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Enabling the rural poor
to overcome poverty

President's report

Proposed loan to the Republic of Maldives for the

Fisheries and Agricultural Diversification Programme

Executive Board — Ninety-first Session
Rome, 11-12 September 2007

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

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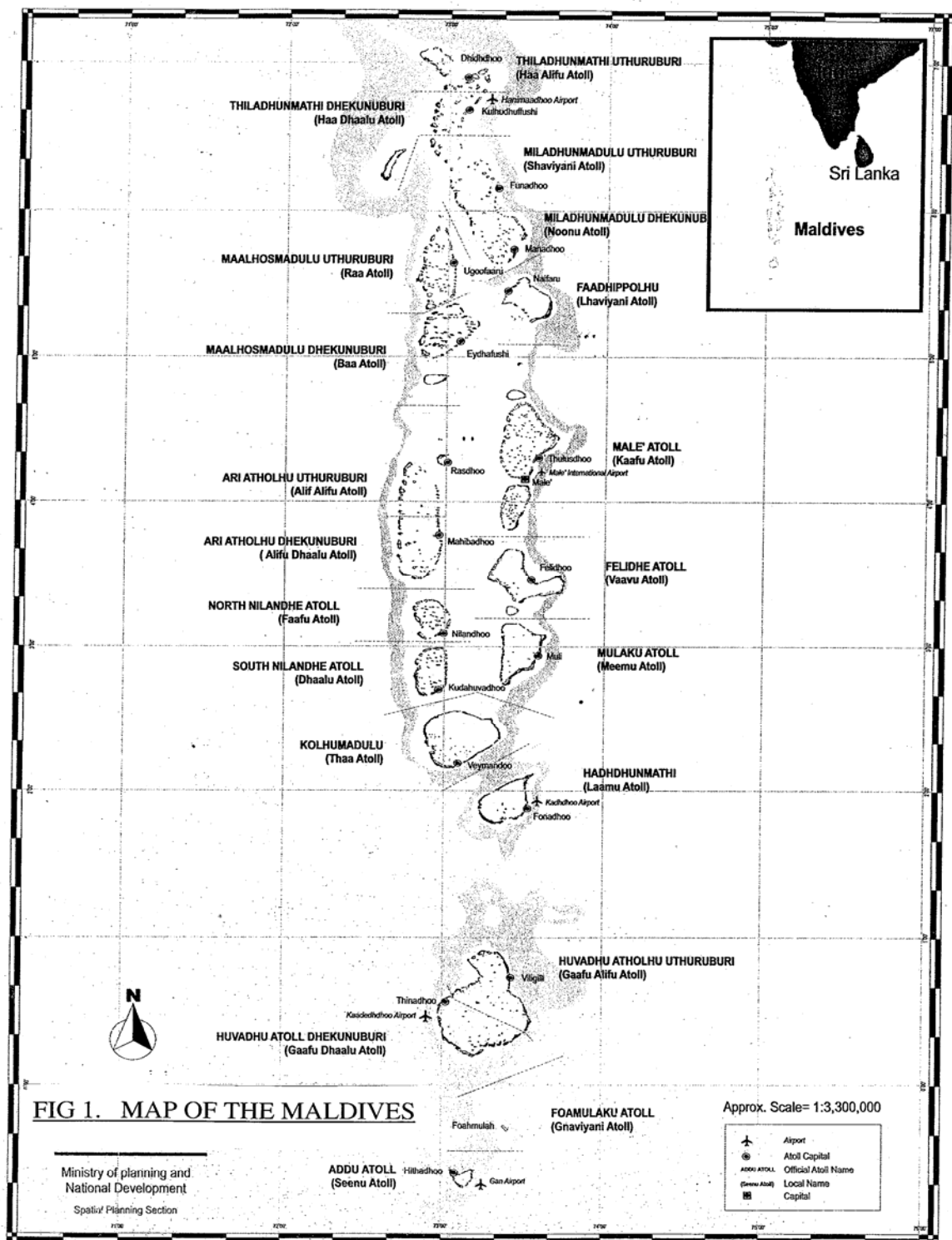
Abbreviations and acronyms

ERR	economic rate of return
PBAS	performance-based allocation system
VCCs	value chain companies

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed loan to the Republic of Maldives for the Fisheries and Agricultural Diversification Programme, as contained in paragraph 35.

