvement and supervision of CPM/CPO with the assistance of Portfolio Advisor in almost all procurement activities deserving the score of 5. With the improvement of the financial management **auditing** has become easier and timely. There was budgetary limitation in GOM which has had implication on timely provision of **counterpart funds**. This has severely affected Grant mobilization. **M&E** had been weak throughout. The implementation support provided in early 2010 has not brought out an effective system and the capacity of the in-house M&E staff has been inadequate. IFAD provided an extensive support in May 2012 to develop the M&E system of FADiP which is managed by the same PIU and that intervention will in the future help PT-AFREP system development. The PIU took the **AWPB, 2011 and 2012** preparation process very seriously and the CPM/CPO has supported the process on-line from the beginning. The resultant output went to the IFAD NOL process. The good preparation has led to good implementation of many activities therein as well resulting maximum score of 6. The programme design required geographic targeting as **poverty focus** for many activities which has natural selection of poverty groups. However some activities such as using the credit line for ice plants, fish market building usage for cafeteria, capacity building training programme etc have a targeting focus which is not necessarily on poverty basis since management efficiency and other resources that are required up-front to operate such inputs would not be available with the poor. The Programme was able to capture both groups. On that count the rate for poverty focus and **targeting strategy** should have been 5. However, the M&E data base has not reported evidence to judge how much the natural selection process included actual poor. Hence the rate is 4. **The fisheries component** has all completed outputs but they are only partially used to get the full outcomes except the credit line for Ice plants and one fish market, and therefore rated as 5. None of the activities in the **Agriculture component** has outputs generating outcomes, although many have been completed. That hence deserves a score of 4. The **policy component** too has the same record as agriculture component. The programme urgently needs an **exit strategy** and MOFA and the two component coordinators should support that process. But MOFA is still to formulate that. The Programme has brought about a number of new and **innovative outputs** which can provide potentials to up-scale. Ice plants, VMS and VLD, CBPO training model, boat building code, and CBPO formation are some examples. However the capture of the process through process documentation and providing broad visibility to these processes and outputs are almost absent. The knowledge management aspects need improvement and focus to achieve these challenges. On the other hand the existence of such potential in the Programme deserves a score of 5 for **up-scaling and replication**. As **rural institutions**, CBPO have been formed and their success was demonstrated by registering them. But they need to improve more in terms of increasing deserve membership and their **empowerment** hence the rating of 4. The Programme still needs substantial input to get the **beneficiary participation** in fish market operations (1 out 4 is functioning), agriculture and fisheries training and VLD establishment. Although the setback is not entirely due to the PIU, but for many broader reasons, the resultant outcome is not adequately evident, which resulted in a score of 3 for beneficiary participation. Island councils, MDF, Transport Authority etc have provided some support as **service providers** but not all what is required to put programme inputs into use. Some of the Island councils are proactive and discussing and thinking about how to operate the fish markets and CBPOs etc and hence rated 4.

## Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	3	5
C.2 Food security	3	3
C.3 Overall <b>implementation progress</b> (Sections B1 and B2)	3	4
Rationale for implementation progress rating		
C.4 Likelihood of achieving the development objectives (section B3 and B4)	4	4
Rationale for development objectives rating		
C. <b>Risks</b> Short description of major risks for each section and their impact on achievement of development objectives and sustainability		
Fiduciary aspects	The remaining programme implementation period is only six months. This leaves very short time for the implementation of programme activities. The Programme still faces some important challenges and risks in ensuring that the funds committed are utilized for realizing the expected programme outputs. PIU needs to ensure an efficient management of the cash flow. To resolve the existing operational difficulties, the Mission suggested that three budget line items ("Project account") in local currency be set up for Loan 663-MV, Grant 783 of PT-AFREP and Loan 692-MV of FADiP respectively in the Central Government System. While this simplifies the payment procedure and increases efficiency, it requires the PIU to monitor and reconcile the Special Account and the Amount in local currency withheld by the Treasury at monthly intervals to ensure that the sharing payment agreement is honoured. Capacities building of the PIU to be planned through participating in job relevant trainings, particularly advanced excel and quick book, management training, and loan administration.	
Project implementation progress	During most part of 2011 and 1 <sup>st</sup> half of 2012 MOFA has not effective enough to provide policy guidance, particularly in procurement and to make decisions to resolve procurement implementation issues affecting the Programme. This has been the main limitation that the Programme faced.	

Outputs and outcomes	There are a number of activities and actions that still need to be completed before programme completion in December 2012. Improved programme management now in place should minimise this risk, but it will nevertheless remain a significant challenge for the PIU to complete all activities in support of the agreed outputs, outcomes and objective. The main risks are worth highlighting. Firstly, the decision by the Government to embark on a new tender process for the provision of Vessel Location Devices (VLDs) will require a very strict timetable of steps to be adhered to, if procurement and disbursement is to be possible by the end of the year. Secondly, it has been agreed to use considerable amounts of the remaining programme finance to provide additional credit for ice plant loans. This requires MoFT and a lending institution to agree lending and on-lending terms, and IFAD to approve amendments to the Loan Agreement and a new Subsidiary Loan Agreement. The lack of availability of the proposed longline master fishermen to complete the longline fishing trials, or an inability to find an alternative if he is not available, is an additional risk faced by the Programme. There is a risk of losing the master trainers of the agriculture if a programme is not developed soon.
Sustainability	The Programme is ending in December 2012 but still many of the key functions have no exist plan or a sustainability intervention. MOFA should gradually take on more, if at all, the responsibilities in the decision making from PIU/Programme Manager for planning and management of the Programme activities. The Directors of Fisheries and Agriculture and their staff in MOFA should begin to take over the management of the programme activities from PIU so that interventions initiated can be mainstreamed as early as possible. The community activities such as fish market management have not been properly handed over to the island councils. They are eager to get engaged. A hand over programme should be quickly developed for the process. The CBPOs who are still not handed over to the FADiP programme should be done so.

### Proposed Follow-up

Component	Proposed follow-up	Date
Component 1: Recovery and Sustainable Development of the Fisheries Sector	2012 AWPB revision to include the provision for funds to a) modify the drainage system in the Maduvvari fish market building and replace the light fittings, b) support civil works to protect the Vilufushi market building, and c) provide for an additional credit line for ice plants	15 <sup>th</sup> July 2012
	Lending and on-lending terms for additional credit provision to be specified in a new SLA to loan 692-MV, and submitted to IFAD for approval	31 <sup>st</sup> July 2012
	MOFT to write to IFAD requesting a) an amendment to the LA for 692-MV so as to incorporate a credit element for additional ice plant loans to be provided through BML, and b) approval for a new SLA	31 <sup>st</sup> July 2012
Component 2: Recovery and Sustainable Development of the Agriculture Sector	Draw up an action plan to engage diploma holders attached to MOFA & CBPO in agric extension activities.	31 <sup>st</sup> July 2012
	Three most useful dissertations would be selected (Hand Book on Pest and Disease Control would be one of them), translated into <i>Divehi</i> and 200 printed copies of each to be distributed among the CBPO members who are in agricultural production.	30 <sup>th</sup> Sep 2012
	Develop an action plan to build capacity in CBPOs which are not linked to FADiP including a capacity needs assessment, and a strategy to sustainably use the trained CBPO facilitators and master trainers even after PT-AFReP. The plan should be closely discussed with the Island Council members to solicit their cooperation in the CBPO development process.	31 <sup>st</sup> July 2012
	Use the programme financed entomologist to train the staff of the quarantine center and get needed training to use the equipment.	31 <sup>st</sup> July 2012
Component 3: Policy support to the Ministry of Fisheries and Agriculture	Workshop to be held by the FMA to amend, finalise and adopt the draft fisheries management plan logframe	30 <sup>th</sup> October
	Government to commence with a new tender process for VMS/VLDs	31 <sup>st</sup> July 2012
	Transport Authority to complete training programme in the boat building code	30 <sup>th</sup> Nov 2012
	Master fishermen to be re-recruited for completion of long line fishing gear trials and vessel to be made ready	31 <sup>st</sup> Aug 2012
	2012 AWPB revision to include the provision and use of funds for a) an international data management consultant, b) equipment and training in the boat building code, c) training of MOFA/Fisheries Division staff and participation in technical meetings/workshops, and d) servicing of the vessel to be used for longline trials	15 <sup>th</sup> July 2012
Programme management	The mission team endorses the proposed revised AWPB, but recommends that is submitted it with the NSC approval to IFAD for formal 'no-objections'.	31 <sup>st</sup> July 2012
	Use qualitative (Most Significant Change, focus groups, key informant interviews) and quantitative tools to undertake outcome assessment leading to impact evaluation for the PCR.	30 <sup>th</sup> Nov 2012
	Undertake study/assessment of institutional development process for strengthening CBOs formed under the programme contributing to the PCR.	30 <sup>th</sup> Nov 2012

