



**Food and Agriculture Organization  
of the United Nations**

**PROJECT DOCUMENT**

Upon request from the Government of Government of the Republic of Maldives, represented by the Ministry of Ministry of Fisheries, Marine Resources and Agriculture the Food and Agriculture Organization of the United Nations (FAO) will provide technical assistance for the following Project:

<b>Project Title:</b>	Strengthening Agribusiness Producer Organizations in Maldives through Enterprise Ecosystem Development and Deployment of Digital Solutions (SAPOMED)
<b>Project Symbol:</b>	GCP/MDV/002/GAF

Upon signature of this project document by the duly authorized representatives of both parties, the project will be implemented in accordance with the background, rationale and management arrangements described herein.

On behalf of the Ministry of Ministry of Fisheries, Marine Resources and Agriculture	On behalf of the Food and Agriculture Organization of the United Nations
Name:	Name:
Title:	Title:
Date:	Date:

<b>Project Title:</b>	Strengthening Agribusiness Producer Organizations in Maldives through Enterprise Ecosystem Development and Deployment of Digital Solutions (SAPOMED)
<b>Project symbol:</b>	GCP/MDV/002/GAF
<b>Recipient Country(ies):</b>	Maldives
<b>Government(s)/other counterpart(s):</b>	Addu Meedhoo Cooperative Society (AMCS), Addu City, Maldives
<b>Expected EOD (Starting Date):</b>	01 September 2023
<b>Expected NTE (End Date):</b>	31 August 2026
<b>Contribution to FAOs Strategic Framework:</b>	<ul style="list-style-type: none"> <li>a. PPA: Better Production 4, Small-Scale Producers' Equitable Access to Resources; Better Production 5: Digital Agriculture; Better Life 1: Gender equality and rural women's empowerment; Better Life 7: Scaling up investment.</li> <li>b. SDG target(s): 1.4 - equal rights to economic resources and basic services; 2.3 - agricultural productivity and incomes of small-scale food producers; 5.a - women equal rights to economic resources, [...] financial services, and natural resources; 8.3 [...] encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services; 10.1: By 2030, progressively achieve and sustain income growth of the bottom 40 percent of the population at a rate higher than the national average.</li> <li>c. Country Outcome 1: By 2026, more people in Maldives, youth, women and other at risk of being left behind contribute to and benefit from inclusive, resilient, sustainable economic and human capital development, fostering entrepreneurship and decent work.</li> <li>d. CPF Output 1.3.1 - Women and youth improve their capacities in technical and entrepreneurial skills using innovative and progressive technologies, including e-agriculture solutions to generate income in the e-agriculture value chains through private sector partnerships.</li> <li>e. Regional Initiative/Priority Area: Supporting inclusive rural transformation for sustainable agri-food systems and equitable rural society;</li> </ul>

<b>Environmental and Social Risk Classification</b>	low risk <input type="checkbox"/>	moderate risk X	high risk <input type="checkbox"/>
<b>Gender Marker</b>	GM 0 <input type="checkbox"/>	GM 1 X	GM 2 <input type="checkbox"/>
<b>Total Budget:</b>	USD 2,635,000		

**Executive Summary**

The GAFSP’s approved concept note for the Producer Organisations (PO)-led project in Maldives is developed as a full project document here, with the Food and Agriculture Organization of the United Nations (FAO) as the Supervising Entity and Addu Meedhoo Cooperative Society (AMCS), as the Lead PO. The Government of Maldives is an active stakeholder in this PO-led project.

The over-arching objective of this project is to develop economically viable POs in Maldives, making them empowered and strong actors in the agriculture value chains of the country. This will contribute to a resilient and robust food system, overcoming the severe challenges faced due to climate change, and to ‘build back better’, from the impacts of the recent pandemic.

Maldives is one of the lowest lying Small Island Developing States (SIDS) affected by global warming and sea-level rise. Geographical dispersion of the islands, coupled with challenges in inter-island connectivity, makes logistics and transport a significantly uncertain and high-cost factor. In addition, dispersed and fragmented domestic markets, high dependence on imports (for fuel, food, capital goods and raw materials) and labor shortages add to the cost of production, driving up the cost of doing business much higher, as compared to other SIDS. Maldives is recognized as one the worst affected countries, globally, during the COVID-19 pandemic, registering a 33% decline in nominal GDP for 2020. The resulting economic downturn impacted farmers and POs, very significantly, due to the sudden loss of markets, forcing many farmers to either scale down production levels, or search for other means of livelihoods. Most POs were also severely impacted and had to close their operations, as their farmers were unable to continue as members.

The ramifications of the pandemic have been felt keenly by POs in the Maldives, with many PO members seeking alternative livelihoods to survive. Maldivian POs were typically small, with memberships as low as 25-40 farmers and at times even less. The pandemic has resulted in most POs shutting their doors as their members pursue alternative means of making a living, leaving behind agriculture and related sectors. Between the projects’ conceptual phase and design phase, from the original 17 POs, only 4 POs remain with potential for collaboration. AMCS was also impacted significantly. This has necessitated creation of new POs under the project.

These severe problems and constraints faced by farmers in Maldives, has brought to the forefront, the significance of investing in the development of a resilient domestic food system and by extension, the agriculture sector, in the country.

To add to this, there is a lack of dedicated micro-financing institutions to support small-holder farmers. Currently, SME Development and Finance Corporation (SDFC) is the only institution offering sector specific financial products for agriculture and fishery. Although labelled as an ‘SME Bank’, they do not offer deposits and other banking services. SDFC is also setting up Islamic banking products, based on demands by clients. Even though most banks provide various saving options, their lending is limited to functioning businesses with demonstrated history of banking with the respective bank. Additionally, the credit application and management process is not modernized and poses a significant hindrance for timely access to credit.

To withstand domestic and international shocks, resilient food systems must be developed by diversification and commercialization initiatives to enhance productivity in the agriculture sector. Hence, this is an opportunity to consider innovative approaches which is being encouraged by the Government, as well. In this connection, the successful Bangladesh Missing Middle Initiative (MMI) project, 'Increasing Access to Finance for Farmers Organizations', supported by GAFSP, provides a proven model with potentially transformative interventions for Maldives, in the following ways:

1. This proposal aims to scale up the model and learning from the Bangladesh project, within the context of a SIDS.
2. The challenges of diseconomies of scale in crop production, inefficient supply chains for food crops, and inefficient farming systems can be addressed through an integrated enterprise development approach by the POs.
3. This intervention will create an ecosystem of vibrant POs that efficiently service smallholder producers, especially women and youth, to increase their incomes, through access to finance, markets, and technology.

The project aims to support the development and strengthening of 30 producers' organization (Output -1) which are a mix of 26 (new) and 4 (preexisting) including building their institutional capacity and governance processes (Output-2). The project will further support the access of POs to community-based financing through the development of a revolving loan fund and linkages to value chains (Output 3). In the quest to achieve all this, the project will enhance the human resources, technical and managerial capacity of Lead PO (AMCS), including through introduction of various digital solutions (Output 4).

The project is consistent with the government's Strategic Action Plan 2018-2023, National Resilience and Recovery Plan 2019-2022, National Fisheries and Agriculture Policy 2019-2029, among other policies. The project will directly contribute to the FAO's Country Programming Framework 2022-26.

## TABLE OF CONTENTS

<b>ACRONYMS .....</b>	<b>7</b>
<b>SECTION 1 – RELEVANCE.....</b>	<b>8</b>
1.1 Strategic direction of the project.....	8
1.1.1 <i>Alignment to FAO Strategic Framework, SDGs and Country Programming Framework</i> .....	8
1.1.2 <i>Theory of Change, Problems to be addressed and Expected Results</i> .....	9
<i>Expected Results</i> .....	13
1.1.2.1 <i>Impact</i> .....	13
1.1.2.2 <i>Outcome</i> .....	13
1.1.2.3 <i>Outputs</i> .....	14
1.1.2.4 <i>Activities</i> .....	15
1.2 Comparative Advantages .....	21
1.2.1 <i>Mandate to Act</i> .....	21
1.2.2 <i>Capacity to Act</i> .....	22
1.2.3 <i>Position to Act</i> .....	22
1.3 Stakeholders and Context Analysis .....	22
1.3.1 <i>Stakeholder Engagement</i> .....	24
1.3.2 <i>Grievance Redress Mechanisms</i> .....	25
1.3.3 <i>Information Disclosure</i> .....	26
1.3.4 <i>Partnerships</i> .....	26
1.3.5 <i>Knowledge Management, Communication and Visibility</i> .....	26
<b>SECTION 2 – FEASIBILITY .....</b>	<b>28</b>
2.1 Implementation Arrangements.....	28
2.1.1 <i>Institutional Framework and Coordination</i> .....	28
2.1.2 <i>Government Inputs</i> .....	29
2.1.3 <i>Resource Partner Inputs (and Project Budget)</i> .....	29
2.1.4 <i>Management and Technical Oversight Arrangements</i> .....	30
2.2 Operational Modalities.....	32
2.3 Statistics .....	32
2.4 Information Technology .....	33
2.5 Risk Management .....	33
2.5.1 <i>Potential risks to the project</i> .....	33

2.5.2	<i>Environmental and social risks from the project</i> .....	34
2.6	Monitoring, Performance Assessment and Reporting .....	35
2.7	Evaluation Provisions .....	37
<b>SECTION 3 - SUSTAINABILITY</b> .....		<b>38</b>
3.1	Capacity Development (including Potential Exit Strategy).....	38
3.2	Decent Rural Employment.....	40
3.3	Environmental Sustainability.....	40
3.4	Gender Equality .....	41
3.5	Indigenous Peoples .....	44
3.6	Technical/ technological innovation .....	45
Annex I: Logical Framework Matrix .....		46
Annex II: Stakeholder Engagement and Grievance, Conflict Resolution and Accountability Mechanisms .....		50
Annex III: Workplan .....		57
Annex IV: Budget .....		60
Annex V: Risk Management.....		62
Section A: Risks to the project.....		62
Section B: Environmental and Social risks from the project .....		63
Annex VI: FAO and Government Obligations .....		65
Annex VII - Terms of Reference for FAO Staff .....		68
Annex VIII: List of Proposed Islands to Establish POs .....		74

## **ACRONYMS**

AMCS - Addu Meedhoo Cooperative Society

CSA - Climate Smart Agriculture

CPF – Country Programming Framework

ED – Enterprise Development

FAO - Food and Agriculture Organization of the United Nations

FBF - Farmer Business Facilitator

GAFSP - Global Agriculture and Food Security Programme

GAP - Good Agricultural Practices (Certification)

GDP – Gross Domestic Product

GoM - Government of Maldives

IFAD - International Fund for Agricultural Development

ISU - Implementation Support Unit

LOA – Letter of Agreement

M&E - Monitoring and Evaluation

MED - Ministry of Economic Development, Maldives

MMI - Missing Middle Initiative

MoFMRA - Ministry of Fisheries, Marine Resources and Agriculture, Maldives

MSME - Micro, Small and Medium Enterprises

PO - Producer Organization

PTFAReP - Post Tsunami Fisheries and Agriculture Rehabilitation Program (PTFAReP)

PSC - Project Steering Committee

RLF - Revolving Loan Fund

SDFC - SME Development Finance Cooperation, Maldives

SE - Supervising Entity

SIDS – Small Islands Developing States

SME - Small and Medium Enterprise

SOE - State Owned Enterprises

UNDP - United Nations Development Program

WDC – Women’s Development Committee

## SECTION 1 – RELEVANCE

### 1.1 Strategic direction of the project

#### *1.1.1 Alignment to FAO Strategic Framework, SDGs and Country Programming Framework*

The project will contribute to the following Programme Priority Areas (PPAs):

#### BETTER PRODUCTION

BP4: Small-Scale Producers' Equitable Access to Resources

BP5: Digital Agriculture

#### BETTER LIFE

BL1: Gender equality and rural women's empowerment

BL7: Scaling up investment

The project will contribute to the following Sustainable Development Goals:

1. No poverty, especially 1.4 - equal rights to economic resources and basic services;
2. Zero hunger, especially 2.3 - agricultural productivity and incomes of small-scale food producers;
5. Gender equality: 5.a - women equal rights to economic resources, [...] financial services, and natural resources;
8. Decent work and economic growth: 8.3 [...] encourage the formalization and growth of micro/ small- and medium-sized enterprises, including through access to financial services;
10. Reduced inequalities, 10.1: By 2030, progressively achieve and sustain income growth of the bottom 40 percent of the population at a rate higher than the national average.

