

Document: 2020/DoA/1
Date: 16 July 2020
Distribution: Public
Original: English

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Investing in rural people

Report to the President

Proposed loan and Debt Sustainability Framework grant

Republic of Maldives

Maldives Agribusiness Programme

Project ID: 2000002416

Note to Executive Board representatives

Approved on Thursday 30 July 2020

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Abbreviations and acronyms

ADMP	Agricultural Development Master Plan
ANC	Agro National Corporation
DA	Designated Account
FA	Financing Agreement
FADIP	Fisheries and Agriculture Diversification Programme
FM	Financial Management
GAP	Good Agricultural Practice
GDP	Gross Domestic Product
GoM	Government of Maldives
IFAD	International Fund for Agriculture Development
MAP	Maldives Agribusiness Programme
MEDEP	Mariculture Enterprise Development Project
MGAP	Maldives Good Agricultural Practice
MFLC	Maldives Finance Leasing Company
MOFMRA	Ministry of Fisheries, Marine Resources and Agriculture
MOF	Ministry of Finance
SDFC	SME Development Finance Corporation
SDG	Sustainable Development Goal
SECAP	Social Environment and Climate Assessment
SME	Small and Medium Enterprises
TA	Technical Assistance
UNOPS	United Nations' Office for Project Services

Map of the programme area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 04-05-2020

Financing summary

Initiating institution:	IFAD
Borrower/recipient:	Republic of Maldives
Executing agency:	Ministry of Fisheries, Marine Resources, and Agriculture
Total programme cost:	US\$12.89 million
Amount of IFAD loan:	US\$3.29 million
Amount of IFAD Debt Sustainability Framework grant:	US\$1.22 million
Terms of IFAD loan:	73 per cent highly concessional loan and 27 per cent DSF grant
Terms of cofinancing:	Cash, loans and in-kind contributions
Contribution of borrower/recipient:	Government of Maldives: US\$2.10 million SME Development Finance Corporation: US\$5.00 million Agro National Corporation: US\$0.15 million
Contribution of beneficiaries:	US\$1.14 million
Amount of IFAD climate finance:	US\$3.26 million

Recommendation for approval

According to the delegation of authority procedure approved by the Executive Board at its 126th session and detailed in document EB 2019/126/R.48/Rev.2 the President is invited to approve the recommendation contained in paragraph 63.

I. Context

A. National context and rationale for IFAD involvement

National context

1. **Background.** An ecologically fragile Small Island Developing State highly vulnerable to climate change, the Maldives consists of a chain of 26 atolls and over 1,190 islands of which 188 are inhabited and 132 are tourism resorts. The estimated population in 2017 was 436,330. Of the total land area of 30,000 hectares, only 4,000 hectares are considered arable across some 197 islands. A total of 8,057 farms are registered, with an aggregate land area of 573 hectares and an average farm size of about 700 square meters.
2. **Macro-economic context.** Maldives is classified as a middle-income country, with GDP estimated at US\$4.7 billion in 2018 and a per capita income of US\$10,330 in current terms. GDP growth amounted to 7.5 per cent in 2018, with agriculture, industry and services (including tourism) contributing 6.6 per cent, 14.9 per cent and 78.5 per cent respectively.
3. **Poverty.** Poverty continues to be a challenge in Maldives, particularly in the outer atolls. The Household and Expenditure Survey of 2016 found 8.2 per cent of the population to be living below the national poverty line. Poverty incidence was only 1.7 per cent in Malé but 12.8 per cent in the atolls. Rural poverty is three times higher than urban poverty. Poverty is correlated with sector of employment of the household head; those working in agriculture and fisheries are found to be poorer than those in industry or services. The Gini coefficient of 0.31 (2016) confirms the incidence of relative inequality in the country.
4. **Agriculture.** The third sector of the economy after tourism and fisheries, agriculture is lagging behind due to the complex challenges posed by a fragile ecology and climate change vulnerability. Cultivable land is limited, and technology to enhance production and productivity is inadequate. Logistics and market access are also significant challenges. Small farmers in the outer atolls suffer the most in terms of periodic food insecurity and poverty.
5. **Food security.** Maldives has reached an Average Dietary Energy Supply Adequacy ratio of above 120, which is higher than the average in Asia at 117. About 20 per cent of Maldivians suffer from food insecurity. The Maldives is extremely vulnerable to changes or shocks in global food supply and prices, as up to 95 per cent of food consumption is met by imports. Given the dependence on imports, unreliable distribution patterns, and inadequate decentralised storage facilities, the rural population in the Maldives faces serious risks of periodic food insecurity.
6. **COVID-19.** The COVID-19 pandemic and the current global recession is posing an unprecedented health and socioeconomic crisis on the Maldives. As a small island state highly dependent on tourism, the adverse socioeconomic impacts are devastating. MAP will be implemented in line with COVID-19 safety protocols, for as long as these protocols are needed. These protocols will be defined by national health authorities in alignment with WHO directives. The Ministry of Fisheries, Marine Resources, and Agriculture (MOFMRA) will incorporate compliance with these protocols into the implementation plan and methodology for all activities.

Special aspects relating to IFAD's corporate mainstreaming priorities

7. **Climate change.** The Maldives is highly vulnerable to climate change. The potential impacts include salt-water intrusion and erosion due to gradual rise in the sea level, change in rainfall patterns and increase in frequency of extreme climatic events. The global mean sea level rose 10-20 cm during the 20th century at the rate of 1 to 2 mm/year. For the Maldives, the long-term trend observed in the relative rise of the sea level for Hulhule is 1.7 mm/year. Salt-water intrusion due to gradual rise in the sea level is devastating for agriculture. Investment in the agriculture sector must necessarily be climate-smart. To strengthen farmers' resilience, MAP will introduce climate smart technological solutions suitable for the Maldives which can overcome land/soil constraints and mitigate against climate change. These include drought tolerant cropping, vertical hydroponic systems, water harvesting, drip irrigation, and flood-proof facilities. All policy and institutional strengthening work will mainstream climate change, sea level rise and natural hazard issues and their impacts.
8. **Nutrition.** The Maldives Health Profile of 2016 highlighted that in spite of improvements in many areas of health, malnutrition among children continues to be a public health concern. The Maldives Demographic Health Survey of 2016-17 found that 15 per cent of children under 5 years of age were stunted, 15 per cent were underweight, and 9 per cent were wasted. Half of the children aged 6-59 months and 63 per cent of women aged 15-49 were found to be anaemic, indicating high levels of micro-nutrient deficiencies. MAP beneficiaries will derive nutritional benefits from substantially greater production of nutrition-sensitive high value commodities, such as vegetables, fruits, nuts, and root crops. Additional intake of these crops will reduce micronutrient deficiencies, particularly among children and women. The production of nutrition-sensitive crops will be intensified in areas with substantial micronutrient deficiencies. This will be accompanied by awareness-raising on nutrition issues.
9. **Gender and social inclusion.** The Maldives ranks 101st of 164 countries rated by the Gender Development Index (2017), 106th of 144 countries rated by the Gender Gap Index (2017), and 76th of 160 countries rated by the Gender Inequality Index. The programme will ensure equal opportunity for women in all activities and investments – management, planning, decision making, participation in training, access to inputs, technology, financing, services and markets, and access to an equal share of social, financial and economic benefits. Of the direct beneficiaries, at least 53 per cent will be women.
10. **Youth.** The programme will systematically target young farmers, particularly those inclined to adopt advanced production techniques. It will explore opportunities to engage the youth in agribusiness development, agri-technologies and knowledge transfer, modern agriculture management, market linkages and information technologies in support of production and post-production management. Of the direct beneficiaries, at least 20 per cent will be the youth.
11. In line with Eleventh Replenishment of IFAD's Resources (IFAD11) mainstreaming commitments, the Maldives Agribusiness Programme (MAP) has been validated as:
 - Including climate finance;
 - Gender transformational; and
 - Nutrition-sensitive.