Map of the programme area



Source: Ministry of Planning and National Development
 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.

Republic of Maldives

Fisheries and Agricultural Diversification Programme Loan summary

Initiating institution:	IFAD
Borrower:	Government of Maldives
Executing agency:	Ministry of Fisheries, Agriculture and Marine Resources
Total programme cost:	US\$6.8 million
Amount of IFAD loan:	SDR 2.35 million (equivalent to approximately US\$3.5 million)
Terms of IFAD loan:	40 years, including a grace period of 10 years, with a service charge of three fourths of one per cent (0.75 per cent) per annum
Cofinancier(s):	Private sector investors Bank of Maldives
Amount of cofinancing:	Private investors: US\$1.5 million Bank of Maldives: US\$0.5 million
Terms of cofinancing:	Equity capital, loanable resources, and grants
Contribution of borrower:	US\$1.3 million
Appraising institution:	IFAD
Cooperating institution:	Directly supervised by IFAD

Proposed loan to the Republic of Maldives for the Fisheries and Agricultural Diversification Programme

I. The programme

A. Main development opportunity addressed by the programme

1. Poverty levels remain high on many islands in the Maldives, as does vulnerability to natural hazards, risks and external shocks. Given that many islanders are engaged in crop production and fish processing, there is a real need to raise productivity and profitability in these activities. The Fisheries and Agricultural Diversification Programme will, therefore, support producers and processors in raising the quality of their products and provide them with access to niche markets. This will entail the establishment of three value chain companies (VCCs) respectively for fresh farm products, processed farm products and processed fish.

B. Proposed financing

Terms and conditions

2. It is proposed that IFAD provide a loan to the Republic of Maldives in the amount of SDR 2.35 million (equivalent to approximately US\$3.5 million) on highly concessional terms to help finance the Fisheries and Agricultural Diversification Programme. The loan will have a term of 40 years, including a grace period of 10 years with a service charge of three fourths of one per cent (0.75 per cent) per annum.

Relationship to the IFAD performance-based allocation system (PBAS)

3. The allocation for Maldives under the PBAS for one year is US\$1 million or US\$6 million over two cycles of three years. The programme will be implemented over five years.

Country debt burden and absorptive capacity of the State

4. Outstanding external debt in 2005 amounted to US\$482 million (61 per cent of GDP). The debt service ratio rose from 4.1 per cent in 2004 to 6.6 per cent in 2005 – an increase of 50 per cent in one year – as a result of the short-term effects of the tsunami. Debt service performance is satisfactory and the country's absorptive capacity is good. Commitments from IFAD amount to about US\$12.22 million for four interventions, three of which are now closed. Disbursement for all loans has been well above the IFAD average.

Flow of funds

5. Funds will be disbursed into a special account in United States dollars operated by the programme coordination unit, based on approved work programmes and budgets. Counterpart funds will be transferred into a programme account in local currency from which they will be transferred into local currency accounts managed by each VCC. Contributions to the companies from private co-investors will be disbursed directly into these accounts. The programme coordination unit will operate a separate local currency account for its own expenditures. This account will receive funds from both the special account and the Government's counterpart contributions.

Supervision arrangements

6. It is proposed that the programme be directly supervised by IFAD.

Exceptions to IFAD General Conditions for Agricultural Development Financing and operational policies

7. No exceptions are foreseen.

Governance

8. The following measures will enhance programme governance: all procurement will be transparent and competitive; mid-term and completion reviews and impact surveys will be undertaken; programme accounts will be audited annually in accordance with the IFAD Guidelines on Project Audits; and certified audit reports will be sent to IFAD for review and comment, and the auditor will give a specific opinion on the use of statements of expenditure, the special account, and the programme's accounting and internal controls.