	Utilise the M&E budget to undertake quality assurance checks of infrastructure constructed by the programme leading to the provision of "Conditional Assessment Report".	31 <sup>st</sup> Oct 2012
	Document views of women on the benefits they derived from the programme to be incorporated in the PCR.	30 <sup>th</sup> Nov 2012
	Incorporate a gender sensitisation module in the trainings to be conducted in the remaining period of the programme.	Continuous
	Document successful processes, lessons, best practices and innovations in the Programme and develop knowledge products for Programme Completion Workshop (PCW).	30 <sup>th</sup> Nov 2012
	Organise knowledge sharing events in selected thematic areas.	30 <sup>th</sup> Nov 2012
Financial management	Three budget line items ( "Project Account") in local currency be set up for Loan 663-MV, Grant 783 of PTAFRP and Loan 692-MV of FADiP respectively in the Central Government System, items which should not be comingled with the Government-committed funds.	9 <sup>th</sup> July 2012
	The amounts owed by the Government to IFAD (US \$ 97,281.56 for the Grant and US \$ 218,788.80 for Loan 692) be transferred to the respective designated "Project Accounts".	9 <sup>th</sup> July 2012
	Monthly reconciliation should take place and hard copies of these statements should be printed out and signed by the programme Accountant and the Manager.	Continuous
	PIU be granted access to the Public Accounting system	31 <sup>st</sup> July 2012
	Capacities building of the PIU to be planned through participating in job relevant trainings, particularly advanced excel and quick book, management training, and loan administration.	31 <sup>st</sup> July 2012 onward
	Monitoring of exchange rates between the currency of denomination and the local currency at the time of transfer from the Special Account is to be performed by the Programme.	9 <sup>th</sup> July 2012
	Procurement processes and implementing activities to be carried out effectively, without any time lags. The reason for any delays should be analysed in detail and remedial measures should be initiated to avoid such delays occurring in the future.	On going
	Audit log with action plan be put in place and the PIU follow up on the audit recommendations.	31 <sup>st</sup> July 2012
	In order to improve the efficiency of financial management, the following arrangement are agreed: (a) Accountant will be responsible for accounts reconciliation, withdrawal applications preparation and monitoring exchange rates movement; (b) Account Assistant will be responsible for timely closing advance payments, and raising and monitoring vouchers status. The processing time for these vouchers should be limited to 7 working days.	Continuous

## Appendix 2: Progress against previous mission recommendations

Action Area	Action Agreed	Agreed Date for action to be taken	Whom
	<b>Overall Implementation issues</b>		
1	Complete all activities which had been planned and <u>to be funded under Loan 663-MV and Grant 783-MV</u> by 31 <sup>st</sup> December 2011.	Program Manager and Component Coordinators of MOFA	31 <sup>st</sup> December 2011
2	MOFT to request IFAD to amend Financing Agreement of Local 663-MV to reallocate funds by categories in a revised Schedule 2	MOFT and MOFA	Immediately
3	MOFT to request IFAD to amend Financing Agreement of Local 692-MV to extend completion date to 31 <sup>st</sup> December 2012 and to reallocate funds by categories in a revised Schedule 2	MOFT and MOFA	Immediately
4	MOFT to request IFAD to have the recoupment of authorised allocation under Loan 692-MV before the extended completion date of Loan 692-MV (31 <sup>st</sup> December 2012)	MOFT and MOFA	Immediately
5	Steering Committee to advise on how to reduce time for the approval process for procurement	Chairman of Steering Committee, Programme Manager and MOFA	Next meeting of Steering Committee
	<b>Component 1</b>		
6	Conduct the fish market management training for the respective Island Council members	PIU	Not later than 31 <sup>st</sup> August 2011
7	MOFA should develop a realistic time-line with Island Councils to make the fish markets operational	MOFA and PIU	As soon as possible
8	MOFA should initiate discussions with the Vilifushi Island Council on their plans for the future of the fish market to advise IFAD accordingly.	MOFA	By 31 <sup>st</sup> July 2011
9	MOFT to transfer a lump-sum of USD 400,00 equivalent to BML and have this reflected in an amended Subsidiary Loan Agreement.	MOFA	As soon as possible
	<b>Component 2</b>		
10	An accelerated programme with least administrative and technical obstacles to complete the relocation of the southern agricultural centre on a pre-determined completion date	MOFA	Mid June 2011
11	At the end of all Diploma research, the practicum outputs should be made in to a compendium for mutual benefit among all field personnel.	MOFA	Dec 2011
12	Where ever applicable, establish linkages between the existing Programme and FADIP programmes and the ongoing Strategic Action Plan of the Government	MOFA	Ongoing
	<b>Component 3</b>		
13	MOFA will inform IFAD on the completion of the revision of the Fisheries Bill	Programme Manager	Upon completion of the revision tasks
14	Transport Authority should advise MOFA on the time-line for the completion of the review process for the eventual adoption of the Boat Building Code.	Transport Authority	By 30 <sup>th</sup> June 2011
15	MOFA to undertake upon completion of the master fisherman training an assessment on its impact on the adoption by the trainees on the practice being taught	Programme Manager	Upon completion of the tasks
16	Programme management performance The Programme Steering Committee should meet at least once a quarter to review Programme progress and to provide policy guidance and resolve emerging issues face by PIU, MOFA and other Programme Partners	Chairman of Steering Committee	Quarterly
	<b>Monitoring and evaluation</b>		
16	Conduct Programme outcome survey in islands where CBPOs are functioning for RIMS level 2 reporting	M&E Officer	Last quarter of 2011
18	Include the quarterly reports as requirement for release of CBPO's monthly allowance. To facilitate reporting, translate the quarterly monthly reporting form into Dhivehi language.	M&E Officer	June 2011
19	PIU and MOFA authorities to agree on the role, responsibilities and reporting requirements of MOFA staff assigned to the Programme. Agreement should be translated into a ToR which will form part of evaluating their performance	PIU Manager	June 2011
20	Establish a database on the following profiles: a) islands covered; b)	M&E Officer	Beginning June 2011

Action Area	Action Agreed	Agreed Date for action to be taken	Whom
	CBPOs assisted and check the formula in generating reports using the excel program.		and completed Dec 2011
21	Improve existing reporting formats such as: a) trip report in matrix form; b) quarterly report by expanding the GOM's Project Monitoring Form (maximum 3-page report), c) semestral report (5-10 pages only), d) annual report using recent IFAD's guide. Reports should be provided to key staff and implementation partners. Revise trip reports for better M&E use.	M&E officer	Beginning June 2011
22	Regularly evaluate the performance of CBPO facilitators	PIU	Beginning last quarter of 2011
	<b>Knowledge management</b>		
23	MOFA to make a request to IFAD for the recruitment of a short -term consultant (intermittent basis) under implementation support assistance to develop processes on how to capture, communicate and commit the concerned stakeholders on the 3 learning themes identified. This consultant should guide the PIU in accomplishing the tasks.	PIU/Programme Manager	Beginning July 2011 to end June 2012.
24	Regularize meeting between CBPO facilitators', MOFA and PIU staff at least twice a year ( annual assessment of programme implementation as prelude to planning, or learning themes sharing/discussion)	PIU/Programme Manager	Beginning June 2011
	<b>Fiduciary</b>		
25	The Programme should maintain the Loan and Grant Account separately in hard copies. . Cash book in hard copies for both accounts should be also maintained.	PM, Programme Accountant	Immediately
26	The Finance Officer should keep hard copies of the accounting ledgers on a monthly basis with reconciliation of accounts. Reconciliation for the expenditures made from IFAD fund and Government counterpart fund should follow the financing percentages of Schedule 2 of the Financing Agreement. Hard copies should be signed by the Programme Accountant, Programme Manager and Project Director.	PD, PM,, Programme Accountant	Immediately
27	Documents related to accounting and reports (six monthly and yearly PFS) should be periodically printed, signed and maintained.	PM, Programme Accountant	Ongoing basis
	MOFA should give access to PIU Programme Accountant without delay.	PIU, MOFA	30 <sup>th</sup> June 2011
28	The Programme Accountant should calculate the actual outstanding reimbursement amount from the Loan to the Government and the receivable amount from the Government to the IFAD Grant Account and adjustment should be made in WA 15 of IFAD Loan 663 MV and the forthcoming WA of the IFAD Grant C 783 MV.	Programme Accountant	upcoming WAs of IFAD Lone & Grant
29	The PIU should ensure that at least one WA should be sent in each quarter.	PM, Programme Accountant, Project Director	Starting from FY 2011
30	IFAD should assist PIU to develop accounting formats to meet IFAD requirements are compatible Government accounting system to organise a training to use the accounting formats.	Programme Manager to request from IFAD	As soon as possible
	<b>Procurement</b>		
31	The stages of prior review should be followed. The Project should seek post "No Objection"" for above mentioned contract. This practice should not be repeated.	PM	Immediately, Ongoing basis
32	All type of procurement activities should be included in the respective years' procurement plan	PM, PSC	Ongoing basis
33	The terms & conditions of the Contract Agreement should be followed for the extension of intended completion period	PM	Ongoing basis
34	While selecting the procurement method the Project should apply Government procurement threshold. If Government threshold is not practical, the PIU could propose appropriate procurement method acceptable to IFAD.	PM, PSC	Ongoing basis
35	The Project should establish a permanent procurement committee. An in-depth procurement training must be organised to the committee member and the staff involved in the procurement.	PIU, MOFA, IFAD	30 <sup>th</sup> September 2011
36	All quotations and tender should be followed the principle of competition, the evaluation criteria set out in the procurement document should be followed strictly.	PIU	Immediately, Ongoing
	<b>Asset management</b>		
37	The Programme should maintain hard copies of fixed and consumable assets records. These hard copies should be signed by Store keeper and	Store Keeper/Programme	Immediately