Rationale for IFAD involvement

12. The agriculture sector of the Maldives faces complex challenges posed by limited land area, a fragile ecology and climate change vulnerability. There is limited public and private investment in the sector; as a result, the country relies heavily on imported agricultural products. Systematic investment in agriculture is required for the continued implementation of the national Agricultural Development Master Plan.

13. IFAD focuses on rural transformation through agriculture and rural development. IFAD's comparative advantage includes development of pro-poor agricultural value chains that provide better market access for small-scale producers and associated micro and small non-farm enterprises. In supporting the Government to implement MAP, IFAD will utilize its strengths in building capacity, productivity and market participation of small farmers through an inclusive approach to facilitate their economic and social empowerment, particularly for women farmers.
14. MAP will support MOFMRA to refine its evolving vision and implement a policy framework for agriculture. It will invest resources to capitalise on the opportunities existing for sectoral growth, and introduce climate-smart technological solutions suitable for the Maldives that are available globally. It will capitalise on the significant market for local crop production, considering that local demand is rising rapidly as incomes increase and consumers become more aware of nutrition and food safety considerations, and that the tourism sector imports substantial volumes of agricultural commodities.

B. Lessons learned

15. Since 1982, IFAD has invested in six projects in the Maldives valued at US\$46.4 million, of which US\$18.2 million financed by IFAD. MAP builds on lessons derived from these programmes, as well as the operations of development partners. It also benefits from the analytical work of IFAD's Independent Office of Evaluation. Some lessons of relevance to MAP are outlined below.
16. **Targeting women.** There is potential for improvement in promoting women's access to services. Project design needs to include activities where women are mostly involved, and also address their specific training needs. These recommendations have been taken on board in the design of MAP.
17. **Access to finance.** MAP will promote a number of financial products which overcome the collateral barrier, and will target income-generating activities and reduce risks by strengthening technical extension and connection to specific market segments.
18. **Access to markets.** Previous projects which did not invest in market access did not succeed in creating sustainable market linkages. MAP will facilitate logistics and offer market choices to farmers, all of which are commercially driven by the private sector.
19. **Programme management.** The management team will be strengthened in terms of management skills and technical resources, and an external project management agency/technical assistance will be contracted to support the team.
20. **Coordination between IFAD and the Government.** Previous projects, particularly FADIP and MEDEP, suffered from slow implementation due to insufficient communication between IFAD and MOFMRA and lack of timely technical support to resolve implementation issues. This has been addressed with the substantial strengthening of the relationship between the two parties, which has been made possible by IFAD's operational decentralization and placement of the country team in the same sub-region and similar time zone.

II. Programme description

A. Objectives, geographical area of intervention and target groups

20. **Goal and objective.** The programme's goal is to sustainably increase the incomes, food security and nutrition status of small farmer households. Its development objective is the strengthened enabling environment for sustainable and climate-resilient agriculture. This objective will be achieved through reformed policies, strengthened institutions and services, enhanced agricultural technologies and better access to financing and markets for small farmer households.

21. **Geographic area.** The programme will be nationwide in scope, articulated within the National Spatial Plan, covering all regional and sub-regional hubs, clusters and islands where agriculture is undertaken by small farmers. Investments will initially be focused in regions 1-3 of the northern atolls, where poverty and vulnerability among the farming communities is greater, and will subsequently be scaled up nationwide.
22. **Target groups.** MAP will directly benefit 6,000 small farm households consisting of 31,800 persons. About 53 per cent of beneficiaries will be women farmers, and 20 per cent will be the youth. Aligned with IFAD's *2019 Revised Operational Guidelines on Targeting* and its *leaving no one behind* principle, MAP will adopt a mix of targeting approaches to ensure alignment with national needs. Geographic targeting will ensure the programme's presence in areas where poverty and vulnerability among the farming community is greater. Sectoral targeting will ensure targeting of all small farmers across the country, as well as other relevant value chain actors. Inclusive targeting will enable MAP to focus on women, youth and migrant workers, who constitute a major portion of the workforce. With this targeting approach, MAP will indirectly benefit all small farm households in the Maldives.
23. **Gender.** The programme will ensure equal opportunity for women in all activities and investments, including management, planning, training, and access to an equal share of social, financial and economic benefits. Of the direct beneficiaries, at least 53 per cent will be women.
24. **Youth.** Of the direct beneficiaries of MAP, 20 per cent will be young farmers. MAP will explore opportunities to engage the youth in agribusiness development, agri-technologies and knowledge transfer, and modern agriculture management and technologies to support production and post-production management.
25. **Farmer Forums.** The key instrument for ensuring community participation, targeting small farmers and promoting equal opportunity and inclusion will be the Island Farmer Forum in each inhabited agricultural island. The main instrument for ensuring farmer participation in policy dialogue and advocacy will be the Regional Farmer Forum in each targeted region.

B. Components, outcomes and activities

26. The programme has three inter-linked components.

Component 1: Enabling policy, institutions and services

26. The expected outcome of this component is the development of the enabling policy, institutional and service provision environment that will allow increased productivity and production of agricultural commodities demanded by the market.
27. The Government has recently established a public company – the Agro National Corporation – that will strengthen the capacities of farmers and their organisations to engage in profitable agribusiness and to facilitate market distribution. It will ensure the competitiveness of domestic production compared with imports. The programme will build the capacity of the Corporation to deliver services to small farmers, such as input supply, extension and training, introduction of food quality and safety standards, and technology transfer. Support will also be provided to refine the policy framework and strengthen the institutional capacity of MOFMRA and its Agriculture Research Centre (ARC) in Hanimadhoo Island.