C. Target group and participation

Target group

9. The programme's fish-processing activities will target selected islands in the atolls of Shaviyani and Noonu in the north, and the atolls of Vaavu, Faafu, Dhaaly, Meemu, Thaa and Laamu in the south. Agricultural activities will focus on selected islands in the atolls of Haa Alifu and Haa Dhaalu in the north and Laamu atoll in the south. These locations have a lower per capita income than other islands and atolls. They also have large populations and good potential for diversification in fisheries and agriculture. Within each island community, the target group will be poor crop producers and fish processors, with an emphasis on the vulnerable women among them.

Targeting approach

10. Targeting will entail: (a) selecting islands according to agreed criteria such as potential for commercial activity and poverty levels; (b) targeting all small-scale producers and processors on a selected island, ensuring that women represent at least 50 per cent of the beneficiaries; (c) signing by each beneficiary household of a forward contract with the VCC, which stipulates quality specifications, required quantities, delivery schedules and premium prices. Farmers and processors not ready or able to sign such a contract will not join the companies; (d) ensuring that no single producer or processor has a dominant supply position; and (e) identifying women beneficiaries according to their degree of vulnerability by means of women's development committees.

Participation

11. Producers and processors will be offered the opportunity to participate in the VCCs. This will entail entrusting the VCC with management control of such aspects as coordinating marketing activities, sharing transport costs, and standardizing production and product quality. In return, participants will receive benefits otherwise available only to larger organizations. Participants will also form associations to address issues of common interest – such as training needs, participation in VCC boards of directors – and to increase their bargaining power. Before programme completion, the Government's shares in the VCCs will be transferred to participants, who will then become co-owners of the companies.

D. Development objectives

Key programme objectives

12. The goal is to lessen the vulnerability of smallholder agricultural producers and the processors of Classic Maldivian Fish¹ by improving their food and income security in a sustainable way, and thereby reduce rural poverty. The objective is to develop value chains for smallholder agriculture production and Maldivian Fish processing using a market-driven commercialization and diversification strategy that will bring a sustainable improvement in the incomes of producers and processors.

Policy and institutional objectives

13. The programme will build value chains in niche markets. Major policy objectives are to promote strategic partnerships between the public and private sectors in support

¹ A type of traditionally processed (cooked, smoked, and sun-dried) tuna fish that is a speciality of Maldives.

of the poor and to introduce the concept of a value chain company that can be gradually transformed into a professional franchise. Programme results will provide the basis for adopting a policy for establishing independent private franchise companies. The programme also introduces the concept of producers and processors as eventual shareholders in the companies.

IFAD policy and strategy alignment

14. The programme strategy of improving the access of producers and processors to high-value niche markets and premium prices through a joint public/private-sector venture (i.e. the VCC) supports the IFAD strategic objective of promoting access to improved technologies and remunerative markets. The programme also pursues IFAD's Private-Sector Development and Partnership Strategy and the three broad lines of actions stated therein: policy dialogue, investment operations and partnerships.

E. Harmonization and alignment

Alignment with national priorities

15. The programme is aligned with the 7th National Development Plan (2006-2010) and Agricultural Development Master Plan (2006-2020). Strategies in both the fisheries and the agricultural sectors focus on diversification, commercialization and increased productivity in order to improve food security, nutritional status, export earnings and sustainability in the face of environmental hazards.

Harmonization with development partners

16. Several donors – including the World Bank, the Asian Development Bank, Japan, the Food and Agriculture Organization of the United Nations and IFAD – have provided tsunami recovery assistance. The World Bank is funding an Integrated Human Development Project to establish and reinforce social services on focus islands, while the Asian Development Bank is implementing a regional development project in the north and south of the country. No donors are engaged in value chain development based on private-sector partnerships.