FAO's Country Programming Framework (CPF) for Maldives for the period 2022 – 2026 supports the Maldives contribution to build a more efficient, inclusive, resilient and sustainable agri-food system for better production, better nutrition, a better environment and better life in the Maldives and to ensure that no one is left behind. The CPF is aligned with the United Nations Sustainable Development Cooperation Framework (UNSDCF) Maldives 2022-2026.

SAPOMED contributes mainly to FAO Country Outcome 1:

By 2026, more people in Maldives, youth, women and other at risk of being left behind contribute to and benefit from inclusive, resilient, sustainable economic and human capital development, fostering entrepreneurship and decent work.

Through its support to strengthening producers' organization ability to provide services to their smallholder member farmers and increasing access to finance, the project will mainly contribute to CPF Output 1.3.1 - Women and youth improve their capacities in technical and entrepreneurial skills using innovative and progressive technologies, including e-agriculture solutions to generate income in the e-agriculture value chains through private sector partnerships.

The project approach is closely aligned with many of the government's priorities, as follows:

The project was formulated considering the **National Resilience and Recovery Plan 2019-2022**. That plan is still relevant for priorities set for the agriculture sector. The plan's central focus relies on strengthening food security and diversification of the economy by investing into commercial scale agriculture. The proposed project will support government's interventions to increase agricultural production of locally cultivable fruit, vegetables and staples. It will also complement government's plan to achieving the goal of food security.

Additionally, lack of farmers' organisations, and inadequate availability of market information lead to lack of opportunities for local agribusiness development. These challenges are highlighted and



addressed in the **Strategic Action Plan 2019-2023**<sup>1</sup> the Government of Maldives and the project objectives which contribute to the following strategies:

- Strategy 1.1: Develop market linkages for local agricultural produce.
- Strategy 1.2: Increase institutional and technical support in the development of agribusinesses.
- Strategy 3.1: Reduce economic and ecological wastage from agricultural practices by introducing climate-smart modern agricultural technologies.
- Strategy 4.6: Reduce dependency on expatriate labour and empower and encourage local participation in agriculture.

The direction of the agriculture governing institutions and regulations is influenced by **National Fisheries and Agriculture Policy 2019-2029**. The policy highlights relevant areas such as food security, digital solutions, enterprise development and community empowerment. The relevant sub points under **Pillar 2** of the policy are as follows.

Pillar 2.1. Value-Chain Coordination (SDG 8,9)

Objective 2.1.1. Ensure that the competitiveness of the agriculture sector is promoted, improved and sustained in both domestic and foreign markets.

Pillar 2.2. Food Security and Nutrition

Objective 2.2.1. Ensure that the agriculture sector significantly increase its contribution to food security and nutrition.

Pillar 2.3. Community Empowerment (SDG 1,5,8,10,11)

2.3.1.D. Promote and facilitate access to technology-driven solutions to overcome the geographical constraints that lead to socioeconomic gaps among farming communities.

2.3.1.E. Promote the inclusion of disadvantaged groups in farming communities (i.e., women, youth, people living with disabilities) through sensitization, positive discrimination and measures.

Additionally, as part of the enterprise development effort and grouping of farmers, the project will promote crucial schemes, laws and regulations that are currently underutilized and under advocated.

Some of these laws include.

- Small and Medium Enterprises Law
- Cooperatives Law
- Pesticides Law
- Farm insurance scheme
- Maldives Good Agriculture Practices scheme (mGAP)

### ***1.1.2 Theory of Change, Problems to be addressed and Expected Results***

#### **Theory of Change**

The theory of change outlines the steps and expected outcomes of a project aimed at empowering producer organizations (POs) to enhance their institutional capacity, integrate into local value chains, access financing, and improve overall resilience. The project seeks to support grassroots POs in uplifting their members, in particular women and youth, recovering from pandemic-related shocks, and building resilience against future shocks. The approach is participatory and flexible, allowing POs to identify their priorities and develop their own business plans.

The project will initially focus on establishing and supporting the development of four exiting and 26 new POs. This support will include capacity building activities to enhance their institutional capacity and governance processes. By strengthening the foundations of these organizations, they will be better equipped to effectively represent their members' interests and drive collective action.

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<sup>1</sup> <https://faolex.fao.org/docs/pdf/mdv195983.pdf>

As a result of the above action, the newly established POs will have improved institutional capacity and governance processes, enabling them to effectively represent their members and engage in collective decision-making.

Once the POs have a solid institutional foundation, the project will shift its focus to building the business skills and technical knowledge of the POs. This support will enable them to integrate more effectively into their local value chains and leverage their market strengths. Training programs, mentorship, and technical assistance will be provided to enhance the POs' understanding of market dynamics, product quality, pricing strategies, marketing techniques, and value addition.

As a result of the above action, the POs will have improved business skills and technical knowledge, enabling them to actively participate in local value chains, optimize their market position, and generate higher incomes for their members.

To further strengthen the POs' economic resilience, the project will support them in accessing community-based financing. This will involve establishing revolving loan funds (RLFs) tailored to the needs of the POs. Additionally, linkages with external financial providers will be established to crowd in additional finance. The POs will receive training and guidance on financial management, loan utilization, and repayment mechanisms to ensure the effective use of funds.

As a result of the above action, the POs will have improved access to finance through community-based RLFs and external financial providers, enabling them to invest in income-generating activities, improve their livelihoods, and mitigate the impact of shocks.

In order to effectively serve its member and partner POs and manage the RLF, the project will enhance the capacity of the lead PO (AMCS). This support will include technical assistance, human resource development, and the adoption of digital solutions. The digital solutions will streamline administrative processes, facilitate data management, and enhance communication and coordination among the POs. As a result of the above action, AMCS will have improved capacity to provide technical support to member and partner POs, manage the RLF effectively, and leverage digital solutions for efficient operations and communication.

Through the implementation of abovementioned postulates, the theory of change envisages that the empowered POs will be able to make strategic investments to uplift their members and communities. By actively participating in local value chains, accessing finance, and utilizing their improved business skills and technical knowledge, the POs will generate higher incomes, improve livelihoods, and enhance community resilience. This approach's participatory nature ensures flexibility to respond to the evolving needs of farmers, enabling them to adapt to various challenges and capitalize on emerging opportunities.

### **Problems to be addressed**

Lack of Production Support: The project targets smallholders for several reasons. Though they represent majority of the farming community, they are often not able to participate in organized value chains. They face higher transaction costs for input purchases and output marketing and lack bargaining power. As price takers they face high price uncertainty and with limited cash reserves, are vulnerable to external shocks. Additionally, small holder producers engage in the production of most nutrition and relevant food crops such as taro, breadfruit, cassava, and sweet potato. Hence, to support them is to uphold the culture of traditional farming and to bring those crops to the mainstream markets. Additionally, these producers are not fully able to utilize the incentives and regulatory benefits open to them such as import substitution, fuel subsidies, various regulation that empower them. Hence, the project will assist the producers to properly navigate the current market and sectoral environment for successful integration.

Access to Finance: The lack of dedicated micro-financing institutions for smallholder farmers in the Maldives has resulted in limited access to credit. The only institution offering sector-specific financial products is the SME Development and Finance Corporation (SDFC), which manages a loan scheme for agriculture and fishery. However, the product has drawbacks such as high application requirements and slower processing times. Most banks do not offer lending options to smallholder farmers, and the credit application process is not modernized. As a result, there is a critical need for financial literacy and enterprise development skills amongst farmers, and existing financing products fall short of serving their needs.

Extension services: The conventional agriculture extension system, which is centralized, fails to fully meet the demands of farmers on individual islands. This was evident during the COVID-19 pandemic when the central authorities were unable to provide essential services to producers due to the inability to physically reach them. Because of this, even for interested producers a clear hand holding is needed to bring producers together.

Access to Land: Land is owned by the state, and cultivable land is limited. Small scale plots (100 - 200m<sup>2</sup>) is the predominant form of agriculture practiced by farmers. Land for agriculture is allocated by island councils for about a year while for commercial agriculture, MoFMRA leases whole islands for 21 years mainly to private enterprises. Limited land tenure prevents small farmers or from making long-term investments. Moreover, a handful of women own land in Maldives, which also inhibits their access to the mainstream financial markets. Grouping of farmers gives a necessary leverage over these aspects.

Climate Smart Practices: Apart from that, in recent years, adverse climate conditions have impacted soil based agricultural activities and reduced yield and income for farmers. There is a need for greenhouse-based farming and adoption of climate smart technologies such as auto-pot farming, improved seeds, vertical farming, drip-irrigation systems, nutrient recycling and biological pest management. Improper use of fertilizers deteriorates soil quality and damages crops quicker. A general lack of understanding of good agricultural practices and improved standards exists. Investments in rainwater harvesting and water efficient agricultural cultivation are non-existent.

Post-harvest: Market access issues coupled with absence of appropriate warehousing and storage facilities in the agricultural rural islands meant that the product quality and harvested produce is hampered, resulting in wastage and spoilage of agricultural produce. Farmers in small island communities lack the necessary know-how and financial capacity to broaden their practices, infrastructure and technological base which the project can address through common facility and RLF.

Women Participation: Currently, commercial ventures, markets and access to resources are male dominated, with little room for women to be leaders, access finance and have their contributions to the food system properly recognized. As a result of pandemic-related movement restrictions, women have struggled even more. As such, the project has chosen to build in specific measures for women to become leaders in the new POs.

Health risks and nutrition: The project areas also face significant health risks and nutrition challenges. Occupational health hazards in farming include exposure to chemical substances, unhygienic disposal of livestock and poultry waste. These are often ignored by the farming community even though standard operating procedures and safety protocols do exist. Unfortunately, farmers are either unaware of them or reluctant to take on the burden of following them, as the hazardous consequences of not following them are not well understood. The project intends to address these issues through producer empowerment, through building strong POs that can provide needs-based services to member farmers.

## **Status of Producers' Organizations and PO regulation**

The main problem to be addressed is lack of viable producer groups that have access to finance, markets, information and technology to support smallholder farmers, particularly women. The debilitating impact of the pandemic was everywhere to see, as experienced in the scoping missions, with stories of loss of livelihoods and incomes and their socio-economic effect on households and communities. The resulting shortage of resources, changes to household income, abrupt changes to logistic and accessibility, reduction of support from various stakeholders meant that existing POs were dissolved across the islands. This is in contrast to Bangladesh, where members turned to their PO leaders for help, and the POs were able to assist members to overcome some of the problems, and as a result the POs became stronger during the pandemic.