<b>Action Area</b>	<b>Action Agreed</b>	<b>Agreed Date for action to be taken</b>	<b>Whom</b>
	Programme Manager.	Manager	
38	A list of fixed assets used in the office rooms and not received by an individual staff either should be issued to the user or be listed with assets identification number and pasted in all rooms/cabins.	Store Keeper/Programme Manager	Immediately
39	The Programme Accountant should check the stock entries of those procured goods before making payment to avoid the missing on entries	Programme Accountant	Immediately on ongoing basis
	<b>Audit</b>		
40	Audit Report of FY 2010 should be delivered to IFAD by June 2011. The status of FY 2009 audit observations and recommendation should be included.	PIU, MOFA, Auditor General Office	30 June 2011
	<b>Sustainability</b>		
41	MOFA to prepare a draft exit strategy plan for discussions with the next full supervision mission.	Project Director	Next supervision mission

### Appendix 3: Financial: Actual financial performance by financier; disbursements by category and by component

**Table 3A: Financial performance by financier (as of 31 May, 2012)**

Financier	Approved (USD)	Expenditures incurred (USD)	Balance	Per cent disbursed
Source	PPMS	IFAD(LGS)+PIU for Gov	Calculated	Calculated
IFAD Loan 663-MV and L692	4,250,147	2,839,798	1,410,349	67%
IFAD Grant C 783	207,904	109,615	98,289	53%
Government (PIU)	702,636	408,283	294,353	58%
<b>Total</b>	<b>5,160,687</b>	<b>3,357,695</b>	<b>1,802,992</b>	<b>65%</b>

**Table 3B: Financial performance by financier by component (USD as of 31 May, 2012)**

Component	IFAD loan			IFAD grant			Government			Ap
	Approved	Actual	%	Approved	Actual	%	Approved	Actual	%	
Fisheries	1,681,584	1,177,668	70%				107,335	74,462	69%	1,7
Agriculture	788,970	567,927	72%	27,717	0	0	107,925	36,306	34%	9
Policy	1,168,062	631,233	54%	180,187	109,615	61%	448,342	267,975	60%	1,7
Programme Mgt.	611,531	462,970	76%				39,034	29,539	76%	6
<b>Total</b>	<b>4,250,147</b>	<b>2,839,798</b>	<b>67%</b>	<b>207,904</b>	<b>109,615</b>	<b>53%</b>	<b>702,636</b>	<b>408,283</b>	<b>58%</b>	<b>5,1</b>

**Table 3C: IFAD Loan 663, Loan 692, Grant 783 disbursements (SDR)**

Category	Category description	Original Allocation	Revised Allocation	Disbursement	Balance	Per cent disbursed	Pending W/A
I	Civil works	835,000	596,000	460,641	135,359	77%	36,922
II	Vehicles and equipment	165,000	600,000	100,360	499,640	17%	62,053
III	Technical assistance	620,000	470,000	326,024	143,976	69%	68,652
IV	Training Grant	140,000	140,000	70,622	69,378	50%	
IV	Training Loan	260,000	245,000	151,021	93,979	62%	651.56
V	Studies and workshops	160,000	117,000	65,814	51,186	56%	2,022.08
VI A	Incremental operating costs	200,000	197,000	205,337	-8,337	104%	23,207.35
VI B	Incremental operating costs	55,000	55,000	36,573	18,427	66%	1,004.77
VI C	Incremental operating costs	270,000	285,000	58,400	226,600	20%	1,545.10
VII	Credit fund	285,000	285,000	241,217	43,783	85%	
		2,990,000	2,990,000	1,716,009	1,273,991	57%	196,057
	Initial deposit			704,795	-704,795		
	<b>Total (include Initial)</b>	2,990,000.00	2,990,000.00	<b>2,420,805</b>	<b>569,195</b>	<b>81%</b>	<b>176,065</b>

**Table 3D: IFAD Loan 663 disbursements (SDR, as at 31 May, 2012)**

Category	Category description	Allocation	Disbursement	Balance	Per cent disbursed	Pending W/A	Overall per cent
I	Civil works	350,000	299,327	50,673	86%		86%
II	Vehicles and equipment	75,000	97,931	-22,931	131%		131%
III	Technical assistance	280,000	323,341	-43,341	115%		115%
IV	Training	100,000	113,354	-13,354	113%		113%
V	Studies and workshops	80,000	65,814	14,186	82%		82%
VI A	Incremental operating costs-Staff Salaries	100,000	164,791	-64,791	165%		165%
VI B	Incremental operating costs-Travel	30,000	36,347	-6,347	121%		121%
VI C	Incremental operating costs-Other Costs	100,000	56,663	43,337	57%		57%
VII	Credit fund	285,000	241,217	43,783	85%		85%
<b>Total</b>		<b>1,400,000</b>	<b>1,398,787</b>	<b>1,213</b>	<b>100%</b>	<b>0%</b>	<b>100%</b>

**Table 3E: IFAD Grant 783 disbursements (SDR, as at 31 May)**

Category	Category description	Allocation	Disbursement	Balance	Per cent disbursed	Pending W/A	Overall per cent
IV	Training	140,000	70,622	69,378	50%		50%
	Initial deposit		69,009	-69,009			
		<b>140,000</b>	<b>139,631</b>	<b>369</b>		<b>0</b>	<b>100%</b>

**Table 3F: IFAD Loan 692 disbursements (SDR, as at 31 May, 2012)**

Category	Category description	Original Allocation	Revised Allocation	Disbursement	Balance	Per cent disbursed	Pending
I	Civil works	485,000	246,000	161,314	84,686	66%	36,921.98
II	Vehicles and equipment	90,000	525,000	2,428	522,572	0%	62,052.71
III	Technical assistance	340,000	190,000	2,683	187,317	1%	68,651.76
IV	Training	160,000	145,000	37,667	107,333	26%	651.56
V	Studies and workshops	80,000	37,000	0	37,000	0%	2,022.08
VI A	Incremental operating costs- Staff Salaries	100,000	97,000	40,546	56,454	42%	23,207.35
VI B	Incremental operating costs- Travel	25,000	25,000	226	24,774	1%	1,004.77
VI C	Incremental operating costs- Other Costs	170,000	185,000	1,737	183,263	1%	1,545.10
Total (not include the advance balance)		1,450,000	1,450,000	246,600	1,203,400	17%	196,057.31
Initial deposit				635,787	-635,787		
<b>Adding the disbursement from SA</b>		<b>1,450,000</b>	<b>1,450,000</b>	<b>882,387</b>	<b>567,613</b>	<b>61%</b>	<b>196,057.31</b>

**Table 3G: Proposal for Reallocation SDR, as at 31 May, 2012**

Category	Category description	Current Allocation (SDR)	Total expenditures (including Pending WA)	Planned Activities (SDR)	Overall estimated expenditure (SDR)	Pro New Allo
I	Civil works	246,000	198,236	55,138	253,374	2
II	Vehicles and equipment	525,000	64,481	261,142	325,623	3
III	Technical assistance	190,000	71,334	108,022	179,357	1
IV	Training	145,000	38,318	94,969	133,287	1
V	Studies and workshops	37,000	2,022	62,265	64,287	
VI A	Incremental operating costs-Staff Salaries	97,000	63,753	15,202	78,955	
VI B	Incremental operating costs-Travel	25,000	1,231		1,231	
VI C	Incremental operating costs-Other Costs	185,000	3,282	73,619	76,901	
VII	Credit Line			323,426	323,426	3
	Unallocated				-	
Total (not include the advance balance)		1,450,000	442,657	993,783	1,436,441	1,45