F. Components and expenditure categories

Main components

17. Programme components are: (i) value chain development; (ii) financial services; and (iii) programme management. Companies will be established for three separate value chains: (i) fresh agricultural products; (ii) processed agricultural products; and (iii) Maldivian Fish. Commercial agreements with customers in niche markets (supermarkets, tourist resorts and export markets) will be concluded, providing producers/processors with access to premium prices for their quality products. Credit will be provided to both the producers/processors and the companies for their inputs and marketing needs. A small programme team will be established to oversee implementation. The capacity of the Ministry of Fisheries, Agriculture and Marine Resources will also be strengthened.

Expenditure categories

18. There are five expenditure categories: (i) company fixed assets (5 per cent of base costs); (ii) company working capital (56 per cent); (iii) training and studies (16 per cent); (iv) incremental credit (16 per cent); and (v) recurrent expenditures, including salaries, allowances, and operation and maintenance (6 per cent).

G. Management, implementation responsibilities and partnerships

Key implementing partners

19. Overall responsibility for the programme will lie with the Ministry of Fisheries, Agriculture and Marine Resources. A steering committee will be established to provide policy oversight, which will be chaired by the Minister of Fisheries, Agriculture, and Marine Resources, and include representatives of the Ministry of Finance and Treasury; the Ministry of Planning and National Development; the

Ministry of Economic Development and Trade; the Maldives National Chamber of Commerce and Industry; and the target groups. The three VCCs will be set up under the Company Act and managed by boards of directors appointed at a general meeting of shareholders. The boards will include representatives of the producers and processors, who will be appointed by the various producer/processor associations to be formed.

Implementation responsibilities

20. The programme coordination unit will oversee day-to-day programme implementation. The VCCs will manage the value chains on the basis of approved annual business plans and forward contracts with producers and processors. VCCs will be managed using external technical assistance from a private firm, which will provide a team that is specialized in developing and managing value chains. To facilitate delivery of the necessary services, associations of producers or processors will be formed to organize the logistics of inputs supply and marketing activities. Applied research on crops and fisheries will be carried out by agricultural centres and other sections of the Ministry of Fisheries, Agriculture and Marine Resources. The working capital and small equipment funding required by producers/processors and VCCs will respectively be provided by the Bank of Maldives and the Maldives Finance Leasing Company.

Role of technical assistance

21. The three franchise companies will be run by professional management teams, recruited through an international tender undertaken in the region. Qualified national and international technical expertise will be mobilized for the tendering of co-investors, establishment of the three VCCs and negotiation of value chain management agreements.

Status of key implementation agreements

22. During the first programme year, a memorandum and articles of association will be formulated for each VCC, financing and commercial agreements will be signed with co-investors, and a memorandum of understanding drawn up with implementing agencies as required. In addition, the Ministry of Finance and Treasury will sign subsidiary agreements with the Bank of Maldives and with the Maldives Finance Leasing Company.

Key financing partners and amounts committed

23. The total programme cost is US\$6.8 million over five years. It will be cofinanced by: an IFAD loan of US\$3.5 million (51 per cent); equity capital from private co-investors totalling US\$1.5 million (22 per cent); loanable funds from the Bank of Maldives of US\$0.5 million (8 per cent), and a Government contribution of US\$1.3 million.

H. Benefits and economic and financial justification

Main categories of benefits generated

24. The programme will reach 8,400 islanders (1,200 households), of whom 5,600 are producers and 2,800 are processors. Around 600 of targeted households will be headed by women. The main quantifiable benefits will be: increased production and quality of fresh fruit and vegetables, processed fruit and vegetables, and Maldivian Fish.

Economic and financial viability

25. It is calculated that returns to labour will increase from 30 to 50 per cent, while financial rates of return for typical enterprises will exceed 50 per cent. The base scenario economic rate of return (ERR) has been estimated at 53.4 per cent. The results are sensitive to variations in benefits, with a 20 per cent reduction bringing the ERR down to 15.6 per cent. The programme is more robust in terms of costs, where increases of 20 per cent will still result in an ERR of 23.7 per cent.