As a result of the pandemic, the activities of the lead PO - AMCS have slowed down, with downsizing of operations and staff members. To ascertain the situation with the identified POs (as per the list provided in the concept note submitted to GAFSP in 2021), AMCS began contacting these POs, in early 2022. During interactions, AMCS found that of the 17 POs listed during the conceptual stage, there are only 4 POs with the potential for collaboration. Twelve POs had gone either operationally defunct or were not engaged with small farm holders anymore (please see Table 1, below). AMCS also had conversations with some of the associated island councils, community leaders and farmers. It was confirmed that the POs had to shut down their operations or move to other livelihoods, to survive, the vagaries of the pandemic.

Table 1. Status of POs (as listed in the Concept Note) in Maldives

Categories	Number	Islands represented	Names of POs
POs deemed active and involved in agriculture	1	1	AMCS
POs deemed active but not involved directly in agriculture	2	2	Thoddoo Bright Coop, Addu Peoples Coop
POs deemed defunct, or are only present in name	11	8	Kaashidhoo Green Cooperative, Kaashidhoo Unity Cooperative, Veymandoo Women’s Cooperative, Funadhoo Cooperative Society, Maavashu Cooperative Society, South Farmers’ Cooperative Society, Dhivehi Masverin, Gahdhoo Ekurveringe Cooperative Society, Fuvahmulah Fishermen’s Cooperative, Hoadhandu Fresh Cooperative, South Cooperative Society
POs deemed not active but with potential for revival	3	3	Vaadhoo Farmers Coop, Magoodhoo Coop, Fuvahmulah Coop,
Total number of POs submitted in Concept Note (2021)	17	13	

POs in Maldives have traditionally been very small (with membership as low as 50-80 farmers), and mostly dependent on tourism – through resorts, hotels, and homestays. The pandemic resulted in most of the POs closing shop when their few members took up different jobs or livelihoods to survive, thus moving away from agriculture and allied sector.

The primary factors contributing to closure of POs include a) a downturn in demand for agro based products as many of their reliable customers (hotels and resorts) had shut; b) prices of vegetables and fruits had increased, so people were buying less, and c) PO members were displaced from their locations, leading them to stop farming. In addition, changes in weather patterns/climate resulted in loss of

yield/productivity, which further contributed to the lack of motivation for farming and shifting to other lucrative income-generating activities.

- i) To build back better after the pandemic, the essential idea is to engage in a ground up work of building POs that are more robust and withstand shocks in the future. This endeavour will of course be led by island authorities as a bottom-up approach to be primarily based on the following parameters;
- ii) Interest of producer community;
- iii) Predisposition of communities to work in POs due to;
  - a. Previous experience
  - b. presence of supportive local governance (Island Council, WDC’s, NGOs)
  - c. Presence of value-chain services (markets, Agronat, BCC branch, Bank Branch, input suppliers etc....).
- iv) Agricultural production parameters
  - a. Number of producers both in homestead production and community farming plots
  - b. Diversity and level of production (crops, livestock)

The table below is a snapshot of the difference in the two scenarios, and depicts, via comparison, how the new design will strengthen the PO-led approach of this project.

Table 2. Comparative Data

#	Proposed New Design Points	Concept Stage (2021)	Full Proposal Stage (2022/3)
1	Total No. of islands covered	16	26
2	Total No. of POs covered	17	30
3	No. of all-women POs	0	1 (included in the total count)
4	Total No. of Farmers mobilized*	not applicable	3000

\*In 2021, the direct outreach to farmers and their mobilization was not planned, so the project could not have selected its target group, individually, which will happen now, if approved

### ***Expected Results***

#### ***1.1.2.1 Impact***

The project’s long-term development goal at the impact level is:

**A vibrant PO ecosystem based in small islands that are more resilient to shocks and climate change, enable strengthened food security in Maldives**

#### ***1.1.2.2 Outcome***

The project builds on the experience of Bangladesh MMI project - ‘Increasing Access to Finance for Farmer Organizations in Bangladesh’ (MMI-BD). The combined outcome of various activities will be demonstrated as a concerted effort to achieve the food and nutritional objectives of the country. This is done through lead producer organization that mobilizes participating POs across the various islands, with support from the local island authorities. These POs will be provided with the necessary capacity building to enable their active participation in select agri-business activities, and viable business models will be developed to increase their income.

The result then would be the emergence of strong PO enterprises that can now effectively serve their members, resulting in increased economic empowerment and improved livelihoods. Furthermore, the lead producer organization strengthened through the project, would be effectively capable of coordinating and guiding various POs across the selected region. This holistic approach will result in a positive and sustainable impact on the local economy and create an enabling environment for continued growth and development.

The project's expected outcome therefore is:

**Strong Producer Organization Provide Business Skills, Technical Knowledge, Market Access, and Access to Finance to their Members.**

### *1.1.2.3 Outputs*

#### **Output 1. Producers' organizations established and supported by Lead PO.**

Selected project islands communities are further engaged to establish POs, that realize the food and nutritional objectives of the project. Under this output, the project will support Lead PO on the mobilization of POs and collaboration with island authorities.

**Sub-Output 1.1** Communities are mobilized and Filed Business Facilitators (FBFs) are appointed from each island.

**Sub-Output 1.2:** POs are established as legal entities and integrated with the Lead PO to function as members of the federation of POs under the leadership of the Lead PO.

#### **Output 2. Governance and Business management capacity of newly established POs and FBF is developed.**

Under this output, POs are equipped to be effective actors in their respective island communities. This will be done through a combination of capacity development in business planning, including FAO's own RurallInvest software, climate resilient production, as well as the establishment of common facility centres. Specific output targets are as follows:

**Sub-Output 2.1:** Capacity of FBF is developed to train POs and liaise with the Lead PO

**Sub-Output 2.2:** POs and members are equipped with necessary governance and managerial knowledge for a successful PO enterprise development.

**Sub-Output 2.3:** POs' Business and technical skills developed

**Sub-Output 2.4:** Common Facilities serve the POs

**Sub-Output 2.5:** Leadership developed among women farmers in various Pos

**Sub-Output 2.6** Monitoring, Evaluation and Learning (MEL) system established

#### **Output 3. Producer Organization Enterprises Developed.**

Under this output, participating POs will develop business plans by identifying investment attractive and viable business models to ensure financial viability for farmers and create sustainable enterprises. Access to markets is critical for the success of these models, and the private sector will be linked with resort and local markets through partnerships with Government SOEs to support agriculture programs. Specific output targets are as follows.

**Sub-Output 3.1.1** Enterprise business plans are developed to cater for specific need of POs through participatory and inclusive approach.

**Sub-Output 3.1.2** POs are linked with markets and value-chains.

**Sub-Output 3.2** Revolving Loan Fund developed.

**Sub-Output 3.3** Viable business plans are financed.

#### **Output 4. Lead PO is Enhanced.**

Under this output, the Lead PO's capacity in terms of human resources, technical, operational, and business skills are developed to coordinate other POs and manage the RLF. As such, various digital solutions are provided to facilitate these objectives.

**Sub-Output 4.1** Lead PO capacity developed.

**Sub-Output 4.2** Digital solutions provided to Lead PO and other POs with the necessary trainings.

##### ***1.1.2.4 Activities***

Funded by the GAFSP PO-led window, the project will be jointly implemented by FAO and Addu Meedhoo Cooperative Society (AMCS) - that will be the lead producer organization. The project will focus on central and southern region of Maldives. The target population is 3,000 smallholder farmer households based in 26 islands in the north, central and southern region of Maldives. Hence, indirect target beneficiaries is 15,900 (5.3 per household). The target producers are farmers who are involved in homestead and commercial farming in community areas or leased lands that are interested to participate in Producers' organizations to improve their existing production activities. From these 26 islands extensive work will be carried out in notably larger islands that are identified as having potential to require wider support (with more than 1 PO) due to larger producer base and history of farming. These islands are notably, K. Kaashidhoo, Aa Thoddoo, S. Meedhoo, Gn. Fuvahmulah and L. Gan island. Except for L.Gan Island, all the other islands have been visited and assessments have been carried out under the design phase of the project. See Annex-VIII for list of selected islands and estimated PO distribution.

#### **COMPONENT 1 – FARMER MOBILIZATION AND PO ESTABLISHMENT<sup>2</sup>**

AMCS will closely work with island authorities and communities to mobilize potential group of farmers from target areas, sharing information about the possibility of forming POs and providing the training and support needed for interested communities. When discussing with the communities, emphasis will be put on the importance of creating opportunities for women to be empowered through the PO, with identification of potential community members as Farmer Business Facilitator (FBF).

##### **Activity 1.1: Activating Outreach work**

The Lead PO will assimilate all the relevant data on the selected islands, reach out to local authorities and create awareness about the context and purpose of this project. This will be accelerated with planned physical visits to all islands, mobilize and organize farmers, and get their acceptance to be a part of the POs. Note that the project approach to PO mobilization, will be organic and flexible, ensuring

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<sup>2</sup> This is a new component that has been added, during the project development and design phase, (after the concept note was approved) when scoping missions were carried out, jointly, by the Lead PO and the SE, in July-August 2022

that no communities feel forced to start a PO at the beginning of this activity. In each island, community mobilizers will be identified and appointed with the support of island councils and women’s development committees (WDCs) who will deepen the process of farmer mobilization. The criteria for selecting these mobilizers will be outlined in the Outreach Plan, in consultation with island councilors and WDCs. The process will ensure that women are encouraged, and equal opportunity is provided for them, to take up the role of mobilizers, from within the island communities. The Lead PO, with the support of the SE, will accelerate its outreach to farmers, community leaders and island council members from 26 islands, including the Women’s Development Committees (WDCs), and will prepare a data base of 3000 farmers to start the mobilization process. This will be an important input for the formation of new POs (and possible revival of previously existing POs in the selected islands), that are focused on food and agriculture. On a case-to-case basis, the structure and nature of the PO will be decided. Details of proposed islands for establishing the new POs is detailed in Annex VIII.

Table 3: Proposed Target POs in Maldives

#	Description	Targets
1	Total No. of islands covered	26
2	Total No. of POs covered	30
3	No. of all-women POs	1 (included in the total count)
4	Total No. of Farmers mobilized	3000

**Activity 1.2: PO Formation and integration with the Lead PO**

Community Mobilizers (CM) will be assessed on the basis of their commitment and performance, and appointed as Farmer Business Facilitators (FBFs), who have an important role to play in the implementation and success of this project. FBFs will work closely with smallholders in these communities to establish POs. The endeavor will be to have as many women FBFs, as possible, with no less than 50% of them being women. With the help of the community, FBFs will use participatory rural appraisal (PRA) tools, such as transect walk, social mapping, timelines of adopting modern agricultural innovations/technologies and constraints matrix, to understand the community, its institutions, agricultural practices, and constraints. FBFs will then use guidelines provided to identify smallholder farmer households and, if they are interested, work with them to: establish producers’ organizations. Following this, the FBFs will work with PO members to conduct needs identification, support group development, formulate a mission and vision, registration and opening of bank accounts, establish group savings collection and identify services needed by the community. The FBFs will conduct a baseline survey to gather primary data for a more detailed understanding of the initial membership base of these POs, which will inform the PO business planning exercise and also form a basis for project results monitoring and impact evaluation. Each PO will be supported to prepare PO registration documentation and PO governance and management regulations and lay out the PO relations with Addu Meedhoo Cooperative Society (AMCS), as the Lead PO. Integration modality between PO’s and the LEAD will be determined in consultative and participatory manner and will be executed during the second half of the project.

**COMPONENT 2: STRENGTHENING THE GOVERNANCE AND MANAGEMENT CAPACITY OF FBF AND PARTICIPATING PO’s**

After the members of the new POs have elected their leaders, agricultural experts Agricultural, resource persons, academic institutions and reputed training agencies will be identified to train these leaders to lead and manage their POs.