#### Appendix 4: Compliance with Financing Agreement covenants: Status of implementation

Section	Covenant	Target/Action Due Date
<b>ARTICLE II:</b>	<b>THE FINANCING</b>	
2.02	<i>Loan Account and withdrawal.</i> <b>The Fund shall open a Loan Account and a Grant Account in the name of the Borrower and credit the principal amount of the Loan and the Grant, respectively, thereto.</b> The Borrower may request withdrawals from the Loan Account and the Grant Account from time to time between the Effective Date and the Loan Closing Date in various currencies in respect of Eligible Expenditures and otherwise in accordance with Schedule 2 (Allocation and Withdrawal of Loan and Grant Proceeds) hereof, and Article IV (Loan Account and Withdrawals) and Section 6.02 (Currencies for Withdrawals) of the General Conditions.	IFAD: Open loan account
2.03	<i>Special Account for Loan Proceeds.</i> (a) the Borrower shall open and thereafter maintain in its Central Bank, or another bank proposed by the Borrower and accepted by the Fund, a <b>Special Account denominated</b> in USD for the purpose of receiving Loan proceeds to finance the Programme. The Special Account shall be protected against set-off, seizure or attachment on terms and conditions proposed by the Borrower and accepted by the Fund.  (b) After the <b>Special Account</b> has been duly opened, upon the Borrower's request, the Fund shall make one or more withdrawals from the Loan Account of up to USD 1,000 000 in the aggregate (the "Authorised Allocation"). The Fund shall deposit the amount of the Authorised Allocation in the Special Account on behalf of the Borrower for the purpose of carrying out the Programme. The <b>Fund shall replenish the Special Account from time to time upon request, in accordance with Section 4.08 of the General Conditions (Special Account)</b> , in such minimum amounts as the Fund, may specify by notice to the Borrower.  (c) The Borrower shall operate the Special Account in accordance with Section 4.08 of the General Conditions.	MALDIVES: Opened Loan special account in USD  MALDIVES authorised allocation .of USD 1 million.
2.04	<i>Grant Bank Account.</i> (a) The Borrower shall open and thereafter maintaining its Central Bank, or another bank proposed by the Borrower and accepted by the Fund, a Grant Bank Account denominated in USD for the purpose of receiving Grant proceeds to finance the Programme. The Grant Bank Account shall be protected against set-off, seizure or attachment on terms and conditions proposed by the Borrower and accepted by the Fund.	MALDIVES: Authorised signatories. Accounts are operated and controlled by the Government.



Section	Covenant	Target/Action Due Date
	(b) As from the Effective Date, the Borrower may request withdrawals from the Grant Account yearly in advance during the Programme Implementation Period. The amount so requested shall not exceed the amount of expenditures which is included in the AWPB for the relevant Programme Year to be financed from the Grant. <u>Replenishment of and use of Grant proceeds from the Grant Bank Account shall be on the basis of the AWPBs. The Borrower shall make payments out of or use the proceeds of the Grant Bank Account exclusively for Eligible Expenditures.</u>	
	(c) The Borrower and the Fund shall agree who/which Programme personnel shall be authorised to operate the Grant Bank Account.	
2.05	<i>Use of Proceeds.</i> The Borrower and each Programme Party shall use the proceeds of the Loan and the Grant exclusively to finance Eligible Expenditures in accordance with this Agreement and the General Conditions. Without limiting the generality of the foregoing, it is agreed and understood that it is the policy of the Fund that Loan and Grant proceeds not be used to pay Taxes, including (but not limited to) any Taxes levied on the importation, procurement or supply of any goods, civil works or services financed by the Loan or the Grant.	
<b>2.06</b>	<b>Interest rate</b> of 0.75% per annum on the amount of the loan outstanding payable on each 15 April and 15 October in USD.	Maldives: pay interest rate of 0.75% per year each year on April 15 and October 15.
<b>2.07 &amp; 2.08</b>	<b>Repayment:</b> 59 equal instalments of SDR 2334, payable on each 15 April and 15 October commencing on 15 October and ending on October, 2044 and one final instalment of SDR 23294 payable on 15 April 2045 in USD	MALDIVES; pay 59 instalments of SDR 23334 and on of SDR 23294 from 2015 to 2045 on April 15 and October 15
<b>ARTICLE III: THE PROGRAMME</b>		
3.02	<i>Annual Work Plans and Budgets.</i> (a) The PIU shall prepare a draft consolidated annual work plan and budget (AWPB) for each Programme Year. Each draft AWPB shall include, among other things, a detailed description of planned Programme activities during the coming Programme Year, and the sources and uses of funds therefore, based on the respective work plans and budgets prepared by each of the Programme Parties.	PROGRAMME: prepare AWPB every year from 206 to 2012 by 31 December.
	(b) The PIU shall submit the draft consolidated AWPB to the SC for its approval. When so approved, the PIU shall submit each draft consolidated AWPB to the Fund, for comments and approval, no later than 60 days before the beginning of the relevant Programme Year. If neither the Fund nor the Cooperating Institution comment on the draft AWPB within 30 days after receipt, the AWPB shall be deemed approved.	PROGRAMME: submit AWPB to steering committee.
	(c) The SC shall adopt the AWPBs substantially in the form approved by the Fund, and the PIU shall provide copies thereof to the Fund, prior to the commencement of the relevant Programme Year.	PROGRAMME: Submit AWPB to IFAD for approval every year.  IFAD: provide comments every year from 2006 to 2012 within 30 days.
	(d) If required, the PIU may propose adjustments in the AWPB during the relevant Programme Year, which shall become effective upon approval by the SC, and the Fund.	
3.03	<i>Availability of Loan Proceeds.</i> The Borrower shall make the proceeds of the Financing available to the Lead Programme Agency in accordance with the AWPBs and its customary national procedures for development assistance to carry out the Programme.	
3.04	<i>Availability of Additional Resources.</i> (a) In addition to the proceeds of the Financing, the MALDIVES shall make available to the Lead Programme Agency and each other Programme Party, promptly as needed, such funds, facilities, services and other resources as may be required from time to time to carry out the Programme in accordance with this Agreement.	MALDIVES: pay to programme/counterpart funds for development assistance of USD 1000,000.
	(b) Without limiting the generality of paragraph (a) above, the Borrower shall	MALDIVES: pay

Section	Covenant	Target/Action Due Date
	make available to the Lead Programme Agency during the Programme Implementation Period counterpart funds from its own resources not exceeding USD 100 000, as required and set forth in the AWPBs in accordance with its customary national procedures for development assistance. For such purpose, the Borrower shall make budgetary allocations for each Fiscal Year equal to the counterpart funds called for in the AWPB for the relevant Programme Year and make such allocations available to the Lead Programme Agency annually in advance promptly as required to carry out the Programme in accordance with this Agreement.	programme/counterpart funds for development assistance of USD 1000,000.
3.05	<i>Procurement.</i> The Lead Programme Agency and each other Programme Party shall procure all goods, civil works and services financed by the Loan and the Grant in accordance with Schedule 4.	
<b>ARTICLE IV:</b>		
4.01	<i>Monitoring.</i> The Lead Programme Agency shall establish and thereafter maintain appropriate information management mechanisms to enable it to continuously monitor the Programme in accordance with paragraph 4 of Schedule 3A and Section 8.02 (Monitoring of Programme Implementation) of the General Conditions based on indicators agreed by the Borrower and the Fund.	
4.02	<i>Progress Reports.</i> The Lead Programme Agency shall submit to the Fund consolidated six-monthly and annual progress reports on Programme implementation, as required by Section 8.03 (Progress Reports) of the General Conditions, no later than three months after the end of each six-monthly and annual period, respectively, during the Programme Implementation Period, based on the progress reports prepared by each of the Programme Parties as referred to in paragraph 5 of Schedule 3A. In addition to the matters specified in said Section 8.03, each progress report shall detail actual progress of the Programme, which shall be reported against estimates contained in the AWPB; each report shall contain and highlight reasons for deviations from the AWPB estimates.	PROGRAMME: submit progress reports to IFAD every six month. Deadline: March 31/September 30
4.03	<i>Mid-Term Review.</i> (a) The Lead Programme Agency, and the Fund, shall jointly carry out a review of Programme implementation no later than the end of the thirtieth month following the Effective Date (the "Mid-Term Review") based on terms of reference approved by the Fund. Among other things, the Mid-Term Review shall consider the achievement of Programme's objectives and the constraints thereon, and recommend such reorientation as may be required to achieve such objectives and remove such constraints. (b) The Borrower shall ensure that the recommendations resulting from the Mid-Term Review are implemented within a reasonable time thereafter and to the satisfaction of the Fund. It is agreed and understood that such recommendations may result in modifications to the Loan Documents or cancellation of the Loan and/or Grant.	IFAD and PROGRAMME: produce mid-term review by end of October 2009
4.04	<i>Completion Report:</i> The PIU shall fund to the Cooperating institution the Completion Report on the programme required by 8.04 of the (Completion Report) of the General Conditions no later than six months before the programme completion date.	PROGRAMME: submit completion report to IFAD no later than 30 December 2011.
4.05	<i>Evaluations :</i> The Borrower and each programme party shall facilitate all evaluations and reviews of the programme that the fund may carry out during the Programme Implementation period and for 10 years thereafter, as required by Section 10.05 of the (Evaluation of the Programme) <i>General Conditions</i> .	
<b>ARTICLE V: FINANCIAL REPORTING AND INFORMATION</b>		
5.01	<i>Financial Statements.</i> The PIU shall prepare six-monthly and consolidated annual financial statements of the operations, resources and expenditures related to the Programme required by Section 9.02 (Financial Statements) of the General Conditions in respect of each six-monthly period and Fiscal Year, based on the financial statements prepared by each Programme Party (the "consolidated financial statements"), and deliver such consolidated financial statements to the Fund and the Cooperating Institution within three months after the end of each such six-monthly period and Fiscal Year during the Programme Implementation Period.	PROGRAMME: Prepare consolidated financial statements every 6 months-due date: March 31, and September 30 on a yearly basis.
5.02	<i>Audit Reports. Audit Reports.</i> (a) Within 90 days after the Effective Date, the Borrower shall confirm the appointment of the Auditor-General of the Borrower to be responsible for the audit of the accounts and the consolidated annual financial statements, referred to in Section 5.01, relating to the Programme, or if deemed necessary, the Borrower shall appoint with the prior approval of the Fund, other independent auditors selected in accordance with the procedures and criteria set forth in the Fund's "Guidelines on Project Audits (Borrowers' Use)" (2003, as may be amended from time to time). (b) The Borrower shall have the accounts and consolidated annual financial	MALDIVES: Confirm appointment of the auditor by March 31 each year.  MALDIVES: Deliver audited