I. Knowledge management, innovation and scaling up

Knowledge management arrangements

26. The programme has several innovative features and, therefore, needs close supervision. The involvement of private sector co-investors and technical assistance in value chain management will require private sector expertise in the supervision mission and adaptation of the supervision process. As a consequence, the programme will be directly supervised by IFAD. Supervision missions will be concluded with short workshops for stakeholders to review results and broadly disseminate lessons.

Development innovations that the programme will promote

27. The programme introduces: (a) value chain development as a way of enabling poor producers and processors to access high quality niche markets; (b) the use of branding, whereby mutual buyer/producer dependence is reinforced in order to capture premium prices; (c) the concept of the VCC and its subsequent transformation into a professional franchise; and (d) the promotion of public/private-sector partnerships through joint ventures with strategic co-investors.

Scaling-up approach

28. The programme will generate the necessary experience to assess the merits of creating professional franchises. In view of the interest expressed by entrepreneurs, it is expected that scaling up will be undertaken purely with private resources, however the VCCs must first lay the foundations for appropriate licensing policies.

J. Main risks

Main risks and mitigation measures

29. The programme faces several risks, which will be closely monitored by direct supervision missions. First, initiating the programme without co-investors – who are essential not only for their financial contributions, but also for their know-how and “know-who” – needs to be discouraged. To minimise this, a number of potential co-investors were identified during design and a sample legally binding agreement agreed upon to expedite selection. Second, inappropriate procedures coupled with weak institutions may hamper implementation. To address these issues, provision has been made for adequate technical assistance and flexibility. Third, technical assistance for VCC management may lack the requisite competency for such a specialized function. This will be mitigated by a transparent and competitive procurement process. Fourth, external market risks exist, in the form of fluctuating demand and prices. To mitigate these, some latitude will be granted to the VCCs to redirect resources within the market.

Environmental classification

30. Pursuant to IFAD’s environmental assessment procedures, the programme has been classified as a Category B operation in that it is not likely to have any significant negative environmental impact. Only proven technologies and practices will be used in the interventions, and these will be guided by participatory planning and regularly monitored to ensure that any negative environmental impacts are addressed without delay.

K. Sustainability

31. According to financial projections, the three VCCs will be sustainable by the end of the programme and will expand their activities into new franchises to meet demand. The associations of producers/processors will gradually assume more responsibility, such as overseeing company management. Environmental sustainability will be promoted through the use of drip irrigation and the practice of organic farming.

II. Legal instruments and authority

32. A programme loan agreement between the Republic of Maldives and IFAD will constitute the legal instrument for extending the proposed loan to the borrower. Important assurances are attached as an annex.
33. The Republic of Maldives is empowered under its laws to borrow from IFAD.
34. I am satisfied that the proposed loan will comply with the Agreement Establishing IFAD.

III. Recommendation

35. I recommend that the Executive Board approve the proposed loan in terms of the following resolution:

RESOLVED: that the Fund shall make a loan to the Republic of Maldives in various currencies in an amount equivalent to two million three hundred fifty thousand special drawing rights (SDR 2,350,000) to mature on or prior to 15 April 2047 and to bear a service charge of three fourths of one per cent (0.75 per cent) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Lennart Båge
President

Important assurances included in the negotiated programme loan agreement

(Negotiations concluded on 19 July 2007)

Gender

1. The Government of the Republic of Maldives (the Government) will ensure that gender concerns will be mainstreamed in all programme activities throughout the programme implementation period. The Government will ensure that: (i) the programme promotes the role of women as agents of change in the local social and economic development; (ii) priority in training is given to women; (iii) the programme encourages women to take on leadership roles and participate in decision-making both within the family and at the community level; and (iv) priority is given to qualified women to work as programme staff for the programme. In particular, the selection and appointment of key programme staff will be conducted in a gender sensitive manner. In the recruitment/appointment of programme staff, all things being equal preference will be given to female candidates.