Farmers’ needs and interests will be identified for each PO group and based on this, the necessary resources required for PO strengthening will be mapped. Additionally, climate smart agricultural practices will be promoted and supported by this project component, along with value- added services



to be provided in consultation with farmers and private sector companies. Digital tools such as Rural Invest, Collect Mobile and others will be made available by FAO and its partners, to help farmers develop business models and solutions for POs operating in rural settings.

### **Activity 2.1: Enhancing Capacity of FBFs**

The capacity building of FBFs, to offer advisory and training services to the Lead and other POs, will be done by technical assistance from FAO, on the various digital tools that will be developed or acquired (as part of activity 4.2) in the project such as Rural Invest, Collect Mobile, Google Data Studio, and Micro Banker. The ISU field staff who will be cooperating with Lead PO, will also undergo technical and organizational training to ensure their effective engagement with POs in the field.

Through technical assistance of FAO, the project will utilize digital tools such as Collect Mobile to capture data related to project performance, and Google Data Studio to develop a Project Dashboard whereby project progress and milestones can be tracked in real time.

### **Activity 2.2: Enhancing PO Governance and Managerial Skills**

After the POs have been formed, a capacity assessment will be carried out, based on the Farmer Organization Score Card developed by FAO, for other projects, including the FAO Bangladesh MMI project. Each PO, with the help of the designated FBF, will then develop its own training program. At this stage, the FBFs will also identify, from amongst the PO members, individuals with managerial and leadership qualities.

Simultaneously PO's will prepare a Governance, Accountability and Action Plan (GAAP) as inclusive mechanism for identification of potential risks from the project that might turn into grievances.

To provide larger POs (membership of 70+ farmers) with an equitable learning opportunity and maintaining their continued engagement, the members will be divided into sub- groups. The project will provide a learning grant of USD 4,000 to each PO/sub-group (each sub-group may have 80 - 100 members). The learning materials will mainly be drawn from MMI Bangladesh training material and FAO's Farmer Business Schools as well as digital materials available on internet. The allocated learning grant will be used to engage the FBFs and resource persons to provide training, and their performance will also be monitored and evaluated. Engagement of women and youth in these trainings will be encouraged.

To enable effective and transparent governance, the participating POs will learn about legal compliances (under Maldivian laws) and other statutory obligations of Board members. Given the identified bottlenecks of limited managerial and leadership abilities, a core team within each sub-group will be identified for specialized programs such as: (i) Leadership and organizational management; (ii) Financial analysis for identified product/crop (Rural Invest Profiling); (iii) Contract management and negotiations; and (iv) Community mobilization. Besides, the general PO members will be imparted with learning topics such as: (v) Financial literacy; (vi) Bank accounts and saving; (vii) Occupational health and safety; (viii) Management of environmental/climate hazards impacting agriculture sector; (ix) Assessments and identification of climate smart agricultural practices, (x) pesticide management, (xi) health and nutritional improvement.

### **Activity 2.3: Enhancing PO Business and Technical Skills**

This activity focuses on enterprise development and business-oriented trainings and support skill development to strengthen PO's business model and operate as viable and sustainable businesses. The proposed project envisages POs identifying viable businesses/crops in the agricultural value chain, building bankable business plans and availing finance through RLF. The approach will ensure that PO led agri-business investments contribute to food security and favorable nutrition outcomes. This will also enable POs to scale up agricultural production and complement government and other donor supported projects to commercialize agriculture in the country. Individual farmers will have secured solutions to mitigate the core issues limiting productivity gains. POs investing in sustainable, and climate smart

agricultural practices will aid building resilience of farmers to cope with productivity and income loss associated with climate and extreme weather conditions.

Value Chain Analysis will be conducted for pre-selected products with highest market potential aiming to identify new income-generating opportunities. For selected value chains and farming systems a peer-to-peer learning programme will be implemented, utilizing climate information and Climate Smart Agriculture (CSA) practice, service delivery mechanisms. For key adoption constraints including lack of access to water, inputs, seeds, markets, and finance, solutions will be identified. These trainings also will help reduce on-farm risks, and thus potentially improve farmers' access to credit products.

The FBFs and experts will facilitate each PO to prepare a simple but effective business concept, using FAO's Rural Invest Business Plan development tool to scope out the feasibility of business ideas and profitability of proposed agricultural activities. The business concept will be appraised, and only the qualifying POs will 'graduate' to the next level. POs that require further support will be also determined under this activity.

#### **Activity 2.4: Development of Common Facility**

As island communities are vulnerable to external shocks, these facilities can insulate producers. These common facility center can provide a range of production logistics varying from sorting, grading, packing to storage, transportation, and training to retail services. They also include aggregation points with sanitary measures to ensure all produce going to market is safe for consumption. The business concepts will be evaluated by the Project Advisory Committee (PAC) to determine whether they are eligible for project investments in a common facility center. An investment of USD 6,000 (USD 4,000 for common facility, applying Matching Grant modality and USD 2,000 for skill learning) per PO/sub-group will map out as follows:

##### **As physical items, this is envisaged to cover for:**

- Development of common facility center for product development, process equipment, storage, and testing
- Water conservation, water harvesting equipment including tanks.
- Mobile equipment for short range transportation
- Equipment for common composting and soil-mix production
- Shared machineries for small-holder farm tilling, and bed forming equipment.
- Sharing equipment's such as power sprayers, pruning machine,
- Shared equipment for central irrigation system.
- Small plant nursery or plant propagation facility

##### **As skill learning, this grant will cover:**

- Participatory learning on post harvesting, food storage, preservation, value addition technique and market testing of final products.
- Participatory technology learning including CSA methods.
- Participatory training on good agricultural practices including pesticide management and obtaining Good Agricultural Practices (GAP) certification to farms registered by PO members.
- Enterprise management
- Use of basic accounting software
- Negotiations with value-chain actors and financial institutions
- Production planning and harvesting to maximize farmer/PO incomes.

#### **Activity 2.5 Developing leadership amongst women farmers.**

In addition to the activities to support the growth of POs already mentioned, the project will conduct a separate women's leadership development initiative to ensure that women have the skills and confidence needed to become genuine leaders in their communities. Topics will include leadership, confidence building, communication skills, development of women entrepreneurs as well as extra digital and financial literacy training and awareness raising of government services available for women. To

focus on women farmers, several measures will be undertaken as a part of this ongoing activity, as follows:

- i) Efforts will be made to have at least one all-women farmer PO, with the support of WDC and the island council. These women will be centre-stage and will provide solutions to the barriers they face, based on gender and other norms prevalent in their communities/islands.
- ii) To hone the leadership skills in women, specialized training programs will be conducted by subject matter experts in both, gender, and leadership. The endeavor will also be to elevate some of the women farmers (across all POs) to governance and managerial levels, including at the Lead PO.
- iii) Sensitization and awareness programs will be carried out for both, men, and women farmers, by experienced resource persons.
- iv) Exchange and exposure visits to women-led and managed POs/enterprises (outside the realm of this project, as well) will be carried out, to instill confidence and motivate the women farmers, in the islands.
- v) To overcome the double gender-digital divide, special training programs will be conducted for women farmers in the project.

### **Activity 2.6: Monitoring, Evaluation and Learning**

This activity will set up project baselines and dashboards to aid regular project monitoring. It will also support independent end project evaluation. The M&E Officer will be responsible for coordinating quarterly monitoring and reporting of project activities during the project life. Through technical assistance of FAO, the project will utilize digital tools such as Collect Mobile to capture data related to project performance, and Google Data Studio to develop a Project Dashboard whereby project progress and milestones can be tracked in real time. Performance evaluation for the graduation process for PO's and Lead PO overall performance will also be carried out under this activity. To this end, a PO performance scorecard will be developed.

To ensure the post-project sustainability of Producer Organizations, a comprehensive monitoring approach has been adopted, which extends beyond the scorecard assessment. This approach includes the development and integration of three self-standing indicators within the LFM. These indicators are as follows:

- Financial Performance of PO: This indicator will assess the PO's financial performance, analyzing liquidity, solvency, financial efficiency, etc.
- Percentage of Operational Costs Covered by the PO: This indicator will gauge the PO's ability to independently cover its operational expenses. A higher percentage indicates a greater level of self-sufficiency and reduced reliance on external support and/or capacity to scale-up investment.
- PO Revolving Fund Repayment Capacity: This indicator will evaluate the PO's capacity to effectively repay loans from the revolving fund, indicating its financial responsibility and capability to manage debt.

By incorporating these self-standing indicators into the monitoring framework, ability to predict the financial sustainability of the Producer Organization beyond the project lifetime is enhanced. This enables identification any potential challenges of improvement early on, allowing for timely interventions and strategic planning to ensure the enduring success and independence of the PO in the long run.

### **COMPONENT 3: DEVELOPMENT OF PO ENTERPRISES AND PROVIDE ACCESS TO FINANCE AND MARKETS.**

Producers' Organizations with the support of FBF will work to ensure financial viability of the proposals drafted under component 2. For the success of planned proposal, access to market and development of Revolving Loan Fund (RLF) will be critical, which will be facilitated through linkages with the private sector, including resort and local markets.

### **Activity 3.1: Preparing Participatory PO-Enterprise Business Plan**

Under this activity, the process of performance-based-graduation of POs and their members to higher levels of funding will be activated through providing support to enterprise business plans. The FBFs who worked with the POs in Components 1 and 2, will continue to provide deep-handholding support to the POs and their members. With the 'graduation process' methodology, which involves a stringent appraisal of the business plans from the POs and only those (POs and members) that qualify this stage, will be eligible to move to the next stage.

Findings from the value chain studies conducted by the project, that ensure gains in yield, income and efficacy of farming practices will be also utilized by the farmers in honing their business plans. The 'graduation process' will ensure business plans developed by POs are feasible and relevant for both the PO's and Project consideration. Specific activities to be supported include:

- (i) Negotiations with private sector companies and SOEs.
- (ii) Negotiations with financial institutions if additional capital is required.
- (iii) Development of PO Enterprise business plan; and
- (iv) Enter into formal agreements with upstream and downstream value-chain actors.

Island POs will be connected to nearby markets and provided information of marketing opportunities with the support of SOEs and local authorities.

### **Activity 3.2: Establish Revolving Loan Funds**

A keystone to the project approach, PO-led revolving loan funds (RLFs) are community-owned finance mechanisms that have been successfully piloted under MMI-BD. The fund will be owned by the PO and is made of a combination of member savings and a grant from the project. It will be a competitive fund, whereby to be eligible for a grant from the project, POs must go through a series of capacity development activities outlined in the activities above and score high in terms of institutional maturity, financial management capacity and value chain readiness with a solid business plan, made using the RuralInvest toolkit.

They must also have demonstrated sound management of the project funds received to implement activities under component 1 and 2 and their common facility center must be operational before they will be eligible to receive grants from the project to establish their RLFs. The size of the RLF per PO will depend on the number of members, the members' savings, the size of loans needed by the members, which depend on the specific farming enterprises in which they are involved, and other factors. Loan disbursement will be seasonal, and repayment only required after harvest, with repayment calendars tailored to different agricultural activities. Interest accrued from the fund remains with the PO so the fund grows, and finance can be made available to other members.

- (i) The RLF will be developed to support financing of bankable and viable business plans. And as lending cycles gain momentum, RLF will be managed to ensure funds are made available, in a stringent and efficient way. Specific activities to be supported include: Legal and organizational assessments to setting up the RLF;
- (ii) Development of RLF;
- (iii) Development of loan and audit committees;
- (iv) Training on RLF management;
- (v) Introduction of Micro-banker and training; and
- (vi) Activities to partner with other lending institutions providing investment finance to MSMEs.