Component 2: Climate-smart production

28. The expected outcome of this component is the increased productivity and production of agricultural commodities demanded by the market. It has three outputs: (i) climate-smart production of high value commodities by small farmers will be increased through the application of improved inputs, equipment and modern technologies; (ii) Island Farmer Forums' capability to provide the required quantity

and quality of produce in response to market demand will be enhanced; and (iii) farmer access to agriculture financing will be improved.

Component 3: Market connection

29. The expected outcome of this component is the development of market linkages and upgraded transportation logistics among organised producers and buyers. Four marketing channels will be offered to Island Farmer Forums: (i) wholesale markets at regional hubs, sub-regional hubs, and central/satellite clusters with improved facilities; (ii) commercial agriculture islands operating on contract farming basis; (iii) central (Malé) wholesale market and associated logistics; and, (iv) tourism resorts.

C. Theory of change

30. The MAP theory of change is premised on synergistic investments that strengthen the responsiveness and competitiveness of small farm households in organized production, processing and marketing, supported by the adoption of sustainable and climate-smart technologies. It is based on the assumptions that: (i) small farmers involved in enhanced crop production, management and marketing would benefit from inclusion in a sustainable business-oriented model; (ii) selection of high value commodities, supported by research and improved technical services, would offer small farmers the opportunity to enhance production and meet market demand; (iii) improved management of natural, physical and financial resources would allow small farmers to strengthen climate resilience of production and reduce vulnerability to climate change; (iv) enhancing nutritional status and gender relations at household and community levels, and policy engagement on specific gender issues would improve agricultural growth; and, (iv) strategic investments in these areas would contribute to generating sustainable improvements in the incomes, food security and nutrition of small farmer households.
31. MAP will therefore invest in a number of strategically interlinked priorities. The expected outcomes are an improved policy and incentive framework for the sector, increased productivity and production of agricultural commodities demanded by the market and development of market linkages and upgraded transportation logistics among organised producers and buyers.

D. Alignment, ownership and partnerships

32. **Alignment with national policy.** MAP is aligned with the national Agricultural Development Master Plan 2010-2025, the national Strategic Action Plan 2019-2023, and the Government's evolving vision for the agriculture sector. MAP will assist the Government to strengthen and position the agriculture sector as the third driving force of the economy, expand livelihood options for rural people, increase incomes, enhance employment opportunities, and improve food security and nutrition. It will also support MOFMRA to implement a comprehensive strategy based on a review of the Master Plan. MAP will seek partnerships with national programmes, externally financed projects, and stakeholder consultation platforms in the country.
33. **Alignment with IFAD policies.** MAP is well aligned with IFAD's 2014 *Approach in Small Island Developing States* paper, the *Strategic Framework 2016-2025*, and 2018 Country Strategy Note for Maldives. In alignment with these policies, MAP will focus on farmers' access to services and markets, climate resilience and adaptation, provision of technical assistance; and public-private-producer partnerships.

E. Costs, benefits and financing

Programme costs

34. The total programme cost amounts to US\$12.89 million over a five-year implementation period. All costs and exchange rates are based on currently prevailing prices/rates in the Maldives. Programme costs by component, by expenditure category, and by year are presented in Tables 1-3.

Programme financing/cofinancing strategy and plan

35. Financing is provided as a 73 per cent highly concessional loan amounting to US\$3.285 million and a 27 per cent DSF grant amounting to US\$1.215 million. Additionally, ANC will contribute US\$0.15 million, private investment US\$1.14 million, and SDFC cofinancing of US\$5.0 million. The Government will contribute US\$2.1 million in cash and in kind.
36. **Climate finance.** Project components 1, 2 and 3 are partially counted as climate finance. As per the multilateral development banks' methodologies for tracking climate change adaptation and mitigation finance, the total amount of IFAD climate finance for MAP is preliminarily calculated as US\$ 3,264,000.

Disbursement

37. The Borrower/Recipient will open, maintain and operate two Designated Accounts (DAs) denominated in USD in the central bank (Maldives Monetary Authority) to receive the Loan and Grant proceeds respectively. The DAs will be administered on the basis of imprest arrangements. The maximum advances provided by IFAD to the DAs will be established as an authorized allocation in the LTB/R.
38. **Retroactive Financing.** As an exception to section 4.08(a)(ii) of the General conditions, expenditures not exceeding US\$450 000 incurred from 01 January 2020 to the date of the entry in force of the financing agreement may be pre-financed by the Government and reimbursed from the loan and grant as applicable. Eligible expenditures are start-up and preparatory activities such as: (i) eligible costs related to ANC set-up; (ii) staff recruitment costs and salaries; (iii) purchase of equipment and materials; and (vi) activities related to the baseline survey.

Table 1
Programme costs by component (and sub-components) and financier
(Thousands of United States dollars)

	IFAD Loan		IFAD DSF Grant		ANC		Private Invest		SDFC		Govt Budget		Total		For. Exch.	Local (Excl. Taxes)	Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
A. Enabling Policy, Institutions and Services																	
Knowledge and Technology	736	53.6	578	42.1	-	-	-	-	-	-	58	4.2	1 372	10.6	1 115	257	-
Input Supply	1 558	86.8	-	-	121	6.8	-	-	-	-	117	6.5	1 795	13.9	1 165	630	-
Subtotal Enabling Policy, Institutions and Services	2 294	72.4	578	18.3	121	3.8	-	-	-	-	174	5.5	3 167	24.6	2 281	887	-
B. Climate Smart Production	609	9.9	245	4.0	33	0.5	-	-	5 000	81.3	261	4.2	6 148	47.7	5 995	153	-
C. Market Connection	382	23.3	100	6.1	-	-	1 140	69.7	-	-	15	0.9	1 637	12.7	1 587	50	-
D. Programme Management	-	-	293	15.1	-	-	-	-	-	-	1 646	84.9	1 938	15.0	95	1 843	-
	3 285	25.5	1 215	9.4	154	1.2	1 140	8.8	5 000	38.8	2 096	16.3	12 890	100.0	9 958	2 932	-

Table 2
Programme costs by expenditure category and financier
(Thousands of United States dollars)

	IFAD Loan		IFAD DSF Grant		ANC		Private Invest		SDFC		Govt Budget		Total		For. Exch.	Local (Excl. Taxes)	Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
1. Equipment and Goods	1 705	88.8	-	-	-	-	-	-	-	-	215	11.2	1 919	14.9	1 919	-	-
2. Training	327	75.6	16	3.7	33	7.6	-	-	-	-	57	13.1	432	3.4	-	432	-
3. Technical Assistance	613	42.5	675	46.8	121	8.4	-	-	-	-	32	2.2	1 441	11.2	624	817	-
4. Innovation Investments	640	30.1	345	16.2	-	-	1 140	53.6	-	-	-	-	2 125	16.5	2 125	-	-
5. SDFC Financing	-	-	-	-	-	-	-	-	5 000	95.0	261	5.0	5 261	40.8	5 261	-	-
6. Operational Expenses	-	-	180	10.5	-	-	-	-	-	-	1 531	89.5	1 711	13.3	28	1 683	-
Total Programme Costs	3 285	25.5	1 215	9.4	154	1.2	1 140	8.8	5 000	38.8	2 096	16.3	12 890	100.0	9 958	2 932	-