Section	Covenant	Target/Action Due Date
	statements relating to the Programme audited each Fiscal Year by such auditor in accordance with International Standards on Auditing and the Fund's "Guidelines on Project Audits (Borrowers' Use)" (2003, as may be amended from time to time). In accordance with Section 9.03 (Audit of Accounts) of the General Conditions, the Audit Report shall include, <i>inter alia</i> : (i) an opinion on the certified statements of expenditure and utilization of the Special Account and the Grant Bank Account; and (ii) a separate management letter addressing the adequacy of the Programme's accounting and internal control systems. The PIU shall deliver the Audit Report to the Fund within six months after the end of each such Fiscal Year. <b>The PIU shall submit to the Fund and the Cooperating Institution a reply to the management letter of the auditors within one month after receipt thereof.</b>	financial statements, opinion on SOEs and management letter every fiscal year from 200d7 to 2011 by December 31 <sup>st</sup> .  PROGRAMME: It delivers audit report to IFAD each year from 2007 to 2011 by June 30.  Programme replies to management letter prior to July 30.
<b>ARTICLE VI:</b>	<b>REMEDIES OF THE FUND</b>	
6.04	<i>Audits.</i> If the Borrower does not timely furnish any audit report required by Section 5.02, and the Fund, after consultation with the Borrower, determines that the Borrower is unlikely to do so within a reasonable period thereafter, the Fund, or the Cooperating Institution on behalf of the Fund, may engage independent auditors of its choice to audit the accounts relating to the Programme. For such purpose, the Borrower and the Programme Parties shall make their financial and other records available to such auditors promptly upon request, accord them full rights and privileges as agents of the Fund under Section 10.03 (Visits, Inspections and Enquiries) of the General Conditions and otherwise cooperate fully with such audit. The Fund shall make the audit report available to the Borrower promptly upon its completion. The Fund shall finance the cost of such audit by withdrawal from the Loan Account on behalf of the Borrower, and the Borrower hereby authorizes the Fund to make such withdrawals.	
7.01	<b>Conditions precedent to effectiveness</b> (due within 90 days after approval):	MALDIVES: appoint programme management, implementation unit and steering committee; open accounts, sign agreement and produce legal opinion and authorized signatories by July 18 2005.
7.01 (a)	Programme management shall have been duly appointed and approved by IFAD.	IFAD: approval
7.01 (b)	Loan and Grant accounts shall have been duly opened.	
7.01 (c)	Maldives shall have established steering committee and programme implementation unit.	
7.01 (d)	Agreement signed and authorized signatories approved by the government.	
7.01 (e)	Legal opinion by the Attorney General of Maldives received by IFAD.	
Meeting the Bank of Maldives	A revolving credit facility will be established to provide financial support to boat owner/operators and SMEs for the installation of ice plants and for upgrading of vessels to ensure improvements in fish quality and hygiene through the use of refrigerated and chilled sea water. It will be run by the Bank of Maldives (BML) through a subsidiary loan agreement with the Ministry of Finance and Treasury.	
Amendment – 27 March 2008	Procurement	
Schedule 4 Para 8	Estimated to cost USD 100,000 Equivalent or more for Goods and Civil works shall be subject of prior review by the Fund	
Schedule 4 Para 9	The award of any contract for consulting services estimated to cost USD 20,000 equivalent or ore shall be subject to prior review by the fund	
Schedule 4 Para 10	All bidding documents and contracts for the procurement of goods, civil works and services financed by the loan and the grant shall include a provision requiring, bidders, suppliers, contractors, sub-contractors and consultants to permit the Fund to inspect their accounts, records and other documents relating to the bid submission and contract performance and to have them audited by sub-contractors..	
Schedule 4	Maintain all documents and records related to the fib -financed programme for three years after completion of the work completed in the contract	
Schedule 4	'Require the delivery of any document necessary for the investigation of allegation of fraud or corruption and consultants with knowledge of the designated auditor.	

## Appendix 5 (a): Physical progress measured against AWP&B and appraisal targets, including RIMS indicators

		(Physical) Targets				
		2012 AWP&B (planned) <i>Planned annual</i>	2012 Actual (achieved)	%	Revised (Global)	Cumulative, as of June 2012 (so far)
<b>Part 1 – Recovery and sustainable development of the Fisheries Sector</b>						
Four Fish Market Centres established on islands		4	4	100	4	4
Agreement with communities on management facilities	Fish Market Construction Completed	4	4	100	4	4
Final contract allocation for the fish markets	Fish Market Construction Completed	4	4	100	4	4
100% completion	Fish Market Construction Completed	1	1	100	1	1
100% completion	Fish Market Construction Completed	1	1	100	1	1
100% completion	Fish Market Construction Completed	1	1	100	1	1
100% completion	Fish Market Construction Completed	1	1	100	1	1
Four supervisors for market construction	Four supervisors recruited for site supervision	4	4	100	4	4
100% completion market management	Fish Market Construction Completed	4	4	100	4	4
Credit provided for SME scale ice units, RSW/CSW onboard and VMS services	Bank of Maldives disburse micro credit funds to target clients					
Formalize SLA	No. and description of SMEs accessing the credit facility	4	4	100	4	4
<b>Part 2 – Fish landing facilities in Hulhumale and Malé</b>						
Study on integrated development & management plan for shore-side fisheries facilities, to attract investments and related costs.	No. of vessels using the landing area. Perception of the users on quality of processing and storage facility. Perception of the buyers on the quality of fish sold.	1	1	100	1	1
100% completion contract civil works		1	0	0	1	0
<b>Part 2 - Recovery and sustainable development of the Agriculture Sector</b>						
Improved facilities of two agricultural centers		2	1	50	2	1
Tender civil works for reallocation of the agricultural Center	Agriculture Centre Relocated in L.Gan	1	0	0	1	0
Training and research facilities & equipment for agricultural centers	All required facilities provided to each Agriculture Centre	1	1	100	1	1
<b>Part 3 – Improved capacities of MOFA staff in agricultural centers</b>						
Training for staff	Number of MOFA staff ( <i>men &amp; women</i> ) trained by training service provider	8	8	100	8	8
100% completion land use	Quality of training provided by the ICRAF (target 100% satisfied)	1	1	100	1	1
100% completion tribusiness/marketing/M&E (ICRAF)	No of research trials funded by the project	8	8	100	8	8
<b>Part 4 – CBPOs are established and capable on farm adaptive research</b>						
TOT training by MOFA staff to CBPO	No of CBPO Facilitators Trained	25	31	155	20	31
100% completion and training of community based organizations by community trainers	No of CBPO formed	3750	434	12	3750	1740
100% completion training	Training Completed	1	1	100	1	1
<b>Part 3 - Policy Support to the Ministry of Agriculture and Fisheries</b>						
Fisheries Master Plan finalised						