Indigenous people's (IPs) concerns

2. The Government will ensure that the concerns of IPs, where applicable, are given due consideration in implementing the programme and, to this end, will ensure that:
 - (a) the programme is carried out in accordance with the applicable provisions of the relevant IP national legislation;
 - (b) IPs are adequately and fairly represented in all local planning for programme activities;
 - (c) IP rights are duly respected;
 - (d) IP communities participate in policy dialogue and local governance;
 - (e) the terms of Declarations, Covenants and/or Conventions ratified by the Government on the subject are respected;
 - (f) the programme will not involve encroachment on traditional territories used or occupied by indigenous communities.

Monitoring

3. By or before twelve (12) months after the effective date, the programme will establish its own monitoring system to be able to properly evaluate programme implementation. The Government will ensure that the criteria established and required by IFAD in furtherance and under its Results and Impact Monitoring System (RIMS), as communicated by IFAD to the Borrower, will be incorporated into and form part of the programme's monitoring.

Progress reports

4. (a) Six-Monthly Progress Reports. In the preparation and submission of the six-monthly and consolidated annual progress reports each programme party will submit six-monthly progress reports, addressing technical and physical progress made during the period and containing financial statements relating to said semester's expenditures.
 - (b) Annual Progress Reports. The six-monthly progress reports will be the basis for the preparation of the annual progress report of the programme, which will be prepared, processed and consolidated in the same manner as the six-monthly progress reports.

Programme focus area

5. The islands for immediate intervention under the programme will be selected by the Ministry of Fisheries, Agriculture and Marine Resources of the Government (MOFAMR) jointly with the relevant Co-Investors on the basis of the following selection criteria: (i) proximity and product transportation costs to the distribution centres; (ii) farmers'/fish processors' interest in participating in the activities of the Value Chain Companies (VCCs); and (iii) incidence of target group poverty and vulnerability. The lead programme agency may select other islands during programme implementation provided they are located near the seat of one of the Co-Investors. The selection and inclusion of subsequent islands will be done in consultation with IFAD.

Pest management practices

6. The Government will comply with the International Code of Conduct on the Distribution and use of pesticides and ensure that pesticides procured under the programme do not include any pesticide classified as extremely hazardous or highly hazardous by the World Health Organisation.

Resource protection

7. The Government will take all reasonable measures to ensure that existing laws are enforced to safeguard natural resources in the programme area. The Government will take all measures to ensure sustainability of the programme without any detriment to the environment, promoting local participation during programme implementation which is essential for environment sustainability.

Operation and maintenance

8. The Government will ensure that adequate human and financial resources will be provided to support the operation and maintenance of programme financed investments and the recurrent costs of the programme operations both during and after the programme implementation period, at least for the useful life of such investments.

Insurance

9. The Government will insure programme personnel against health and accident risks in accordance with its customary practice in respect of its national civil service. The Government will insure all vehicles and equipment used in connection with the programme against such risks and in such amounts as may be consistent with sound practice. The Government may, in either case, finance such insurance from the proceeds of the loan.

Key programme staff

10. The Government will ensure that the programme coordinator remains in such role until the programme completion date, subject to satisfactory performance as appraised in accordance with local service rules and in consultation with IFAD.

Authorizations

11. The Government will provide any programme party with such delegations of authority or other authorisations as may be required under its national procedures to implement the programme in accordance with the programme loan agreement.

Use of project vehicles and other equipment

12. MOFAMR will ensure that:
 - (a) the types of vehicles and other equipment procured under the programme are appropriate to the needs of the programme; and
 - (b) all vehicles and other equipment transferred to or procured under the programme are dedicated solely to programme use.

Fraud and corruption

13. The Government will promptly bring to the attention of IFAD any allegations or concerns of fraud and/or corruption in relation to the implementation of the programme of which it has knowledge or becomes aware.