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Table 3
Programme costs by component and year
 (Thousands of United States dollars)

	Totals Including Contingencies					Total
	PY1	PY2	PY3	PY4	PY5	
A. Enabling Policy, Institutions and Services						
Knowledge and Technology	756.5	392.0	101.6	76.9	45.3	1 372.1
Input Supply	1 297.8	135.7	139.1	109.9	112.7	1 795.3
Subtotal Enabling Policy, Institutions and Services	2 054.3	527.7	240.7	186.8	157.9	3 167.4
B. Climate Smart Production	16.7	659.3	2 056.4	1 710.0	1 705.6	6 147.9
C. Market Connection	213.0	388.1	601.8	243.8	190.0	1 636.6
D. Programme Management	414.4	359.5	386.8	365.0	412.4	1 938.1
Total Programme Costs	2 698.4	1 934.6	3 285.6	2 505.6	2 465.8	12 890.0

Summary of benefits and economic analysis

39. **Economic analysis.** The programme's economic internal rate of return over a 20-year period is 12.9 per cent, and the economic net present value is US\$9.1 million. This indicates that the programme is a technically and economically viable investment. The sensitivity analysis shows that the programme is robust in light of potential risks in terms of increased costs, decreased benefits or time overruns.
40. **Beneficiaries.** MAP will directly benefit 6,000 households consisting of 31,800 persons. These consist of 1,720 households benefitting from the full range of investments (training, loans, matching grants, market infrastructure) and 4,280 households benefitting from training and market access investments. Furthermore, 2,460 incremental full time job equivalents will be created.

Exit strategy and sustainability

41. **Sustainability.** The design of MAP integrates substantial elements to assure the financial, institutional, nutritional, technical and environmental sustainability of the programme.
42. **Exit strategy.** MAP will contribute to developing a structured policy environment and incentive framework for the agriculture sector led by MOFMRA. It will strengthen institutional capacity; improve the policy environment; and develop a more systemic value chain approach to production, including stronger extension services. MAP will help build a commercially driven value chain, thereby fostering business relationships among value chain actors, supplemented by enhanced logistics and a solid foundation for financial sustainability. It will introduce climate-smart technological solutions that overcome land/soil/water constraints and mitigate against climate change. The holistic approach of MAP will upgrade the agriculture sector, with nationwide benefits outlasting the programme.

III. Risks

A. Risks and mitigation measures

43. The main assessed risk categories and sub-categories, the inherent and residual risk levels, and the mitigation measures are summarised below and detailed in appendix III.

<i>Risk areas</i>	<i>Inherent risk rating</i>	<i>Residual risk rating</i>
Country Context	Substantial	Substantial
Sector Strategies and Policies	Moderate	Low
Environment and Climate Context	High	Substantial
Institutional Capacity for Implementation and Sustainability	Substantial	Low
Financial Management	Substantial	Moderate
Programme Procurement	Moderate	Low
Environment, Social and Climate Impact	Substantial	Low
Stakeholders	Moderate	Low
Overall	Substantial	Moderate

B. Environment and social category

44. The programme is classified as environmental and social Category B. Its activities are consistent with the following criteria and categories characteristic of Category B projects: (i) development of agro-processing facilities; (ii) agricultural intensification and/or expansion of cropping area in non-sensitive areas; and (iv) credit operations

through financial service providers. These will likely have adverse environmental impacts, and are mitigated by known measures included in MAP design and ESMP.

45. Similarly, the programme meets the following social criteria typical of a category B project: (i) agricultural intensification and/or expansion of cropping area in non-sensitive areas that may have adverse impacts on habitats, ecosystems and/or livelihoods; (ii) short-term public health and safety concerns; and, (iii) requiring a migrant workforce or seasonal workers (for construction, planting, harvesting). These risks are deemed to be minimal, with MAP activities aimed at comprehensive social inclusion, nutrition awareness and compliance with MGAP standards, in line with the ESMP.

C. Climate risk classification

46. The climate risk category for MAP is rated as High, as it meets four of the seven initial criteria of climate risk screening. As such, a detailed Climate Risk Analysis has been carried out, and relevant climate adaptation measures incorporated in MAP design. The programme is unlikely to result in any significant impacts to existing land use (deforestation/reforestation), grassland/livestock systems, forest and peat soil management, existing wetland systems and/or fisheries.

D. Debt sustainability

47. The International Monetary Fund conducted the 2019 Article IV consultation and fourth review with Maldives, the country's external debt to-GDP ratio remains at 71.4 per cent in 2018. Risks to public debt sustainability the deficit to decline below 5 per cent of GDP only by 2022, putting the PPG debt at 82 per cent of GDP. Maldives' debt-carrying capacity remains low and the risk of external and overall debt distress remains high. In the event of adverse shocks, the debt-to-GDP ratio could increase further, raising refinancing costs and weakening investor confidence.

IV. Implementation

A. Organizational framework

Programme management and coordination

48. **Programme management.** The programme will be managed by MOFMRA, operating through a Programme Implementation Unit (PIU) consisting of a programme director, three component coordinators, technical staff on targeting/gender, and fiduciary staff (financial management, procurement). Subject to conclusion of a satisfactory agreement, MOFMRA will engage UNOPS to strengthen programme management capacities within MOFMRA and to support the PIU.
49. **Programme implementation.** The programme shall be implemented by MOFMRA and a range of partners including the Agro National Corporation, the Agriculture Research Centre, the SME Development Finance Corporation, the Maldives Finance Leasing Company, Island Farmers' Forums, Regional Farmers' Forums, commercial agriculture islands, and relevant private sector entities.

Financial management, procurement and governance

50. **Financial management.** Programme financial management will comply with IFAD and Government requirements, and structured around proper accounting and reporting, strengthened internal controls, an internal audit framework, and annual external audit by the Auditor General.
51. **Procurement.** Procurement under MAP will be undertaken by the PIU in accordance with the National Procurement Regulations (Chapter 10 of the Public Financial Regulations) to the extent that they do not contradict IFAD's Procurement Guidelines and Procurement Handbook; where there are contradictions, IFAD's Guidelines and Handbook will prevail.

52. **Governance.** Programme implementation will comply with the provisions of IFAD's Policy on Preventing Fraud and Corruption, published on IFAD's website. Good governance under MAP aims to ensure transparency, accountability in use of resources.