Maldives - Post Tsunami Agricultural and Fisheries Rehabilitation Programme (PT-AFReP)  
Supervision and Implementation Support Mission: 24<sup>th</sup> June-9<sup>th</sup> July 2012 – Supervision Report

Technical assistance through Policy and expert	Fisheries Master Plan Finalized	1	1	100	1	1
Revitalization U. W. Schmidt	Completed	1	1	100	1	1
<b>Capacity for regional and local cooperation of MoFA/GoM</b>	Number of MOFA staff (number of forums)					
Communication and logistical support for at meetings	No of back to office reports after the trips to International forums, no of staff attending international forums	1	5	500	9	13
Plans for GoM to join IOTC member (one)	Maldives become member of IOTC	1	1	100	1	1
<b>National MCS complying with international standards and conventions</b>						
Technical specifications of hard and VMS, data processing and technical	MCS system installed by 2010	1	1	100	1	1
Cost of necessary hardware and software, logistical requirements	MCS system installed by 2010	1	1	100	1	1
Hardware and Software management training	No People trained	37	37	100	37	37
Training of a corps of MCS inspectors (at least inspections)	No People trained	37	0	0	37	0
Training in VMS and MCS data	No People trained	50	0	0	50	0
<b>Human resource capacity of the Authority (MFDA) strengthened</b>						
Inspectors in on board and land based and hygiene standards according to international standards	MFDA inspectors trained on EU inspection and quality of training for the MFDA staff	43	134	311.6	108	134
<b>Legal revision of the fisheries bill</b>						
Legal TA for the revision of fisheries bill	Completion of the Fisheries Bill	1	1	100	1	1
<b>Boat Building Code established and implemented</b>						
Boat Building Code to Maldivian needs international best practice	status of Endorsement of the code by transport ministry	1	1	100	1	1
<b>Maldivian fish and fisheries products and line/hand line certified</b>						
MSC full-assessment	- MSC (Marine Stewardship Council) certification obtained for fishery industry - Status of completion of MSC certification	1	1	100	1	1
Inspect (LLF Vessel Design) Oyvind n - Completed	Completed	1	1	100	1	1
<b>Training in quality standards for processing of Maldives fish facilitated</b>						
Extension Training-completed	Number of trainers (FTC and CBPOs) (men and women) trained (target 200)			0	30	30
Quality management - completed						
Content on quality standards as part of	Number of people trained (processors and CBPOs) (men and women) in quality standards (target 1500)	1500		1.87	1500	
<b>Training and demonstration of YFT and FCT vessel supported</b>						
Master Fisherman	Number of fishermen (men and women) fully trained in long lining by Master fisherman	1	0	0	1	
Equipment for the LL vessel	Number of fishermen (men and women) fully trained in long lining by Master fisherman	1	1	100	1	0
Lining and demonstration activities	Number of fishermen (men and women) fully trained in long lining by Master fisherman	360	0	0	54	0
<b>0: CBPO facilitators trained by FTC</b>						

Maldives - Post Tsunami Agricultural and Fisheries Rehabilitation Programme (PT-AFReP)  
Supervision and Implementation Support Mission: 24<sup>th</sup> June-9<sup>th</sup> July 2012 – Supervision Report

stitutional and M&O design of the FTC, development of training syllabus	Number of fisheries CBPO facilitators (men & women) trained by FTC in Villingili	1	1	100	1	1
Capacity Building of FTC staff (Villingili)	No of FTC facilitators trained	20	4	20	20	6
<b>1: Functioning and legitimate CBPOs and working in partnership with FTC</b>						
nt of equipment's for CBPOs	No. of CBPO's established			0	10	10
CBPO Trainers (TA)	No. of CBPO's established					
CBPO Trainers(Training)	No. of CBPO's established	15	15	100	15	15
l Training	No. of CBPO's established	1500	0	0	1500	0
<b>2: Agriculture Master Plan Finalized</b>						
g frame planning capacity (TA)	Agriculture Master Plan finalised	1	1	100	1	1
lication of log frame methodology to of Master Plan	Agriculture Master Plan finalised	1	1	100	1	1
he development of the Master Plan	Agriculture Master Plan finalised	1	1	100	1	1
nt of Entomologist		1	1	100	1	1
<b>3: MoFA staff trained for 1st degrees in project Management</b>						
agement	No of GOV staff trained	1	1	100	1	1
velopment (Business Mgt)	No of GOV staff trained	1	1	100	1	1
s	No of GOV staff trained	1	1	100	1	1
Extention 1	No of GOV staff trained	1	1	100	1	1
Extention 2	No of GOV staff trained	1	1	100	1	1
ecture	No of GOV staff trained	1	1	100	1	1
nt Studies	No of GOV staff trained	1	1	100	1	1
<b>4 - Programme Coordination</b>						
<b>AWPB for the PTAFREP and Progress</b>	1 AWPB and 4 ( Progress reports developed) per year	1(4)	1(4)	100	3(12)	3(8)
	- Number of PIU positions filled on a full time basis	1	1	100	1	1
Manager		1	1	100	1	1
	- Number of Programme Coordinator's appointed	1	1	100	1	1
Assistant		1	1	100	1	0
Officer	- Number of staff trained by gender	1	1	100	1	1
stant	- Number of M&E/RIMS reports submitted timely	1	1	100	1	1
Coordinator		1	1	100	1	1
ordinator	- Number of RO-AWPB and annual procurement plans submitted for approvals	1	1	100	1	1
tion Officer (Agri)		1	1	100	1	1
tion Officer (Fish)		1	1	100	1	1
tion Officer (Agri)	- Number of audits taken	1	1	100	1	1
		1	1	100	1	1
<b>Technical Assistance and Training on financial Management</b>						
porting	Completion of the Management TA					
ies international	Completion of the Management TA					
<b>M&amp;E information issued for decision poses</b>						
	4 M&E reports developed per year	4	4	100	7	4



## Appendix 5 (b) Revised Logical Framework

Hierarchy of objectives	Objectively verifiable indicators	Means of verification (see M&E matrix)
<b>OVERALL GOAL AND PROJECT PURPOSE</b>		
<b>Overall goal:</b> Contribute to the restoration of agricultural and fisheries GDP to level reached previous to the occurrence of the Tsunami and return to stable and long-term growth, while improving the livelihood of affected people and reducing their vulnerability to disasters.	GDP contribution of fisheries and agriculture  Vulnerability of the population in the target area	Baseline report  VPA (Min. of P
<b>Project purpose:</b> Improved livelihoods of island communities targeted by the project.	<i>Household's assets ownership index (farmers and fisher folks) (RIMS)</i>  <i>Child malnutrition (RIMS)</i>  <i>People (men and women) receiving project services (RIMS 1.8.1)</i>  <i>Communities receiving project services (RIMS 1.8.4)</i>	Baseline report  Ministry of Health  Ministry of Planning  M&E reports
<b>COMPONENT 1: RECOVERY AND SUSTAINABLE DEVELOPMENT OF THE FISHERY SECTOR</b>		
<b>Outcome 1:</b> Improved and sustainable operating conditions for small and medium scale fish harvesters and processors.	<i>Likelihood of sustainability of market facilities (RIMS 2.4.3 – 2nd level)</i>  % of vessels using landing area out of total number of vessel, in the 4 fish market islands (target 100%)  % of fish landing to the market out of total fish catch of the island, in the 4 fish market islands (target 100%)  % of fish processors using fish market center out of total fish processors, in the 4 fish market islands (target 100%)  % of vessels utilizing transponders out of total number of vessels in the country (target 70% at national level)  Financial and accounting data quarterly are sent quarterly by fish market management committee  Perception of users on the quality of the processing and storage facilities (target 80% are satisfied)  Perception of the buyers on the quality of the fish sold (target 70% report improvement)	Fish market management reports  Fish market supervision  MoFA
<b>Output 1.1:</b> Four fish market centers established in selected islands.  <u>Activity 1.1.1</u> – Obtain agreement with communities on management of market facilities <u>Activity 1.1.2</u> – Proceed with contract allocation for markets (Gemanafushi, Hirilandhoo, Maduvvari, and Viilifushi) <u>Activity 1.1.3</u> – Supervise market construction (PIU/FIO) <u>Activity 1.1.4</u> – Supervise construction, provide feedback to PIU/MoFA (island supervisors) <u>Activity 1.1.5</u> – Provide management training at four island market sites (M&O, book keeping, participatory M&E) <u>Activity 1.1.6</u> – Subject market operation and management to M&E	<i>Number of fish market centers constructed (RIMS 1.4.3 – 1st level) (target 4)</i>	Fisheries Implementation