Suspension

14. (a) In addition to the events set forth in article 12.01 of the General Conditions: IFAD may suspend, in whole or in part, the right of the Government to request withdrawals from the loan account, upon the occurrence of any of the events set forth therein or any of the following events:
- (i) any of the VCCAs, the subsidiary loan agreement (SLA), the subsidiary lease financing agreement (SLFA), or provision thereof, has been waived, suspended, terminated, amended or otherwise modified without the prior consent IFAD, and IFAD has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the programme;
 - (ii) the programme coordinator has been removed from the programme without the prior concurrence of IFAD;
 - (iii) any competent authority has taken any action for the dissolution of the MOFAMR or the suspension of its operations, or any action or proceeding has been commenced for the distribution of any assets of the lead programme agency among its creditors;
 - (iv) IFAD, after due consultation with the Government, has determined that the material benefits of the programme are not reaching the target group, or are benefiting persons outside the target group;
 - (v) the Government and/or MOFAMR has(ve) defaulted in the performance of any additional covenant set forth in the programme loan agreement, and IFAD has determined that such default has had, or is likely to have, a material adverse effect on the programme;
 - (vi) IFAD has given notice to the Government that credible allegations of corrupt or fraudulent practices in connection with the programme have come to the attention of IFAD and the Government has failed to take timely and appropriate action to address the matter to the satisfaction of IFAD; and
 - (vii) procurement is not being carried out in accordance with the programme loan agreement.
- (b) IFAD will suspend, in whole or in part, the right of the Government to request withdrawals from the loan account if the audit report required by the programme loan agreement has not been satisfactory completed within twelve (12) months after the financial reporting period set forth therein.

Conditions precedent to withdrawals

15. The following are specified as conditions for disbursement of funds from the loan following the initial withdrawal:
- (i) no withdrawals will be made in respect of expenditures for VCC fixed assets and working capital until the VCCs have been duly established in accordance with the Company Act of the Maldives (Act No. 10/96), and their respective trademarks and brand names shall have been duly registered in accordance with local legislation;
 - (ii) no withdrawals will be made in respect of expenditures for Incremental Credit until the SLA and the SLFA have been approved by IFAD in draft; a copy of the signed SLA and the SLFA, substantially in the form so

approved, has been delivered to IFAD; and all conditions precedent to the effectiveness or validity thereof (other than the effectiveness of the loan documents) has been fulfilled; and

- (iii) no withdrawals will be made in respect of expenditures under the programme until the programme coordination unit (PCU) has submitted a draft annual work plan and budget (AWPB) for Programme Year 1 to the Steering Committee (SC) and IFAD for approval, and such draft AWPB has been approved.

Conditions precedent to effectiveness

16. The programme loan agreement will become effective subject to the fulfilment of the following conditions precedent:
 - (a) the Programme Coordinator has been appointed by the lead programme agency with IFAD's approval;
 - (b) the Government has duly opened the special account and the lead programme agency has duly opened the programme account;
 - (c) the Government has duly established the SC and the lead programme agency has duly established the PCU;
 - (d) the programme loan agreement has been duly signed, and the signature and performance thereof by the Government has been duly authorised and ratified by all necessary administrative and governmental action; and
 - (e) a favourable legal opinion, issued by the Attorney General or other legal counsel of the Government acceptable to IFAD in form and substance acceptable to IFAD, has been delivered by the Government to IFAD.

Key reference documents

Country reference documents

The 7th National Development Plan (2006-2010)

The Agricultural Development Master Plan (2006-2020)

Vulnerability and Poverty Assessment 2004, Ministry of Planning and National Development, Male' 2006.

IFAD reference documents

Project design document (PDD) and key files

Learning Note on Rural Finance

Learning Note on Micro and Small Enterprise (MSE) Development

Learning Note on Sustainability

Administrative Procedures on Environmental Assessment

Prerequisites of Gender Sensitive Design

Private Sector Partnership and Development strategy

IFAD Rural Enterprise Strategy

Other miscellaneous reference documents

ADB. 2005b. Commercialization of Agriculture in the Maldives. TA No. 4337-ML. Asian Development Bank and Government of the Republic of Maldives. April

FAO Working Paper. 2006. Maldives: Opportunities for Risk Management in Agriculture and Fisheries. FAO Working Paper Report No. 06/004-IFAD-MDV. Food and Agricultural Organization of the United Nations, Rome.