B. Planning, monitoring and evaluation, learning, knowledge management and communications

53. **Planning.** The programme will apply a results-based management approach, which establishes solid linkages between planning/budgeting, implementation, monitoring and results. An integrated M&E and KM system will be developed, and output, outcome and impact data generated by the system will inform case studies, briefs and reports, to be used for policy dialogue, learning, and scaling-up. KM activities will focus on the relationships between the enabling environment, climate-smart production, and agricultural modernisation.

Innovation and scaling up

54. MAP will introduce a series of technologies which are innovative in the Maldivian context: (i) self-ventilated greenhouses; (ii) hydroponic irrigation; (iii) closed vertical hydroponic production systems; (iv) rainwater harvesting and storage; (v) commercially sustainable extension system; (vi) marketing arrangements with unbroken transport cold chain; (vii) climate resilient coconut varieties; (viii) holistic coconut-based agroforestry cropping systems; and, (ix) introduction of MGAP and *Codex Alimentarius* on a large scale. Scaling up of successful innovations will be driven by the underlying business drivers. MOFMRA is ready to scale up emerging MAP innovations nationwide.

C. Implementation plans

Implementation readiness and start-up plans

55. MOFMRA is gearing up to undertake key preparatory actions aimed at implementation readiness for MAP. It has the option to proceed with retroactive financing for important start up actions and eligible expenditures related to ANC set up, PIU staff appointment and salaries, purchase of equipment and materials, and the baseline survey. A start-up workshop will be conducted upon entry into force of the Financing Agreement.

Supervision, mid-term review and completion plans

56. **Supervision.** IFAD will administer the loan and grant, and supervise the programme. Supervision will be annual and will focus on the overall progress and performance of the programme, including FM and procurement compliance.
57. **Mid-term review.** A MTR will be conducted by IFAD and the Government at the mid-point of the implementation period.
58. **Implementation support.** IFAD will provide solid implementation support as follow up to the supervision process, and as response to support required by the PIU or MOFMRA.
59. **Programme completion review.** At the end of MAP, a PCR will be undertaken by the PIU as a self-assessment of the programme's performance. On this basis, IFAD will conduct a PCR mission in close coordination with the Government to report on the results achieved.

V. Legal instruments and authority

60. A programme Financing Agreement between the Republic of Maldives and IFAD will constitute the legal instrument for extending the proposed financing to the Borrower/Recipient. A copy of the negotiated financing agreement is attached as appendix I.
61. The Republic of Maldives is empowered under its laws to receive financing from IFAD.

62. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

63. According to the delegation of authority procedure approved by the Executive Board at its 126th session and detailed in document EB 2019/126/R.48/Rev.2, the President is invited to approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan under highly concessional terms in an amount of three million two hundred and eighty five thousand United States dollars (US\$3,285,000) to the Republic of Maldives and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

FURTHER RESOLVED: that the Fund shall provide a Debt Sustainability Framework grant in an amount of one million two hundred and fifteen thousand United States dollars (US\$1,215,000) to the Republic of Maldives and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Donal Brown
Associate Vice-President, Programme Management Department

Negotiated financing agreement: "Maldives Agribusiness Programme"

(Negotiations concluded on 19 May 2020)

Loan No: _____

Grant No: _____

Programme name: Maldives Agribusiness Programme ("The Programme" or "MAP")

The Republic of Maldives (the "Borrower/Recipient")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and both of them collectively the "Parties")

WHEREAS the Borrower/Recipient has requested financing from the Fund for the purpose of financing the Programme;

WHEREAS the Fund has agreed to provide financing for the Programme and to provide a loan and a grant for the activities described in Schedule 1 to this Agreement;

NOW THEREFORE, the Parties hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Programme Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2), the Special Covenants (Schedule 3), and the General Conditions. In the event of a conflict between this document and any of the Schedules, the provisions of this document shall take precedence.

2. All provisions of the Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2018, and as may be amended hereafter from time to time (the "General Conditions"), shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties otherwise agree in this Agreement.

3. The Fund shall provide a Loan and a Grant (the "Financing") to the Borrower/Recipient which shall be used to implement the MAP in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Loan is three million two hundred and eighty five thousand United States dollars (USD 3,285,000)

2. The amount of the Grant is one million two hundred and fifteen thousand United States dollars (USD 1,215,000)

3. The Loan granted on highly concessional terms (small state) shall be free of interest but shall bear a fixed service charge as determined by the Fund at the date of approval of the Financing. The rate is fixed for the life of the loan based on the related service charge in force at the time of approval of the Loan. The Loan is payable semi-annually in the Loan Service Payment Currency. The Financing shall have a maturity period of forty (40) years, including a grace period of ten (10) years starting from the date of approval of the Financing.
4. The principal of the Financing granted on highly concessional terms shall be repaid at 2 per cent of the total principal per annum for years 11 to 20, and 4 per cent of the total principal per annum for years 21 to 40. Principal repayments are payable semi-annually.
5. The Loan Service Payment Currency shall be the United States dollar (USD).
6. The first day of the applicable Fiscal Year shall be 1st January.
7. Payments of principal and service charge shall be payable on each 1st January and 1st July of each year in the loan service payment currency.
8. The Borrower/Recipient shall open, maintain and operate two Designated Accounts (DAs) denominated in USD in the central bank (Maldives Monetary Authority) to receive the Loan and Grant proceeds respectively.
9. The Borrower/Recipient shall provide counterpart financing for the Programme in the amount of approximately two million one hundred thousand United States dollars (USD 2 100 000) equivalent, as its contribution to: (i) goods, equipment and materials; (ii) national technical assistance; (iii) training and workshops; (iv) salaries and allowances; and (v) operating expenses. Government shall also cover duties and taxes.

Section C

1. The Lead Programme Agency shall be the Ministry of Fisheries, Marine Resources, and Agriculture (MOFMRA).
2. Additional Programme Parties shall include, *inter alia*, the institutions referred to in Schedule 1 to this Agreement.
3. A Mid-Term Review of the implementation of the Programme shall be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review.
4. The Programme Completion Date shall be the fifth anniversary of the date of entry into force of this Agreement.

Section D

1. The Fund shall administer the Financing and supervise the Programme.

Section E

1. The following are designated as additional grounds for suspension of the right of the Borrower/Recipient to request disbursements under IFAD Financing: The Programme Implementation Manual (PIM) has been waived or amended without the prior agreement of IFAD.

2. The following are designated as additional general conditions precedent to withdrawal: the Lead Programme Agency shall have informed the Fund of the designated Programme Director and Financial Manager.

3. Without prejudice to the provisions of the General Conditions, the deadline for making the first disbursement under the Financing is the date no later than 18 months from the entry into force date of this Agreement.