Hierarchy of objectives	Objectively verifiable indicators	Means of verification (see M&E matrix)
<b>Output 1.2:</b> Credit provided for SME scale ice production units, RSW/CSW onboard and VMS transponders  <u>Activity 1.2.1</u> – Draft and formalize SLA <u>Activity 1.2.2</u> – Monitor disbursement through BML <u>Activity 1.2.3</u> – Evaluate impact on user level	F10- Bank of Maldives disbursed micro credit funds (USD 400,000.00) to target clients (target 100% disbursed)  F11- Number of enterprises accessing financial services (RIMS 1.5.5 – 1st level) (target at least 10)	Bank of Maldives
<b>Output 1.3:</b> Fish landing facilities in Hulhumale constructed  <u>Activity 1.3.1</u> – Carry out study on integrated development & management plan for shore-side fisheries facilities, to include prioritized investments and related costs <u>Activity 1.3.2</u> – Tender and contract civil works (removed from programme during its implementation)	Report on utilisation of programme funds for generating the output.	Fisheries Implementation Unit

## Appendix 6: RIMS Tables

FIRST LEVEL RESULTS							
Results			Unit	Period ending:	Jan to June 2012		
				AWP&B	Actual	% of AWPB	Appraisal
Total Outreach							
People receiving project services			Male	1,875	210	11%	1,875
			Female	1,875	224	12%	1,875
Households receiving project services				536	178	33%	536
Groups receiving project services				4	4	100%	4
Component	Sub Component						
Component Name	Sub Component Name						
Component 1: Recovery and Sustainable Development of the Fishery Sector							
	1.4.3	Marketing facilities constructed/rehabilitated	Number	0	0	#DIV/0!	4
	1.5.5	Enterprises accessing financial services facilitated by the project	Number	4	3	75%	4
	1.2.4	People trained in fish production and technologies	Male	0		#DIV/0!	15
			Female	0		#DIV/0!	15
Component 2: Recovery and sustainable Development of the Agriculture Sector							
	1.7.4	Other productive infrastructure constructed/rehabilitated	Number	1	0	0%	1
	1.6.2	People trained in community management topics	Male	0	0	#DIV/0!	12
			Female	0	0	#DIV/0!	13

Component 3: Policy Support to the Ministry of Fishery and Agriculture	1.6.4.	Community groups formed/strengthened	Number	2	2	100%	5
	1.2.2.	People trained in crop production and technologies	Male	0	221	#DIV/0!	1,875
			Female	0	224	#DIV/0!	1,875
	1.6.5.	People in community groups formed/strengthened	Male	0	0	#DIV/0!	250
			Female	0	0	#DIV/0!	250
	1.6.1	Government officials and staff trained	Male	1	0	0%	125
			Female	0	0	#DIV/0!	126
	SECOND LEVEL RESULTS						
Component		Sub Component		Results			
Component name		Sub component name					
Component 1: Recovery and Sustainable Development of the Fishery Sector							
2.4.3				Likelihood of sustainability of marketing facilities			
2.4.3				Likelihood of sustainability of storage facilities			
2.4.3				Likelihood of sustainability of processing facilities			
2.5.1				Effectiveness: creation of employment opportunities			
2.5.2				Likelihood of sustainability of enterprises			
2.2.2.				Effectiveness: improved agricultural, livestock and fishery product			
2.2.3.				Likelihood of sustainability of crop/ livestock production groups for			
Component 2: Recovery and sustainable Development of the Agriculture Sector							
2.7.1.				Effectiveness of social infrastructure - Other			
2.7.2.				Likelihood of sustainability of productive infrastructure - Other			
2.6.2.				Effectiveness: community development			
2.2.2.				Effectiveness: improved agricultural, livestock and fishery product			
2.2.3.				Likelihood of sustainability of crop/ livestock production groups for			
2.6.3.				Likelihood of sustainability of community groups formed/strengthe			
Component 3: Policy Support to the Ministry of Fishery and Agriculture							
2.6.1.				Effectiveness: promotion of pro-poor policies and institutions			
THIRD LEVEL RESULTS							
Indicator				Unit	Benchmark	Mid-term	Comple
Underweight children - weight for age				% total			
				% boys			
				% girls			

Chronic malnourished children - height for age	% total	22%
	% boys	
	% girls	
Acute mal-nourished children - weight for height	% total	20%
	% boys	
	% girls	

## Appendix 7: Learning and innovation

**Learning and Innovation:** As the Programme is approaching completion point there is a number of learning emerging from programme implementation, and few of these key learning are as follows:

- In the human resource side change and shuffling of responsibilities within the PIU and the recruitment of Programme Manager worked well for improving the pace of project implementation and disbursement. Change in human resource composition is required to address slow implementation.
- M&E system failed to capture emerging issues, success, failures, lessons and best practices for project management. It is important for project management to address emerging issues to prevent delays in the process of creating outputs. We have learnt that Implementation Support for M&E is required during the initial years of programme implementation.
- Supervision mission could not verify success and failures in programme implementation. It is important to capture success and failure by the M&E system on a regular basis and report for supervision missions to verify.
- Review and report completed outputs and related benefits (equity) as the programme is implemented.
- Field visits need to be focused, with planned activities leading to tangible results.
- Grey areas related to policy and operations which includes working with other agencies/departments/partners need to be directly addressed by the Programme Director and Programme Manager regularly.

The interventions in the programme have led to certain innovations that need to be shared and wherever possible scaled up, these are as follows:

- The design of the Hulhumale fish landing center and Maduvvari fish markets where several innovative design features evolved to serve the fishers that are involved in catching fish and those who are involved in processing fish.
- The Boat Building Code developed by the programme has innovative design features of vessels to be used in the Maldivian context, the design drawings of the vessel has been shared through the MOFA website.
- Formation of CBPO and creating a trained cadre of CBPO facilitators to improve the outreach of the Government Extension Service is an innovation that has the potential for replication.
- New agriculture technologies introduced in the commercial production system such as hydroponics has the potential to be scaled-up in commercial agriculture sector. This is demand based production system, which is in response to new market opportunities with innovative forward contracts, which has the potential to be scaled-up by FADIP as well.

## Appendix 8: Audit Log

Serial Number	Financial Year	Category	Audit Ref	Audit Observation	Amount	PIU Action	Date
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1	1st January 2010 to 31st December 2010	High Priority	2.1	The net receivables from IFAD as at 31st December 2010 amounting to USD 140,378 clearly indicates that Government of Maldives has over paid its contribution, to the extent. The reason cited to us is that there exist practical difficulties in splitting the individual payments between IFAD and Government of Maldives on the basis of agreed percentage as specified in the programme financing agreement. However, there is no periodic confirmation from IFAD and Government of Maldives for the outstanding balances.	USD 140,378	Monthly reconciliations & reimbursements are done from Nov 2011 onwards.	on going
2	1st January 2010 to 31st December 2010	High Priority	2.2	The direct payment made by Government of Maldives were not accounted on a timely basis. During April 2011, details of payment with supporting vouchers for US\$60,563 were received from the Government of Maldives. These payments were pertaining to year 2010.	USD 60,563	No Direct Payments from 2010 onwards. Explanation provided in ML	completed
3	1st January 2010 to 31st December 2010	High Priority	2.3	An analysis of the work plan data's that were input into Post Tsunami Agricultural and Fisheries Projects (updated on 1 May 2011) revealed that there were considerable delays in both the commencement and completion of contracted activities compared with the pre-determined work plan		Reports are sent to President's office and Steering Committee highlighting delays and problems in implementation.	on going
4	1st January 2010 to 31st December 2010		2.4	We found that, under component 1 (output 1.2) as per AWPB 2010, BML credit facility of US\$ 400,000 is to be facilitated and be disbursed to 4 beneficiary fishermen each amounting US\$ 100,000 for fish quality improvements. The above credit facility is to be established by formulating a Subsidiary Loan Agreement (SLA) between Bank of Maldives Plc, Ministry of Finance and Treasury and the respective fishermen. However, BML subsidiary loan agreement was finalized and signed only in 22 November 2010. The reason cited to us is that the project undergoes a long term negotiation with BML Plc in fixing the percentage interest on withdrawal of subsidiary loan amount by the fishermen. In the initial SLA signed on 28 January 2010, BML Plc fixed the interest rate at 6.5% p.a which was not agreed by the Ministry. Therefore it underwent a long negotiation with BML Plc to bring down interest to 5% p.a. the final SLA was signed only on 22 November		Credit Fund Already disbursed to BML and almost fully utilized.	completed