FAO. 2005. Master Plan for Sustainable Food Security, Agriculture and Regional Development, FAO-TCP/MDV/3001. Food and Agriculture Organization, United Nations and Ministry of Fisheries, Agriculture and Marine Resources, Republic of Maldives.

GOM. 2005. National Recovery and Reconstruction Plan: Projects and Projects. Ministry of Planning and National Development, Republic of Maldives, March, 2005.

World Bank. 2005. Maldives: Tackling the Budget Crisis. The World Bank Group, www.worldbank.org/website/external/news. (October 3, 2005).

Logical framework

Narrative summary	Key performance indicators	Means of verification	Assumptions and risks
OVERALL GOAL			
To reduce the vulnerability and poverty of small farmers and small fish processors and improve their food and income security on a sustainable basis.	<ul style="list-style-type: none"> -Nb (and % total) of households with improved living conditions, by occupation and status and gender of household head - Nb (and % total) of households with increased assets/income, by occupation and status and gender of household head - Nb (and % total) of households who rose above the poverty line, by occupation and status and gender of household head -% reduction in out-migration by islanders 	<ul style="list-style-type: none"> -Household and impact surveys; -Socio-economic surveys 	
PROJECT PURPOSE			
<p>To develop agriculture and Maldives fish value chains (from production to marketing) using a market-driven commercialization and diversification strategy that improves and sustains the incomes of small farmers and small fish processors.</p> <p>Targets: 5,600 small farmers and 2,800 small fish processors; of whom 600 women-headed households.</p>	<ul style="list-style-type: none"> - Internal rates of returns for enterprises exceeds 50% - Rates of return of value chain companies of at least 14% (fresh products); 26% (processed products); and 30% (fish) - % increase in household income, by occupation and status and gender of household head - % increase in the share of Maldives-made fish processed products (from small processors) into tourist resorts, and domestic and export markets -% increase in the share of Maldives-grown fresh and processed agricultural produce (from small holders) into the domestic and tourist resort-based market 	<ul style="list-style-type: none"> - National statistics - Subsector studies 	<ul style="list-style-type: none"> -Macroeconomic and political stability. -No major drop in commodity prices -No major market disruption -No external economic shocks or environmental disasters -Continuous, favourable policy framework and commitment of all stakeholders.
INTENDED OUTCOMES			
<p><u>Component 1:</u> Increased, sustainable access by 1,200 male and female smallholder producers and small dried fish processors to high value niche markets and to premium prices through their participation (and eventual share) in three Value Chain Companies engaged in value-chain development</p> <p><u>Component 2:</u> Increased access of smallholder producers and small fish processors, and by their Value Chain Companies, to financing products necessary to acquire working capital and equipment, or to leased equipment.</p> <p><u>Component 3:</u> Increased capacity of the Ministry of Fisheries, Agriculture and Marine Resources to manage, steer, monitor and evaluate a highly innovative project involving private sector actors</p>	<ul style="list-style-type: none"> - Amount of private co-investments mobilized, by VCC -Value of sales generated, by VCC, year and product line - % of total yearly sales value retained by producers and processors - Average increase in premium prices obtained at farm gate, by year and product - % of women among producers and processors -Amount of sales revenues controlled by female producers/processors, by VCC and by year - % of inspected produce (in volume) duly certified by the Health Laboratory - Nb of producers/processors granted a share in the VCC, by gender - Nb of producers/processors accessing working capital, by VCC and by gender - Nb of producers/processors accessing equipment, by FC and by gender - Total value of equipment leased to VCC, by VCC and type of equipment - Average repayment rate, by type of loans, VCC and by producers/processors' gender 	<ul style="list-style-type: none"> - Monitoring and impact surveys -MOFAMR Reports -Franchise Companies' records -Programme records 	<ul style="list-style-type: none"> -Strategic customers are interested to invest in Franchise Companies and have the financial means to do so -Value chain company operator performs to expectations. - Public administration regulations and their application do not constrain effective, market-driven operations of the FC