4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower/Recipient:

Minister of Finance
Ministry of Finance
Ameenee Magu
Malé 20379
Republic of Maldives

For the Fund:

The President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

This Agreement, dated _____, has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower/Recipient, and shall enter into force as provided for in the General Conditions.

REPUBLIC OF MALDIVES

[insert NAME of the Authorised Representative]
[insert his title]

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Gilbert F. Hougbo
President

Date: _____

Schedule 1

Programme Description and Implementation Arrangements

I. Programme Description

1. *Goal.* The goal of the programme is to sustainably increase the incomes, food security and nutrition status of small farmer households.
2. *Objective.* The development objective of the Programme is the strengthened enabling environment for sustainable and climate-resilient agriculture. This objective shall be achieved through reformed policies, strengthened institutions and services, enhanced agricultural technologies, and better access to financing and markets for small farmer households, with an over-arching goal of gender transformation.
3. *Target Population.* The target group of the Programme consists of small farming households. This includes women, men, and youth belonging to households of different socio-economic categories.
4. *Programme Area.* The Programme shall be nationwide in scope, articulated within the National Spatial Plan, covering all regional and sub-regional hubs, clusters and islands where agriculture is undertaken by small farmers. Investments shall be initially focused in the northern atolls (regions 1-3).

5. *Components.* The Programme shall consist of the three following Components:

Component 1: Enabling policy, institutions and services. The expected outcome of this component is the development of the enabling policy, institutional and service provision environment that will allow increased productivity and production of agricultural commodities demanded by the market. It has five outputs: (i) policy knowledge products on sustainable and climate-resilient agriculture are completed and applied to promote an enabling environment for agriculture; (ii) the capability of the Agriculture Research Centre in Hanimadhoo Island to generate climate resilient knowledge and technology is upgraded; (iii) recommendations for increasing financial returns and enhancing resilience are developed for small farmers; (iv) new technologies and improved inputs are transferred to small farmers; and, (v) an Agriculture Information and Communication Technology service is established.

Component 2: Knowledge and technology. The expected outcome of this component is the increased productivity and production of agricultural commodities demanded by the market. It has three outputs: (i) climate-smart production of high value commodities by small farmers is increased through the application of improved inputs, equipment and modern technologies; (ii) Island Farmer Forums' capability to provide the required quantity and quality of produce in response to market demand is enhanced; and (iii) farmer access to agriculture financing is improved.

Component 3: Market connection. The expected outcome of this component is the development of market linkages and upgraded transportation logistics among organised producers and buyers. Four marketing channels will be offered to Island Farmer Forums: (i) wholesale markets at regional hubs, sub-regional hubs, and central/satellite clusters with improved facilities; (ii) commercial agriculture islands operating on contract farming basis; (iii) central (Malé) wholesale market and associated logistics; and, (iv) tourism resorts.

II. Implementation Arrangements

6. *Programme Management.* As the Lead Programme Agency, MOFMRA shall have the overall responsibility for Programme management and implementation.

7. *Programme Steering Committee (PSC)*. A PSC shall be formed and chaired by the Minister, MOFMRA. It shall consist of representatives of relevant stakeholders including public entities, the private sector, and farmer organisations. It shall guide Programme implementation, provide policy direction, and monitor performance.
8. *Programme Implementation Unit (PIU)*. The PIU shall be established in the Planning and Programme Coordination Section of MOFMRA, with strong management skills and technical resources. It shall be responsible for overall management and coordination of implementation. A qualified Programme Director reporting to the MOFMRA Permanent Secretary shall be appointed to lead the PIU. The PIU will include a management team of Government-seconded officers and support staff.
9. *Programme Management Agency*. The United Nations Office for Project Services (UNOPS) shall serve as the Programme Management Agency, subject to conclusion of a suitable agreement with MOFMRA within three months following the entry into force of this Financing Agreement. It shall provide managerial and technical support for the implementation of the Programme, and shall have a broader objective of strengthening Programme management capacities within MOFMRA. UNOPS shall provide a qualified Programme Management Advisor on long-term basis, and short-term technical specialists as required.
10. *Programme Implementation Partners*. Programme implementation partners shall include the Agro National Corporation, the Agriculture Research Centres, the SME Development Finance Corporation, the Maldives Finance Leasing Company, Island Farmers' Forums, Regional Farmers' Forums, commercial agriculture islands, and relevant private sector entities. Other implementation partners may be agreed upon between MOFMRA and the Fund as required during implementation. Where applicable, agreements shall be entered into between MOFMRA and implementing partners which shall stipulate the respective roles and responsibilities of the parties.
11. *Programme Personnel*. As a condition of their appointment, Government staff seconded to the PIU shall have qualifications and experience commensurate with their responsibilities. They shall include: Programme Director; Component Coordinators, Planning/Administrative Officer, Financial Management personnel, Procurement Officer, M&E/KM Officer, Targeting/Gender Officer and support staff. The PIU shall establish a performance-based incentive package to stimulate staff performance.
12. *Programme Implementation Manual (PIM)*. MOFMRA shall finalise the draft PIM and submit it to the Fund for concurrence and no objection. MOFMRA shall adopt the PIM substantially in the form approved by the Fund. The PIM may be amended if and when necessary, and the Programme shall adopt the amended PIM substantially in the form approved by the Fund.

Schedule 2

Allocation Table

1. Allocation of Loan and Grant Proceeds.

(a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and Grant and the allocation of the amounts to each Category and the percentages of expenditures for items to be financed in each Category:

Category	Loan amount allocated (expressed in USD)	Grant amount allocated (expressed in USD)	Percentage of eligible expenditure to be financed (net of taxes, co-financiers and beneficiary contributions)
I. Equipment and Goods	1 705 000		100%
II. Training	327 000	15 000	100%
III. Consultancies	613 000	675 000	100%
IV. Grants and Subsidies	640 000	345 000	100%
V. Operational Expenses		180 000	100%
Total	3 285 000	1 215 000	

(b) The terms used in the Table above are defined as follows:

- a) 'Equipment and Goods' under Category I is eligible expenditure for equipment, goods and materials;
- b) 'Training' under Category II is eligible expenditure for training activities, capacity building and workshops;
- c) 'Consultancies' under Category III is eligible expenditure for the Programme management agency, international technical assistance, national technical assistance, and studies;
- d) 'Grants and Subsidies' under Category IV is eligible expenditure for competitive matching grants under Component 2 (climate smart production) and Component 3 (market connection);
- e) 'Operational Expenses' under Category V is eligible expenditure for staff allowances, incentives, and recurrent costs.