### **Activity 3.3: Investing and implementing PO enterprise business plan**

The project will support the investment items identified in the approved business plans enhanced under Activity 3.1. The expected budget for the PO enterprise development support per person will be USD 600, covering 3,000 farmers, from 30 PO/sub-groups. It is expected that about 70% of the total of 3000 farmers (included in this project) will qualify the stringent graduation process, and the remaining farmers will also be supported, by the POs, because of their strengthening and enhancement in their capabilities. Those POs that have 80 and more members, will be divided into sub-groups.

Competitive interest rates will be determined, by the POs, themselves, to ensure

a) Viability of repayment; and

b) Equitable sharing of administrative fees and interest amongst the PO and Lead PO, which will also help to finance their RLF oversight and management services, keep the value of the fund (i.e. compensate for inflation) and build their financial reserves, keeping long-term sustainability in view.

On-site advisory service support during the investment phase will be provided by the project, and farmers will also be encouraged to use digital content. Specific activities supported under this activity include: (i) Investment of PO- enterprise activities; and (ii) Provision of advisory and follow up services.

#### **COMPONENT 4: ENHANCED LEAD PRODUCER ORGANISATION**

This component will strengthen the capacity of AMCS through helping in various areas including provision of various digital solutions needed to affectively manage the project and support POs. Especially capacity development in the areas of management and technical skills will be carried out.

##### **Activity 4.1: Developing Lead PO's Management and Advisory Capacity**

This activity will build the business and technical capacity of the Lead PO to lead and organize other participating POs in the proposed project. Immediate support will be provided to AMCS to organize themselves and the team to work on the project activities. Specific activities to be supported include:

- (i) Capacity building of AMCS for farmer mobilizing and outreach plan implementation.
- (ii) Project management and coordination capacity training
- (iii) Business network development with private sectors, SOEs, and government institutions.
- (iv) Preparation business plan of Lead PO and execution of the business plan.
- (v) Development of service delivery capacity.
- (vi) Business planning capacity development – Rural Invest.
- (vii) Development of technical and managerial advisory capacity of the Lead PO.

##### **Activity 4.2: Developing digital solution capacity – digital agriculture and e-commerce**

This activity will ensure access to technology and value-added services and bring farmers on-board to operate in an e-commerce environment. This includes awareness to digital services provided by MoFMRA. The project will also facilitate partnerships between POs, the private sector and the government. These will include the development of online marketplace to connect farmers with wholesalers, as well as partnerships with exporters, processors, large traders to connect POs with larger markets.

Specific activities to be supported include: Hosting and maintenance of digital solutions; Development or acquire digital solution to manage RLF; Production of e-learning materials; Development of PO enterprise promotion videos; Information sharing among PO members through social medias; etc.

## **1.2 Comparative Advantages**

### **1.2.1 Mandate to Act**

FAO has a global mandate to improve food security, nutrition, agricultural productivity and reduce rural poverty. FAO is expected to serve as an advisor and technical expert, especially for developing and transition countries. In this project, FAO will provide technical support to AMCS and its member POs so that they can then provide services to their smallholder members to improve sustainable production, increase income, access financial resources and improve resilience. The project will also contribute to the implementation of the SDG indicators that are under the custodian of FAO, as referenced in section 1.1.1.

FAO is uniquely positioned and offers a competitive advantage in terms of its outreach at the grassroots, especially at the community and household levels. FAO has a long-standing working relationship with farmers and offers both deep and broad hand holding support to them, as required. FAO is well versed with conflict resolution of their dynamics, on-the-ground challenges, especially related impact from

COVID- 19 and the potential for the POs' transformation, with the requisite change management processes.

FAO has a wide and in-depth experience of working with agri-business value chains in the country and has successfully demonstrated potential for scaling up and commercializing agriculture through its programs on food security, climate- smart agriculture and culturally sensitive nutrition systems. FAO has been a globally acknowledged proponent of inclusivity, especially of women and youth, as food and agriculture is a family occupation, in most parts of the world. In our proposed project concept, POs included have significant involvement of women, with their membership share exceeding 50% in most instances.

### ***1.2.2 Capacity to Act***

FAO has worked in Maldives since it became a member in 1971. Over the years FAO has supported the country on various programs through Trust Funds, FAO Technical Cooperation Programme, Tsunami emergency operations and Tele food projects. The focused areas include, fisheries development, poultry production, coconut rehabilitation, agriculture diversification, value-addition, and agriculture pest management.

The project will be able to draw on training materials and lessons learned. With FAO's global presence and longstanding experience of working with POs and micro-finance institutions, it can draw on its specialized staff, training material and software tools for contextualised support in all project's thematic areas.

FAO also has extensive experience and knowledge of the market systems in the country as it has developed and demonstrated the market potential in several agri-business value chains, including cultivation of field and root crops, tropical fruits and vegetables, coconut and small-scale poultry and goat farming. Engagement of rural communities, particularly women in agricultural production, and linking POs directly with main markets have been a cornerstone of all the support extended by FAO in the drive to foster fair trade practices in rural island communities.

### ***1.2.3 Position to Act***

FAO is recognised by GAFSP as one of a handful of international organizations qualified to function as a supervising entity for work undertaken with its resources. The GAFSP has awarded financing for this project on the strength of the proposal that was jointly prepared and submitted by FAO and AMCS, based on the successful MMI model.

The project will be supported by agribusiness and rural finance experts in the regional office as well as FAO headquarters. FAO will also make use of its unique RurallInvest and MBWin software, which are especially well adapted and appropriate for business planning and revolving fund management by producers' organizations.

## **1.3 Stakeholders and Context Analysis**

Agriculture plays a crucial role in the livelihood of Maldives. Despite its significance, the contribution of agriculture to the country's GDP is underestimated. Fisheries and agriculture combined account for less than 3% of the GDP, yet they play a crucial role in generating employment opportunities. In fact, 14% of the rural island population is engaged in the agriculture sector, emphasizing its importance in providing employment to the people.

Currently, Maldivian production systems can be labelled as 'conventional' primarily for the predominant presence of agrochemical use and heavy dependency on external inputs. Pressure on

communal cropping land increased with shortened fallow periods. Consequently, the use of agrochemicals is on the rise. FAO estimates that nitrogen fertilizer consumption in Maldives has increased from less than 70 tonnes in 2005 to 770 tonnes in 2014. Noticeably, the total cropped area in the country during this time has remained at about the same. The Maldivian ecosystem is fragile and nutrient leaching, especially for nitrogen is quite well known, and the problem is further magnified in shallow, sandy and well-drained soils<sup>3</sup>

The production is primarily categorized as horticulture-based with dispersed enterprises of poultry and goat producers. The type of crops grown are mainly tropical fruits and vegetables, for local and resort market. Among tropical fruits, watermelon, papaya, and banana are dominant. Various staple crops are also cultivated consistently that include taro, cassava, sweet potato, and breadfruit. There are no cereal grain crops and nuts grown, except for coconut and tropical almonds. Chili, local-kale, and watermelon are some of the most important cash crops. The cultivated crops fall under narrow group of plant families. These are also mostly imported hybrid varieties due to lack of local crop development programmes.

Net-houses and shade-houses are commonly used for major cash crops production, but green houses and long-lasting infrastructure are not similarly used region-wide. Despite receiving sufficient rainfall in both seasons, irrigated agriculture is quite prevalent throughout the country. Most prominent method of irrigation include sprinkler and manual delivery. Drip irrigation is promoted but not widely adopted. Agriculture in inhabited islands consists about two-thirds of the total production area. However, according to MoFMRA, the total estimate may not account for the area under homestead production. Homestead production at inhabited islands is also a large contributor to the nutritional security of islanders. Especially, women's contribution to the sector is demonstrated in homestead production.

Maldives is one of the most vulnerable countries to food shortages and global price hikes due to low levels of agricultural output. This is evident from the fact that 90% of the food consumed in the country is imported. However, according to official statistics from the Ministry of Fisheries, Marine Resources and Agriculture (MoFMRA), there are 7,600 registered farmers in the country, of which 53% are women. Unfortunately, youth employment in the agricultural sector is only 6.9%, which indicates that more efforts are needed to attract and engage young people in this critical sector.

The impact of climate change on the low-lying archipelago and the devastation caused by natural disasters such as the December 26, 2004, tsunami, represent further risks to the progress of the sector. Nonetheless, agriculture is important for food security of the country in two ways; it provides food for households' consumption, and perhaps more importantly, it is an income generating activity for a large portion of the country. Agricultural activities in both inhabited and uninhabited islands take relatively large portion of the country's' natural resources such as land and ground water usage. There are 4,000 hectares of arable land over a total of 30,000 hectares. However, only 573 hectares are being cultivated currently<sup>4</sup>. The term 'small farm' is relative in Maldivian context where average commercial farm size is less than 0.1ha and farms with one hectare or more are rare in inhabited islands.

Increase in extreme weather conditions, torrential rains and flooding have impacted yield and income of many farmers and POs. Consultations with few existing POs indicated the need to shift to greenhouse-based cultivation methods and to rely on climate smart technologies to reduce damage and losses as well as to improve the yield of the agricultural output.

The Rapid livelihood impact assessment<sup>5</sup> jointly prepared by MED and UNDP revealed that all sectors in the economy were impacted by the Covid 19 pandemic with agriculture and fisheries sector sustaining a 3% decline. Immediate and sudden loss in resort markets and fewer tourist arrival numbers

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<sup>3</sup> [https://stud.epsilon.slu.se/13784/7/mohamed\\_g\\_180924.pdf](https://stud.epsilon.slu.se/13784/7/mohamed_g_180924.pdf)

<sup>4</sup> <https://www.gov.mv/dv/files/national-fisheries-and-agricultural-policy-2019-2029.pdf>

<sup>5</sup> [UNDP-MV-Rapid-Livelihood-Assessment-Impact-of-COVID-19-Crisis-in-the-Maldives-2020.pdf](https://www.un.org/development/desa/pd/data/stories/rapid-livelihood-assessment-impact-of-covid-19-crisis-in-the-maldives-2020.pdf)

since the initial border closures in March 2020 resulted in a significant decline in demand for agricultural produce and therefore impacted the income, livelihoods, food and nutritional security of farmers and households. The situation was aggravated due to limited access to local markets, resulting from restrictive internal transport conditions placed nationwide to contain the spread of COVID-19. With limited access to local markets and coupled with absence to proper storage facilities, farmers faced difficulties in maintaining the quality and usable life of agricultural produce resulting in high levels of spoilage and wastage. Difficulties in maintaining the quality of harvested agricultural produce meant that household level nutritional intake would have been impacted. This is especially worrying considering that malnutrition rates for children under age 5 are still high for a middle-income country. Considering the extensive loss of income or reduced pay among tourism sector employees reported in the MED-UNDP Rapid Livelihood COVID-19 Impact Assessment Report, transfer income received by households in rural island communities would have reduced significantly, impacting household disposable income and therefore food security of farmers and rural households.

The target population for the project is smallholder home growers and producers in northern, central and southern islands that require support to establish POs and integrate into the value chain. Through this POs, non-PO community members will also have access to services. There is strong social cohesion in island communities, therefore the process of organizing farmers can work well; it is easy to build trust. However, the process of registering a producers' organization the Ministry of Economic Development is often tedious and unknown to many producers. This registration is necessary to establish PO as a legal entity and to be eligible for provision of bank account and to be recognized by MoFMRA.

### ***1.3.1 Stakeholder Engagement***

Participatory consultation is at the core of this project. Consultations were held with key stakeholders during the conceptual and design phases of the project. The Stakeholder engagement matrix is presented in Annex II.