				2010. Further, the amounts are not disbursed up to date of audit due to less interest for the loan among the fishermen.			
5	1st January 2010 to 31st December 2010	Medium Priority	2.5	Under component 3 (output 3.9) as per AWPB 2010, contract with Mr Martin Van Der Knaap, was signed on 24 April 2010 for fisheries planning and management expert until project completion. As per the contract entered, the consultant was required to install the vessel monitoring system equipment in 2010. According to the procurement plan, the procurement process vessel monitoring system was to be completed by January 2010, there by it can be installed in 2010 by the consultant. However, due to considerable delays in procurement process, equipment could not be installed in 2010. The reason cited to us for delay is that the requirement lists was sent to specific available companies on March 2010. The proposals were evaluated on 15 June 2010. On evaluation, it was found that the budgeted amount of US\$ 150,000. On negotiation, the price was fixed at US\$ 127,144 and the contract was signed on 20 December 2010.		VMS and VLD issue is still on hold. Ministry have not come to a conclusion on procuring the items	On going
6	1st January 2010 to 31st December 2010	Medium Priority	2.6	The work plan was prepared for the project against which actual cost are not compared as a monitoring control. Further, the resulting variances have not been formally documented and the corrective actions to be taken not articulated.		Proper M&E reports not available. Budgets are not prepared on Activity basis, hence unable to generate Variance explanation.	continued from 2011 AWP is based on the activities
7	1st January 2010 to 31st December 2010	Low Priority	2.7	In one isolated instance, payment made amounting to Mrf 9,775 (travelling expenses against invoice no:RM/10/89 Gemanafushi Fish Market Operational guidelines discussion) not preceded by a process of inviting minimum number of quotations	Mrf 9,775	Government Financial Regulations are followed in every respect. Minimum three quotations are sought for all purchases above MRF1000, but below MRF25000.	on going

**Log of Audit Observations  
2011**



1	2011			In accordance with the loan/grant agreement between IFAD and Government of Maldives, various expenses of the project are to be met out the special account and Government fund in the agreed ratio by raising two payment vouchers. However, we observed that PIU has not complied with such provision in 2011.		It was agreed in 2010 SIS FADIP mission that government would pre-finance 100% of PTFARP expenditures and re-imbursed from SA to government periodically. This issue should have been removed from ML, however ML was received in the last minute such that we were not able to discuss the issues in detail with the auditors. Effective from 1st July 2012, MOFT will set up a unique identifier in the SAP system. Payment vouchers will be raised 100% split 94% IFAD code and 6% GOV code in the system.	on goir
2	2011			In accordance with the loan/grant agreement between IFAD and Government of Maldives, funds should be transferred to an operating account in order to process payments. However, we observed that payments have been made directly from the special accounts in 2011.		Effective from 1st July 2012, PIU with MOFT will create a Project Account in MRF and PTFARP expenditures will be made from this account.	on goir
3	2011			We observed that in following cases, the actual expenses incurred had exceeded the respective budgeted expenses during 2011. Further, the resulting variances and the reasons for the variances have not been formally analyzed and documented.		2011 budgets were not based on activities. Therefore it was difficult to give reasons where budgets exceeded actuals. AWPB is based on activities planned.	on goir com ted
4	2011			As at 31 December 2010 there was a petty cash balance of US\$ 420 as stated in the financial statements. However we were explained that the cash balance was not available at the beginning of the year.		We don't agree with Auditor recommendation. The US\$420 was USD196 for Petty Cash and US\$225 which was in Cash in Hand for travel expenditure. We were not provided with sufficient time to discuss this issue with the auditors as we have to submit the ML before 30th June 2012. Petty Cash is MRF2,500(USD162) which is re-imbursed periodically.	follo up v the aud s

5	2011			We observed that the monthly salary sheets prepared have not been approved prior the payments are processed.		We don't agree with Auditor recommendation. Salary sheets are attached with the payment vouchers. Salaries are verified and approved after checking by the accountant, project manager and then authorized by project director. Salaries are contractual and an obligation to be paid.	follow up with the auditors
6	2011			We observed that the following purchase orders were issued with 'A' numbers. Issuing purchase orders with 'A' numbers indicate that the purchase orders were not issued on time.		PIU does not agree with this auditor's recommendation. 'A' is an amendment to PO. For each expenditure prior to incurring expenditure PO is raised and approved by Project Manager.	follow up with the auditors
7	2011			In the following cases, we observed that the PIU has not achieved desired program objectives within the specified period.		Even though these targets were not achieved by 2011 Dec the activities were completed in first quarter of 2012. 2.3.3.1 Total target to form CBPO were 20 and 26 were formed. As for training 2188 was trained where more than 50% has been achieved .the training are still ongoing. 3.4.10.1 The reason why target was not achieved in this activity is because FTC has only 6 staffs and all 6 have been trained accordingly.	target have been achieved on beginning of 2012
8	2011			Delay in execution of contracts. The delay in completion of individual contract/activity results eventually in delaying completion of the projects. In the event, the projects are not completed in the specified period; achievement of the project objectives will not be timely.		1.1.2.8 Was delayed due to the procurement and the training has been conducted in march 2012. 2.1.1 Construction is ongoing and will be completed by august 2012	ongoing
9	2011			Need to submit withdrawal application for replenishment timely. There have been delays in submission of withdrawal application to IFAD for replenishment.		PIU does not agree with the auditors' recommendation. WA threshold is USD20,000. There isn't sufficient amount to raise a WA, hence, PIU raises WA on a Quarterly basis.	follow up with the auditors

## Appendix 9: Supervision mission schedule and persons met

<b>23<sup>rd</sup> June</b>	Mission arrived in country
<b>24<sup>th</sup> June</b>	Briefing by PIU Meeting with MOFA (Minister Ahmed Shafeeu, Dr. Hussein State Minister for Fisheries and Agriculture, Dr. Naseer Permanent Secretary)
<b>25<sup>th</sup> June</b>	Meeting with Bank of Maldives (Mohamed Ahmed Head of Development Banking Cell, Fathimath Maléeha Jamal Manager Development Banking Cell, Ahmed Zeenad Development Banking Officer) Meeting with Fishermen's Association (Omar Manik) Meeting with Geoeeye representative (Richard Holmquist)
<b>26<sup>th</sup> June</b>	Meeting with Fisheries Training Centre (Adam Manik, MOFA)

	Meeting with Coastguard (Ismael Shareef, Captain Abdullah, First Lt. Taufeeq, Captain Mujuthaba)
	Visit to Animal and Plant Quarantine Centre with MOFA staff
	Meeting with Ensis fish processor and inspection of ice plant funded through a programme loan (Mr. Waseem)
	Meeting with Ministry of Transport, and Transport Authority (Adnan Ali Deputy Minister, and the staff)
	Meeting with Ministry of Finance and Trade
<b>27<sup>th</sup> June</b>	Visit to Maduvvari to inspect fish market building. Meetings with island councillors, fish filleters, and women Maldivian Fish processors
<b>28<sup>th</sup> June</b>	Visit to Vahdhoo to meet with island council and visit agricultural plots
	Visit to Gemanafushi to inspect fish market building, and meetings with island councillors, and members of the fisheries cooperative society
<b>29<sup>th</sup> June</b>	Document review and drafting of Aide Memoire
<b>30<sup>th</sup> June</b>	Document review, discussions with PIU, and drafting of Aide Memoire
<b>1<sup>st</sup> July</b>	Visit to Gan Agricultural Centre
	Visit to Vilufushi to inspect fish market building, and meetings with island councillors, and community members
<b>2<sup>nd</sup> July</b>	Visit to Hirilandhoo to inspect fish market building, fish processing areas, and meetings with island councillors and community members
<b>3<sup>rd</sup> July</b>	Meeting with MFDA (Satish Moosa)
	Meeting with Dr. Naseer, Permanent Secretary MOFA
<b>4<sup>th</sup> July</b>	Drafting of Aide Memoire
<b>5<sup>th</sup> July</b>	Pre-wrap up meeting with MOFA (Minister Ahmed Shafeeu, Deputy Minister, Fuad Gasim State Minister for Fisheries and Agriculture, Dr. Naseer Permanent Secretary)
<b>6<sup>th</sup> – 7<sup>th</sup> July</b>	Drafting of technical annexes and preparation of SIS mission report Appendices
<b>8<sup>th</sup> July</b>	Wrap up meeting, Mr Ahmed Shafeeu, Minister of Fisheries and Agriculture; Dr Abdulla Naseer, Permanent Secretary, MOFA; Mr Omar Manik, Director General, Fisherman Association; Mr Ahmed Zakariyya, Senior Training Officer, MED; Ms Fathimath Shafeeqa, DNP; Mr Adam Manik, Deputy Director General, MOFA; Ms Aishath Shifana, Programme Manager, PTAFReP; Ms Fathimath Suneeza, Programme Accountant

### **Appendix 10: Summary of implementation support provided by IFAD**

Various inputs from CPO in AWPB and Procurement Plan preparation, and the procurement process.