2. *Retroactive Financing.* As an exception to section 4.08(a)(ii) of the General conditions, expenditure not exceeding USD 450 000 incurred from 01 January 2020 to the date of the entry in force of this Agreement may be pre-financed by the Government and reimbursed from the Financing after this Agreement provided that this Agreement has entered into force and the conditions precedent to withdrawal have been met. Eligible expenditures are start-up and preparatory programme activities such as: (i) eligible costs related to Agro National Corporation set up; (ii) staff recruitment costs, salaries and allowances; (iii) purchase of equipment and materials; and (iv) activities related to the baseline survey.

Schedule 3

Special Covenants

1. *Compliance with Social, Environmental and Climate Assessment Procedures.* The Borrower/Recipient shall ensure that the Programme will be implemented in compliance with national laws and regulations regarding social, environmental and climate-related safeguards as well as the Fund's Social, Environmental and Climate Assessment Procedures. Where applicable, Programme investments shall be screened for social, environmental and climate-related impacts.
2. *Anticorruption Measures.* The Borrower/Recipient shall comply with the Fund's Policy on Preventing Fraud and Corruption in its Activities and Operations.
3. The Borrower/Recipient shall ensure that the Programme is carried out in accordance with the provisions of the Fund's Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to time.

Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outreach	1.b Estimated corresponding total number of households members				implementing partners' records and PIU records	Semi-annual and annual reports	PIU	The programme achieves its geographic and HH outreach targets and small farmers participate in programme activities
	Household members - Number of people			31800				
	1.a Corresponding number of households reached				implementing partners' records and PIU records	Semi-annual and annual reports	PIU	
	Women-headed households - Number		400	3180				
	Non-women-headed households - Number		1600	2820				
	Households - Number		2000	6000				
	1 Persons receiving services promoted or supported by the project				implementing partners' records and PIU records	implementing partners' records and PIU records	PIU	
	Females - Number		1060	3180				
	Males - Number		940	2820				
	Young - Number		400	1200				
	Male - Percentage (%)		47	47				
	Female - Percentage (%)		53	53				
	Young - Percentage (%)		20	20				
Project Goal Sustainably increased incomes, food security and nutrition status of small farmer households	70% of project supported HHs reporting a 20% increase in their income				70% of project supported HHs reporting a 20% increase in their income	at baseline, mid-term and completion	PIU	
	Households - Ratio (%)		30	80				
	% of HH reporting improved food security				surveys of households, qualitative assessment of participating HH	at baseline, mid-term and completion	PIU	
Households - Number of people		400	4200					
Development Objective Strengthened enabling environment for sustainable and climate-resilient agriculture	No. of small farmers reporting access to improved agricultural support services				Survey of households, qualitative assessment of participating HH, technical studies	at baseline, mid-term and completion	PIU	Gov. consistent policies, strategies and interventions for sustainable and climate-resilient agriculture
	Males - Number of people		940	2820				
	Females - Number of people		1060	3180				

	Young - Number of people		120	960				
	1.2.8 Women reporting minimum dietary diversity (MDDW)				Outcome survey	Baseline and Completion	PIU	
	Women (%) - Percentage (%)	0	18	60				
	% of targeted women reporting increase score on WEAI survey				Outcome Survey	Baseline and Completion	PIU	
	Females - Percentage (%)	0	18	60				
Outcome Outcome 1: Institutional capacity is strengthened by upgrading ARC in Hanimadhoo and training MACO staff, enabling quality services to be developed and disseminated for adoption by small farmers	# of new and improved services in the agricultural institutional support system				Sector studies, evaluations, programme M&E system, progress report, periodic surveys	At baseline, mid-term and completion. Annual records and reports	MOFMRA, MACO, all implementing parties	Effective interventions in conducive policy framework, institutions, technical support systems, strengthened introduction and adoption of new and better technologies, knowledge and inputs
	No. of services - Number		4	10				
Output Output 1.1.1: Policy knowledge products on sustainable and climate-resilient agriculture	Number of policy-relevant knowledge products completed (research, study, strategy, bylaw)				Programme M&E system, periodic reports	Programme M&E system, periodic reports	PIU and participating agencies	
	No of Policy products - Number		1	3				
Output Output 1.1.2 Upgraded capacity of generating knowledge and technologies	Types of facilities and equipment for generating knowledge and technologies (ARC in North)				Programme M&E system, periodic reports	Semi-annual and annual reports	PIU, ARC and participating agencies	
	No. of facilities and equipment - Number		5	9				
Output 1.1.3 Packages of recommendations developed for enhancing financial returns for small farmers	No of new production techniques beneficial to smallholder producers developed and tested				Programme M&E system, periodic reports	Semi-annual and annual reports	PIU, ARC and participating agencies	
	Production techniques - Number		35	75				
Output Output 1.2.1 New technologies, quality inputs transferred to small farmers	No. of extension linkage farmers trained in production practices and/or technologies				Programme M&E system, periodic reports	Semi-annual and annual reports	PIU, ARC and participating agencies	
	Extension linkage farmers trained - Number of people		8	26				
	No. of farmers receiving high quality inputs and technologies				Programme M&E system, periodic reports	Semi-annual and annual reports	PIU, MACO, participating agencies	
	Males - Number		940	2820				
	Females - Number		1060	3180				
	Young - Number							

Output Output 1.2.2 AICT service Established	Service platform on agricultural information and communication technology established			Programme M&E system, periodic reports	Semi-annual and annual reports	PIU, MACO, participating agencies	
	Platform - Number		1				
Outcome Outcome 2 Better/new technologies, inputs adopted and productivity improved	1.2.2 Households reporting adoption of new/improved inputs, technologies or practices			Sector studies, evaluations, programme M&E system, progress report, periodic surveys	Annual	PIU	Effective training of small farmers on enhanced and organized production, production forums formed and working with adopted technologies and GAPs, and increased access to agriculture financing
	Households - Percentage (%)	20	70				
	Total number of household members - Number of people						
	Males - Number						
	Females - Number						
	Young - Number						
Output Output 2.1 Beneficiaries trained and adopting improved production practices and/or technologies	No. of farmers trained on production practices and/or technologies including MGAP/ HACCP			Programme M&E system, periodic reports	Semi-annual and annual reports	PIU	
	Males - Number	940	2820				
	Females - Number	1060	3180				
	Young - Number	400	1200				
	1.1.8 Households provided with targeted support to improve their nutrition			Programme M&E system, periodic reports	RIMS	PIU	
	Total persons participating - Number						
	Households - Number	1060	3180				
	Females - Number	940	3180				
	3.1.2 Persons provided with climate information services			Programme M&E system, periodic reports	RIMS	PIU	
	Females - Number	1060	3180				
	Males - Number	940	2820				
	Young - Number	400	1200				
	Not Young - Number						
	Persons provided with climate information services - Number						
Output Output 2.2 Island Farmer Forums organized	No. of Island Farmer Forums organized and supported			Programme M&E system, periodic reports	Semi-annual and annual reports	PIU	
	Forums established and supported - Number	50	75				