**Public sector entities:** Key government institutions including the Ministry of Fisheries, Marine Resources and Agriculture (MoFMRA), Ministry of Economic Development (MED) and state-owned enterprises supporting micro-small and medium enterprises including SME Development Finance Cooperation, Maldives (SDFC), Agronational Corporation (AgroNat) and Business Centre Corporation (BCC) were consulted more than one occasion. During the consultation for the development of the GAFSP Call for Proposals, the opportunity for a PO-Led proposal, and the model project from Bangladesh were presented. The nature of the consultations focused on technical aspects as well as identifying the national and industry specific priorities to ensure that proposed project compliments and contribute to overall sustainable development priorities of the country and long-term plans regarding COVID-19 recovery. Public sector organizations highlighted that weak organization, limited capacity and short-lived nature of active POs necessitated public sector interventions in the market to address agriculture sector diversification and industry growth. To address gaps in the market, training and extension services, business support services, financing and market linkage services are currently facilitated and made accessible via SOEs.

**POs, Sector Specialists and Development Practitioners:** Consultations were held with POs based in island communities, representatives of Women Development Committees (WDC's), nutrition and food security specialists and development practitioners in the Maldives. These consultations focused on identifying challenges, needs, and issues to be addressed in the context of a PO-led producers' organizations development project.

Meetings were held with the Lead PO, AMCS' governance and management committee, atoll and island council members and Women Development Committees (WDCs). AMCS emphasized the significance of the decentralization aspect of the project. The farmers and councillors had interesting insights to share,



during the deliberations, and expressed their readiness to take up the project implementation, in their respective locations.

Based on the recommendations provided by all concerned stakeholders and the findings of the scoping mission – the island councils, WDCs, community leaders, farmers, AMCS, surviving PO leaders – in this design and development stage of the proposal, the project will include an initial component (now called component 1) on mobilization of individual farmers for establishing new POs, as this was found to be more realistic and practical than reviving the old and now defunct POs. Stakeholders expressed that the COVID-19 pandemic revealed the socio-economic vulnerability of the country and the urgent need to invest in improving food and nutritional security by increasing production of locally grown staples and crop varieties. Many consider that the pandemic has presented a window of opportunity to increase youth and women involvement in agriculture and introduce digital solutions to agriculture. Carefully planned strategic investments to optimize land-based agriculture and investments in climate smart cultivation technologies were identified as a need to develop a more environmentally resilient agriculture sector. Addressing lack of adequate storage facilities were also identified as a critical need to reduce wastage of agricultural harvest and to ensure food and nutritional quality of harvested products. Addressing logistics, markets and investment financing as well as promoting good agricultural practices were identified as priority needs. The current form of commercial level agriculture conducted in lead islands, without adequate linkages to communities, was identified as a factor adversely affecting involvement of women in agricultural production and stakeholders expressed the need to address this disconnect. Key stakeholders will be included in the project steering committee to be formed under the project.

### ***1.3.2 Grievance Redress Mechanisms***

The ISU and Lead PO will establish dedicated pathway to address grievances. The mechanism will also record feedback and suggestions from stakeholders, partners and beneficiaries. The mechanism will setup a particular focal point to receive feedback and follow up on issues as they arise. Parties may call a designated phone number to give feedback.

Project partners and beneficiaries will be informed about this mechanism during implementation as part of project activity 1.1: Activating outreach work on the path to establishment of POs.

A more local-level grievance mechanism has also been included in the project design for the purpose of resolving the concerns of any intended beneficiaries or project stakeholders regarding alleged or potential violations of FAO's social and environmental commitments. As an inclusive mechanism, under **component 2**, all POs under the project will prepare a Governance, Accountability and Action Plan (GAAP) during inception phase. The GAAP is a participatory exercise where all PO members will participate to identify: (i) potential risks associated with project implementation; (ii) impact of identified risks that may turn into grievances among any members; (iii) intensity of risks; (iv) protective measures; and (v) responsible person(s)/committee for grievance management. This will be exercised quarterly at each PO, initially with the facilitation of the farmer business facilitators (FBFs).

A GAAP will reduce causes of grievance during implementation of the project. Furthermore, a Social Audit Committee (SAC) will be formed within each PO consisting of three members that are not associated with the Executive Committee. Within the PO this SAC will be the first grievance handler. If any grievance cannot be mitigated by the SAC then the PO would seek guidance of their respective FBF to resolve it. The FBF him/herself will try to resolve or may raise any unresolved issue to the AMCS Independent Social Audit Committee and/or the project Implementation Support Unit (ISU). Concerns can also be raised through the grievance mechanism, described above. The working of this mechanism will be communicated verbally during the project launch and initial start-up activities at the PO level. It will also be posted in Dhivehi in the project office in Addu for reference throughout the project

implementation period. Procedures, in line with those from the Office of the FAO Inspector General, to register grievances with respect to fraud and corruption will be posted in English.

### ***1.3.3 Information Disclosure***

The project is classified as medium risk due to triggering of injudicious use of chemical fertilisers and pesticides. The reason for triggering is because it is possible that the farmers may purchase and apply excessive fertilisers and pesticides with funds from the revolving loan fund, in the same way as they would from any other fund in hand. The project will work to mitigate this risk. During the consultation process this potential risk of harm from injudicious use of chemical fertilisers and pesticide use was discussed. GAP integration into farming practices were discussed and the project would use this pathway for enabling judicious use of fertilisers and pesticides. Additionally, producers and POs will be encouraged to adhere to project objectives and opt safe alternatives during the development stage of business plans and the preparation work of eligibility criteria for revolving loan fund. This will be further strengthened through graduation modality of the project and subsequent PO evaluations.

This project document, and any annexes relevant to environmental and social safeguards, as well as any future safeguards instruments, will be made publicly available through the [FAO disclosure portal](#). Disclosure will take place in a manner that is relevant, understandable, accessible, and considered culturally appropriate by the stakeholders. Due attention will be dedicated to the specific needs (e.g., literacy, gender, disabilities, differences in language, accessibility of technical information or connectivity) of every person, irrespective of gender in the community groups affected by project implementation.

### ***1.3.4 Partnerships***

**Lead PO:** The main partnership that the project will pursue is with Addu Meedhoo Corporative Society (AMCS). As the project is funded through the GAFSP PO-led window, AMCS, as a lead producers' organization, will be the main implementing partner. The funding has been granted on account of AMCS's involvement.

Partnerships will also be established with: Ministry of Fisheries, Marine Resources and Agriculture (MoFMRA), Ministry of Economic Development (MED), Development Finance Cooperation, Maldives (SDFC), Agronational Corporation (AgroNat), Business Centre Corporation (BCC) and Women Development Committees (WDC's).

Furthermore, as part of the development of PO enterprises and facilitating access to markets, the project will establish partnerships between the PO and private sector partners such as input suppliers, buyers and other value chain actors. To improve farmers' access to finance, contacts will be established with banks. This will be facilitated through the preparation of bankable business plans and the establishment of the RLF, which will provide the POs with a financial track record.

### ***1.3.5 Knowledge Management, Communication and Visibility***

#### **Knowledge Management**

Several media outlets will be utilized for knowledge sharing. Several videos about the project approach will be prepared and shared among stakeholders, including through publication on FAO's official YouTube channel. The project will share progress and experiences of various POs amongst the community and to FAO on a standard basis.

Technical knowledge products such as training manuals and videos, operational guidelines and standard operation practices to be followed by AMCS and its member POs will be developed in a participatory

manner. They will be appropriately stored in the FAO and AMCS project archives and non-confidential materials will be disseminated on AMCS and FAO web pages.

Lessons learned materials—for example on the project approach—intended for wider knowledge sharing will be produced in English and Dhivehi languages, and such materials will also be shared with the GAFSP and MoFMRA. FAO logo use and publication rules will be followed.

The project will work closely with the FAO Country Office to find further opportunities for knowledge sharing, both among other FAO projects and with our government counterparts.

### **Lessons Learned**

The project conceptual and design phase have adopted various lessons from the MMI-BGD project. As such, these lessons will be further adopted during the implementation of this project. The MMI approach has worked well because it focused first on strengthening the organizational capacity of the PO. With this solid foundation, the project developed the capacity of POs to be informed and empowered actors in their respective communities. However, it also provided a solid pathway for PO establishment and strengthening. A critical lesson that is incorporated in this project is regarding the empowerment and encouragement of women in leadership roles to run POs.

Project has learned from FAO and experience of Bangladesh that POs do well when they have close collaborative ties to government and to financial institutions, as opposed to adversarial ones. Inviting key government officials to serve as project focal points for technical backstopping has helped to build relationships for future work. Dialogue with decision makers in financial institutions has also been useful in overcoming initial barriers of communication and mistrust that small farmers are unable to address as individuals. In light of this, the project and intended purpose have been communicated to the Ministry of Finance and Maldives Monetary Authority as well.

Importantly, lessons learned from various previous projects implemented in the Maldives that focused on PO establishment and development has influenced the design and the structure of the project. This is particularly necessary, with Maldives being in an extremely unique context and environment.

The project design allows for programme developers to overcome the challenges of similar endeavours, in the past, and integrate the learnings gained, with accountability. The call enabled a successful and well-recognised PO such as the Addu Meedhoo Cooperative Society (AMCS) to expand its vision, nationally, by assisting other communities through leadership and experience sharing. Such involvement of a Lead PO makes this project unique in Maldives, and based on experience of other countries, makes it one of the best proven methods for PO mobilization and development.

Also, this project will be implemented at a time when the government has freshly enabled regulatory and resource-based provisions (under 'Act on decentralization of administrative division of Maldives – 2020') in individual islands to empower communities and pool their resources, to work collectively, with less reliance on a central authority. The formalisation of Women's Development Committees (WDC) among island communities from the year 2021 onwards, is a landmark, under this mandate.

This project would benefit from less bureaucratic process and top-down approaches adopted in many similar programmes led by the government in the past. The research is conclusive on the basis that farmer grouping and working together is the best way to address climate and social shocks for smallholders. Producers are gradually accepting that fact, and programmes must address this reality, especially considering AMCS' contribution in the past decade or so. The modality of this project that allows for critical decisions to be carried out at the ground level by POs themselves with an experienced PO at the helm is of key benefit, as its absence in previous programmes is considered a key design limitation. Although, some of the previous projects fell short of achieving initial goals in terms of the number of POs developed, AMCS has been a beneficiary of a similar project years ago, which demonstrates that the contribution toward developing even a single PO can make a significant difference in a country like Maldives.

The RLF mechanism of finance is relatively new for Maldivian producers. The mechanism implemented in the project on RLF draws on the experience of MMI-BGD where strong organizational foundation and value chain readiness helps to establish PO-led community revolving loan funds. These funds are

expected to allow individual farmers to invest in their priority agricultural activities, resulting in more successful businesses and increased incomes for their families. The funds are then repaid to the PO, with interest, and so the administration costs are covered and the amount of finance available to the community grows. With the legitimacy of the PO evident, government and private sector actors, including financial institutions, is expected to partner with POs, leading to increased access to finance, markets and information.

Moving forward, this project’s lesson learning strategy is based on a solid participatory monitoring system (see section 2.6). This project expects to draw lessons on: (i) scaling up and related PO governance and RLF monitoring challenges; (ii) climate resilient farming systems; (iii) appropriate digital tools for producers’ organizations; and (iv) the gradual hand-over of project implementation responsibility to the Lead PO. Through AMCS, the project will ensure knowledge and lesson sharing between its member POs through social media, regular online and physical meetings, and exchange visits.