	No. of farmers participating in Island Farmer Forums			Programme M&E system, periodic reports	Semi-annual and annual reports	PIU	
	Females - Number	980	1470				
	Males - Number	420	630				
	Young - Number	280	420				
	Women in cluster leadership position - Number of people	10	15				
	3.1.1 Groups supported to sustainably manage natural resources and climate-related risks			Programme M&E system, periodic reports	Semi-annual and annual reports	PIU	
	Groups supported - Number	50	75				
	Total size of groups - Number of people						
	Males - Number						
	Females - Number						
	Young - Number						
	Women in leadership position - Number						
Output Output 2.3 : Increased access to agriculture financing for small farmers	No. of farmers accessing agriculture financing			Programme M&E system, periodic reports	Semi-annual and annual reports	PIU	
	Females - Number	245	1176				
	Males - Number	105	504				
	Young - Number	70	336				
Outcome Outcome 3 Production decisions respond to market opportunities	No. of supported agribusiness enterprises reporting increase in profit			Evaluation studies	Semi-annual and annual reports	PIU	PPP operational and supply contracts or contract farming established with effective marketing support
	Agribusiness enterprises - Number	5	15				
Output Output 3.1 Supply contracts established between producers and private companies incl. commercial islands	No. of supply contracts increased			Programme M&E system, periodic reports	Semi-annual and annual reports	PIU	
	Supply contracts - Number	5	15				
	No. of farmers engaged in supply contract or contract farming			Programme M&E system, periodic reports	Semi-annual and annual reports	PIU	
	Males - Number	490	735				
	Females - Number	210	315				
	Young - Number	140	210				

Output Output 3.2 Improved storage and transport facilities for marketing of agri produce	No. cold storage facilities on cargo vessels or on project hubs established/promoted	Programme M&E system, periodic report	Semi-annual and annual reports	PIU	
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Integrated Programme Risk Matrix

#	Risk category/sub-category/ description	Inherent risk	Residual risk	MAP Mitigation
1.	Country context			
1.1	<i>Governance.</i> Weak agriculture sector governance and institutions may undermine implementation.	Moderate	Low	1. institutional strengthening 2. Island Farmer Forums 3. FM/procurement compliance 4. internal/external audit
1.2	<i>Coronavirus.</i> The spread of COVID-19 will substantially reduce tourism income, with adverse effects on the Government budget. The fiscal deficit will expand sharply in the short term.	High	High	This risk is exogenous and cannot be mitigated. However, MAP will increase national food production and help to reduce the current account deficit.
2.	Sector strategy/policy			
2.1	<i>Policy development and implementation.</i> Government policy for agri. sector is evolving. Weak implementation of Agriculture Development Master Plan.	Moderate	Low	1. policy strengthening 2. sector incentive framework 3. investment across sector 4. modernisation/commercialisation 5. Master Plan alignment 6. RBA partnerships
3.	Environment/climate			
3.1	<i>Environment vulnerability.</i> Groundwater over-extraction, misuse of fertiliser and pesticides, coastal erosion are risks.	Substantial	Low	1. rainwater harvesting 2. water treatment protocols 3. balanced fertiliser use 4. IPM/biological control 5. resilient planting materials 6. intercropping with legumes 7. improved soil productivity 8. improved soil water retention
3.2	<i>Climate vulnerability.</i> Maldives is vulnerable to unpredictable rainfall, global warming, sea level rise, extreme weather events.	High	High	1. drought tolerant cropping 2. vertical hydroponic systems 3. enclosed greenhouses 4. water harvesting 5. drip irrigation/efficiency 6. island-level integrative approach 7. flood-proofing of infrastructure 8. solar energy systems 9. CC institutional awareness
4	Institutional capacity for implementation/sustainability			
4.1	<i>Implementation arrangements.</i> MOFMRA has weak programme implementation capacity.	Substantial	Low	1. PIU with strong appointed staff 2. UNOPS providing robust TA 3. intensive IFAD oversight/support
5	Financial management			
5.1	<i>Organisation and staffing.</i> Risk of inadequate FM staff in MOFMRA. Familiarity with IFAD processes and reporting formats.	Moderate	Moderate	1. adequate finance staff, clear JDs 2. training, software, PIM

#	Risk category/sub-category/ description	Inherent risk	Residual risk	MAP Mitigation
5.2	<i>Internal controls.</i> Risk of inadequacy of internal controls for the type of activities to be carried out.	Substantial	Moderate	1. segregation of fiduciary duties 2. periodic reconciliations 3. restricted access to documents 4. periodic count of inventory/assets
5.3	<i>Accounting & financial reporting.</i> Risk that accounting systems are not integrated/reliable, leading to inaccuracies in financial records. Risk that lack of appropriate financial information reduces utility for monitoring.	High	Substantial	1. use of accounting software 2. back-up of accounting records 3. use of registry of fixed assets 4. PIM to detail requirements 5. use of proper reporting templates
5.4	<i>External audit.</i> Risk that independent audit is not in place or performed timely, with possible misrepresentation of financial results or suspension or other remedies due to compliance breaches.	Moderate	Moderate	1. audit by Office of Auditor General 2. compliance with IFAD guidelines 3. implement audit observations 4. technical assistance in FM
6	Programme procurement			
6.1	<i>Capability in public procurement.</i> MOFMRA and PIU have limited procurement capacity. Standard bidding documents not available for all procurement methods. Bid submission timelines differ from those required by IFAD.	Moderate	Low	1. full-time procurement specialist 2. intensive procurement training 3. strong TA support 4. IFAD/approved standard bid documents 5. IFAD bid submission timelines 6. intensive IFAD oversight and support
7	Environment, social and climate impact			
7.1	<i>Resource efficiency and pollution prevention.</i> The programme may damage fragile groundwater aquifers.	Moderate	Low	1. rainwater harvesting 2. water treatment protocols 3. balanced fertiliser use 4. IPM and biological control 5. discourage groundwater extraction
7.2	<i>Vulnerability of target populations and ecosystems to climate variability and hazards.</i> The programme may increase the exposure of farming to climate variability and hazards due to the increasing impacts of climate change.	High	Low	1. drought tolerant cropping 2. vertical hydroponic systems 3. enclosed greenhouses 4. water harvesting 5. drip irrigation/efficiency 6. island-level integrative approach 7. flood-proofing of infrastructure 8. solar energy systems 9. CC institutional awareness
8	Stakeholders			
8.1	<i>Stakeholder engagement.</i> Insufficient consultation with stakeholders may undermine implementation and achievement of objectives.	Moderate	Low	1. inclusive targeting 2. intensive stakeholder involvement 3. consultation in planning/execution 4. Island Farmer Forums 5. participatory nature of ELFs 6. intensive IFAD oversight/support 7. annual institutional assessments 8. outsourced evaluations