**Communication and Visibility**

To ensure project visibility, the project will assign a Communications Officer to ensure major project events are covered by media outlets. Furthermore, the project will collaborate with the GAFSP communication unit and RAP and Investment Centre communication officers for international visibility, such as FAO and GAFSP website articles and twitter feeds. AMCS website will be also used for important communications.

In terms of communication with project beneficiaries, the communication strategy will be developed with AMCS. To start with, this would involve extensive consultations among its PO membership for activity planning, and technical backstopping through newly established network of farmer business facilitators. To support training and capacity building activities, the project plans to produce several illustrated videos on best practices.

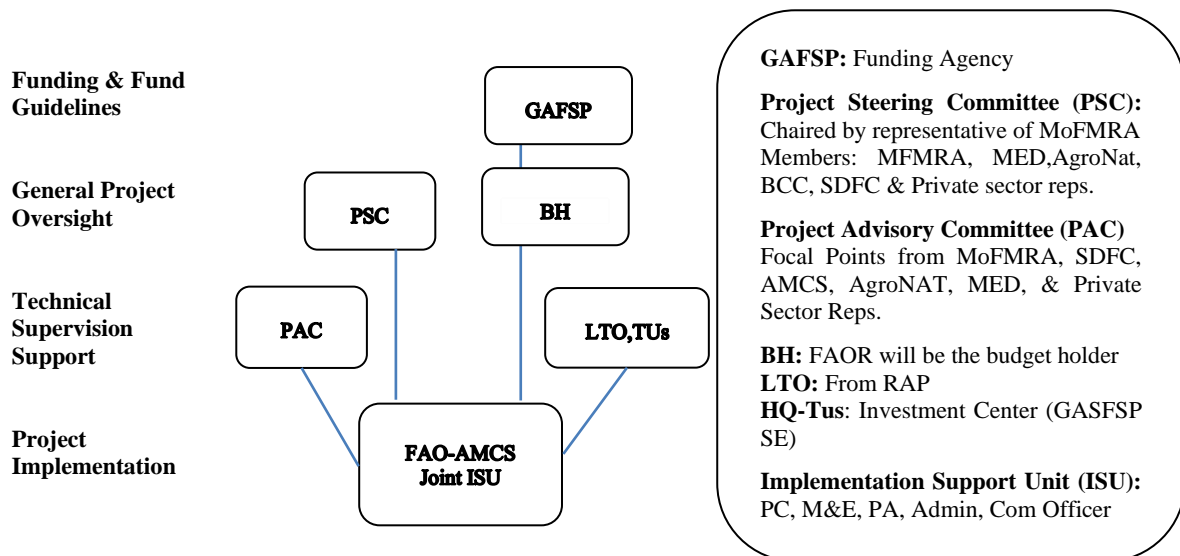
**SECTION 2 – FEASIBILITY**

**2.1 Implementation Arrangements**

**2.1.1 Institutional Framework and Coordination**

The vision for implementation arrangements is for AMCS to benefit from continuous on-the-job capacity development while assuming an increase in responsibilities over the life of the project. To this end, a joint implementation support unit (ISU) will be established by FAO and AMCS. General oversight will be provided by the FAO Sri Lanka Office, FAO budget holder’s office as well as by the Project Steering Committee. In addition, the project will be advised on technical matters by the Project Advisory Committee. See the organogram below and details on roles and responsibilities in section 2.1.4.

**Project organogram:**



### **2.1.2 Government Inputs**

The Government of Maldives, with MoFMRA as the line ministry, is a stakeholder and active supporter of this project. There are no financial commitments involved. The PSC will include representatives from MoFMRA and will include members from government line agencies, FAO and AMCS.

FAO and AMCS will also request relevant government's line agencies: Ministry of Economic Development, Business Centre Corporation, Agronational Corporation, Small and Medium Enterprise Development Fund to provide technical backstopping to AMCS and its member organizations. Initial engagements have already been made with all these institutions and their support at this design and development stage has been significant.

### **2.1.3 Resource Partner Inputs (and Project Budget)**

The project will be financed mainly by the GAFSP, with a total contribution of USD 2.65 million. From the GAFSP funding, FAO will hire national and field project coordinators as well as subject matter specialists in the areas of producers' organizations, M&E and rural finance (see ToRs in Annex VII). These specialists will provide support to AMCS in the implementation of the project, providing on-the-job training for AMCS leadership and staff. In order to improve communication and service delivery, the project will mainly hire national consultants. Additional experts will be hired on a need basis, either on short-term or part-time contracts, including international consultants for international communication products and English language editing. Funding will also be used for necessary administrative, operations and financial management support.

Equipment and supplies to be procured directly by the project are limited to those required for basic offices and local transport, and security services.

A significant amount of the funds will be used to contract AMCS through Letters of Agreement/Grant Agreements to implement project activities. FAO, as the SE, will be directly responsible for the bulk of the procurement, as per administrative rules this cannot be performed by organizations under a Letter of Agreement. It is foreseen that the Letters of Agreement will be negotiated and signed between FAO and AMCS on a yearly basis, in accordance with the project work plan for that year.

AMCS will be directly responsible for community mobilization, training of FBF of new POs in the areas of organizational development, business planning, value chain development and technical production aspects and conducting the internship programmes for them on organizational development, women's leadership development, and value chain development. AMCS will also conduct market intelligence surveys, support level business plan preparation using RuralInvest, organize exchange visits and a community awareness campaign.

AMCS will devolve required funds to their new POs in the project areas through: (i) learning grants to cover the cost of trainings; (ii) matching grants for establishing common facility centres and VCCs; and (iii) revolving loan fund grants. Thus, POs will have to meet minimum criteria to receive the learning

grant. Subsequently, POs must have a minimum performance rating, demonstrated good use of the initial learning grant and an approved business plan before receiving the funds for the investment in the common facility. Finally, the POs have to meet a higher performance rating, have an operational common facility and have put revolving loan fund management structures in place before being eligible for the capitalization of the RLF.

During the course of the project, FAO will continuously seek opportunities for additional funding through other FAO projects to provide additional inputs to SAPOMED, likely in the areas of digital agriculture, women's leadership development and climate-smart agriculture.

Furthermore, the project will work on leveraging financing from banks and non-bank financial institutes for individual PO revolving funds.

### ***2.1.4 Management and Technical Oversight Arrangements***

The primary implementation role will be played by AMCS, which will be strengthened under Component 4: Enhanced Lead Producer Organization. AMCS will provide capacity development to other participating POs through its identified FBFs who will support the development of business plans and facilitate dialogue with other value chain actors and access to finance to the PO members. To support AMCS during a transition phase to strengthened autonomy, a small Implementation Support Unit will be put in place by FAO as the Supervising Entity to support the AMCS. Throughout the project life, FAO will progressively transfer the required knowledge to AMCS through on-the-job capacity development to ensure sustainability. A Project Steering Committee will be established involving POs, FAO, Government, SOE, private sector, and industry specialists. As the supervising entity, FAO will be accountable for the adequate use of project funds. However, FAO will enter an innovative implementation modality arrangement with AMCS where the learning grants will be transferred for each PO, and they will manage the funds to pay for the services that they receive from the Lead PO. Through the process, each PO must prove their fund management capacity, which are linked to performance evaluation and the graduation processes. Role and responsibilities of the implementation arrangement is summarized below.

Lead PO - Addu Meedhoo Cooperative Society (AMCS): AMCS will play the lead implementation role based on its current functions and capacities that will be enhanced throughout the project life. Key roles and responsibilities of Lead PO are: (i) establish a well-trained and capacitated project team to lead and coordinate the project implementation; (ii) Coordinate with government and public sector agencies; (iii) conduct overall day-to-day project management functions with support of SE and ISU; (iv) providing capacity development activities for its members and other participating POs; (v) monitor and supervise project implementation progress; (vi) Development RLF management rules in consultation with SE and Project Steering Committee; (vii) Enter into dialogue and contracts with value chain operators; (viii) support project procurement activities. The incomes by providing services for POs to develop capacity (learning grant) will be used to establish a feasible business and system of the RFL. FAO will use its existing mechanisms to delegate an increasing share of implementation to AMCS and other POs. These include the Letter of Agreement (LoA) and/or Grant Agreement through which a set of activities are delegated e.g., to AMCS for capacity development activities and other support to PO members.

Other participating POs: will play a critical role to ensure project success. Key roles and responsibilities include: (i) develop financially viable enterprises; (ii) develop PO management capacity at the respective locality where a PO is based; (iii) build capacity of its members; (iv) assist in outreach activities and to build a PO network; (v) share good practices and information among participating POs; and (vi) sustain the RFL by ensuring repayments of their own members.

AMCS will devolve the funds for project activities to the new POs through a step-by-step process. Participatory guidelines on fund management, including the criteria for receiving Project Grants will be developed jointly by the SE and AMCS in consultation with PSC and other stakeholders. They will

establish intermediary performance goals and minimum organizational maturity scores to be reached before the next funding tranche. There will be three tiers of reporting systems for both physical and financial progress: (i) individual PO to AMCS; (ii) AMCS to FAO; and (iii) FAO to GAFSP.

Implementation Support Unit (ISU): Project implementation will largely be the responsibility of AMCS, however, the ultimate responsibility for management of project resources will sit with FAO. Therefore, the ISU will operate under the direct supervision of FAO to aid, assist, guide, and handhold AMCS in the implementation of the project. To keep the ISU operations decentralized and provide necessary support to AMCS while keeping adequate reach to all the relevant authorities and stakeholders, it is important to allow the operations of ISU to run out of Male' as well as in Addu City, in a coherent and combined fashion. Positions funded in the ISU include: (i) Project Manager; (ii) Business and value chain development officer; (iii) Project Accountant; (iv) Monitoring and Evaluation officer; (v) Communications Officer and (vi) Project Administrator in SE office, Colombo. The Implementation Support Unit (ISU) team will be led jointly by the FAO National Project Manager, based in Maldives and Project Administrator based in FAO Sri Lanka, who will make decisions together.

The ISU will receive guidance and assistance from the FAOR Office for Maldives (that is based out of Colombo, Sri Lanka). FAO will ensure continuous exchange of experiences and lessons learned, from the FAO Regional office and other country offices including the success story of the GAFSP-supported PO-led model from FAO Bangladesh. The ISU will report to the PSC, as well as provide secretariat services. The ISU will support AMCS in capacity building, developing business proposals, facilitating dialogue with private value chain actors, develop their agriculture capacity, review, and assess business proposals and provide quality assurance.

Program coordination costs include consultants, office set up and maintenance costs, furniture/equipment, and travel costs. All consultants of FAO as well AMCS will be remunerated as per established payment scales and will be recruited following established HR rules and procedures. The project budget has been developed based on FAO standard budgeting rules, including FAO's Cost Recovery Policy, according to which a standard rate of 7% is systematically applied to cover indirect support costs.

Since managing POs from outside the islands is difficult and unyielding, at least one FBF is to be selected from each island (total 26). This cohort of farmer business facilitators (FBFs) will be the main field-level team of the project. FAO will also provide M&E and accounting support to AMCS in managing FBFs through M&E Officers. This team will be responsible for day-to-day backstopping support to AMCS, FBFs and member POs—ensuring successful monitoring and accounts keeping every step of the way.

In islands where there are more than one PO, each PO will nominate two members to become PO Focal Persons. They will receive training from the FBFs on their role to provide general support to the ongoing development of their organization. The FBFs will be critical resources for the successful implementation of the project, to train and coach the elected members of the executive committee, the social audit committee and members involved in operating the common facility centre and the revolving loan fund in their roles. The ISU will backstop the FBFs.

#### **Technical support**

Support in the technical areas of project implementation will be provided by FAO experts in the FAO Regional Office for Asia and the Pacific (RAP) and Headquarters. The project's Lead Technical Officer (LTO), based in RAP, will review terms of reference, progress reports, annual work plans and project training materials and is responsible for technical clearances.

The FAO Investment Centre (CFI) will be the project Lead Technical Unit (LTU) in HQ and perform oversight functions and assist with complying with GAFSP M&E and reporting requirements. As the Supervising Entity, FAO is responsible for GAFSP funds being used for the project. CFI will also provide

technical support on the use of RuralInvest for business planning. This includes annual supervision missions, in which the LTO will also participate as much as possible.

In addition, technical advice will be provided by ESP on revolving fund management, including technical clearance of LoAs through which funds are to be disbursed for the RLF. Furthermore, support will be provided by the MBWin team in RAP on the use of their software. For technical support on specific topics, such as digitization and business development, subject matter specialists may be hired.

GAFSP is also expected to continue to provide guidance on their M&E framework and to organize knowledge sharing among its portfolio of projects.

## **2.2 Operational Modalities**

The FAO Representative in Sri Lanka will be the project budget holder. The project will use relevant manual sections of FAO for recruitment of FAO project staff and consultants, for procurement of goods (MS 502) and for the signature of Letters of Agreement with AMCS and possibly other non-profit service providers (MS 507). Since significant LoAs and/or Grant Agreements with AMCS are to be managed, the role of an Accountant will be extensive. FAO will support and supervise AMCS to implement part of the project and devolve and ensure proper use of funds by its member POs. Therefore, the project's Administrative Officer and Finance Officer will not only be responsible for day-to-day management of FAO project financial procedures but will also be coaching and supervising AMCS in managing the project funds and the RLF.

**Project Steering Committee (PSC):** The project will be guided by a PSC and would include representatives from the Lead and its member POs, the Government, SOEs, FAO, and other partners such as representatives from private sector, academia, and sector specialists. The PSC will approve the annual work plans as well as provide guidance on issues faced by the project. The PSC will also be responsible to review and approve RFL rules and guidelines during the project life cycle.

**FAO as Supervising Entity (SE):** FAO will serve as the supervising entity of this project. It will support the full design of the project and ensure that implementation is running smoothly through on-going backstopping and regular supervision. The implementation support function will be performed by the FAOR Office for Maldives, with technical assistance from the FAO Regional Office for Asia and the Pacific.

Participatory guidelines on fund management, including the criteria for receiving Project Grants will be developed jointly by the SE and AMCS in consultation with PSC and other stakeholders. Fund management details will be elaborated at the project detail design stage.

This project will use two operational modalities, Direct Implementation at the beginning of the project that will be replaced by Beneficiary Grants during the lifetime of the project.

## **2.3 Statistics**

The project's data collection will involve mainly data for its M&E system: (i) baseline information of target beneficiaries and control group; (ii) data on AMCS and its member POs: governance score card, revolving loan fund data; and (iii) data on outreach and training events.

The data will be collected through a participatory approach by the POs' farmer business facilitators. For the baseline and final evaluation household survey data collection and analysis, the project will hire a specialized service provider to perform the statistical analysis. These data will be disaggregated by gender. See paragraph 2.6 for details on the M&E system.



In addition, data will be collected on targeted islands. At the start of the project, under component 1, AMCS will collect detailed information to deepen their knowledge about the selected islands and inform the final target community selection. Later, AMCS and the new POs will collect technical and market information in their value chain analysis and business planning process. These will be more of a qualitative nature.

## **2.4 Information Technology**

Under component 4.2 the project will provide information services to farmers in the community. This includes developing digital literacy, awareness raising of digital services provided by MoFMRA, and training and access to FAO's digital services, Collect Mobile, RuralInvest and MBWin. The project will also develop e-learning materials, PO enterprise promotion videos and develop a community of practice among PO members through social media.

Microbanker (MBWin) will be used to manage the RLF. Microbanker-generated data will be owned by AMCS and will not be shared outside AMCS membership and FAO implementers. RuralInvest will result in PO business plans that are intended to be shared with potential credit providers. As such, these data are not of a confidential nature. The individual POs will own their business plans and control to whom they will share their business plans. Upon agreement by the POs, some sample business plans may be shared by FAO with GAFSP as the project resource provider on a confidential basis. Part of the M&E data collected through Collect Mobile will be publicly shared on the project dashboard. AMCS decides which of the data to share and how, i.e., whether as aggregate numbers or as data linked to individual member POs. Awareness on data handling and dissemination will be provided to all member POs.

At the start of the project, the AMCS website and dashboard will be presented to the AMCS General Assembly for membership consent and buy-in. This will take place each time there is a substantial update to the website with new features added. Further clarity and guidance on data protection measures of the project will be shared at this time as well.

## **2.5 Risk Management**

### ***2.5.1 Potential risks to the project***

The most important risk in terms of likelihood and potential consequences is the commercial risk linked to value chain development (e.g., market demand crashes, buyers do not honour contracts), which would create problems for farmers to sell their products and repay their loans. The project will therefore invest in market intelligence and the facilitation of linkages with reliable buyers.

The risks to development objectives are mainly related to any abrupt change to the logistical situation due to an extended bad weather. The original project design is being altered at the final project design and development stage, mainly due to the aftereffects of the pandemic, loss of livelihoods and POs getting defunct. Effective project coordination is a design risk, as individual farmers must be mobilized and provided orientation for formation of POs, given the project objectives. These newly formed POs are dispersed across several atolls and islands, making effective coordination a challenge. Technology and reporting tools will be leveraged to mitigate coordination and project implementation risks.

Institutional risks are mainly related to the large contract management capacity of Lead PO, whose capacities are diminished due to the pandemic, level of trust in Lead PO and potential governance related risks associated with POs being dominated by a few vocal members. Planned capacity building exercises for Lead and participating POs will address mitigating governance and capacity related risks

while formalization of relationships through MOUs between Lead and other participating POs will address trust and transparency issues.

Commercial risks are mainly related to business viability of POs and cost overruns related to exchange rate fluctuations, changing economic situations and potential change in fuel prices. Support for preparation of viable business plans and ensuring investments in only viable value chains will ensure sustainability of POs while use of USD accounts to manage project funds will help to address exchange rate fluctuation or any cost overruns.

For risks related to gender, Project Risk Log (Annex V)

### ***2.5.2 Environmental and social risks from the project***

Possible negative environmental impact includes impact on soil and water quality due to increase in unsustainable land based agricultural practices. Shifting to climate smart agriculture and capacity building in good agricultural practices will help to prevent such externalities.

The project team analysed the social risk and came up with the following findings: The project will not procure pesticides, manure directly, however, project funds will be used for a PO revolving fund, which will be used to provide loans to farmers with which they buy inputs. In theory, these inputs could include pesticides and imported manure, however this will be discouraged, with safer alternatives made clear. Additionally, information on good agriculture practices will be provided to POs.

With several mechanisms in place to ensure this risk is mitigated, the risk was classified as low.

Details on the mechanisms to highlighted issues are as follows:

1. The project provides training on good agricultural practices, which cover a wide variety of methods to ensure healthy and safe products. With regards to pesticides, these practices ensure familiarity with and an understanding of the importance of using non-chemical pest prevention techniques. These include promotion of (i) Biopesticide information package of MoFMRA (ii) information on Pesticide Law on pesticide application, safe use, storage and handling.
2. The project will provide information on on-farm composting and collaborative composting methods. Provide support for composting activities through the project.
3. One of the conditions to be eligible to revolving loan funds, as well as linkages with exporters and high-end local markets, is that farmers must follow Good Agricultural Practices, including not using any synthetic pesticides in their production.

For POs choosing to implement GAP scheme of MoFMRA, the project will establish an internal control system for adherence to Good Agricultural Practice standards, using digital tools for traceability. GAP implementation will be monitored by FBF and reported to relevant authorities such as MoFMRA and Maldives Food and Drug Authority (MFDA). Data will be entered on a tablet using the project's Collect Mobile monitoring system allowing for traceability of product quality.

With the combination of this awareness-raising and the mitigation measures in place, the project is confident that farmers will not only minimize the use imported inputs and agrochemicals but contribute to the overall reduction of pesticide use in the project area, therefore mitigating health and environmental risks.

Social externalities are associated with land allocation, additional burden on women and increase in employment of foreign labour in the informal economy. Engagement and advocacy on agriculture sector land reform, especially to extend land tenure could help alleviate land issues. A shift from labour intensive to technology intensive farming and encouraging more women and youth to engage in the agriculture sector could help to address issues of employing foreign labour while sensitizing

communities and households on women empowerment will assist in alleviating issues of additional burden placed on women. The envisaged project externalities are listed in Annex V.

## **2.6 Monitoring, Performance Assessment and Reporting**

### **Monitoring**

This activity will set up project baselines and dashboards to aid regular project monitoring. It will also support independent end project evaluation. The M&E Officer will be responsible for coordinating quarterly monitoring and reporting of project activities during the project life. The project's monitoring and performance assessment activities have four purposes:

- i) Lessons learning and ongoing improvement and refining of the project approach.
- ii) Safeguarding that project funds will be devolved to AMCS and the planned budget for revolving loan funds will be devolved to member POs only when they are ready to manage them.
- iii) Accountability to the donor and AMCS members.
- iv) Accumulating all the necessary information for transparency on timely basis based on various stakeholder requirements such as MOFMRA

Information on progress towards indicator targets will be collected by farmer business facilitators (FBFs) using Collect Mobile and MBWin software on a monthly and quarterly basis. Data from AMCS will be collected daily and feed into the project's M&E dashboard. FBFs and the new POs will receive training on the use of tablets, the questionnaires, and the methods of data collection. AMCS will hire an M&E officer, who will be trained by FAO, and who will be responsible for the organization of the data collection and data cleaning, tabulation, and analysis. The FAO TA team will continue to play a support and supervisory role to ensure accurate reporting.

Key elements of the project M&E system will be:

- (i) A practical M&E manual detailing clear objectives, scope, reporting structure, staffing, capacity building plan, roles and responsibilities, budget, and M&E-related activities with a timeframe;
- (ii) Annual M&E plans;
- (iii) A management information system with dashboard;
- (iv) Monthly and quarterly data collection by FBFs using Collect Mobile and MBWin software.
- (v) Annual and semi-annual GAFSP reports with an update on the achievements of each indicator in the logical framework;
- (vi) Household surveys with control group for baseline and final evaluation.
- (vii) Regular field visits by the staff of the joint FAO-AMCS implementation support unit and annual supervision missions (virtual or physical) by the LTO and LTU focal person. The second LTO-LTU mission will serve as mid-term review mission and is intended to be a physical mission;
- (viii) Semi-annual meetings of the Project Advisory Committee (PAC) and annual joint implementation reviews with the Project Steering Committee (PSC);
- (ix) Additional research and thematic studies as needed.

The project will develop a PO governance performance scorecard. The project will also annually review the assumptions and reflect whether these need to be updated. The project will also review whether the mitigation actions in the risk log are successfully mitigating the risks or if additional mitigation actions need to be undertaken.

The environmental risk will be monitored through the project's M&E system, with regular data gathering by FBFs. Data will be gathered on the following:

- Number of member farmers trained in GAP.
- AMCS member POs that have a trained GAP manager.
- Number of trainings provided on GAP to member farmers.
- Internal control system established in each PO.

Additionally, data from the POs on input purchases will be collected periodically and fed into the M&E dashboard and this will reveal in case any manure, or pesticides are purchased—allowing for immediate monitoring of input purchases.

As FAO is the GAFSP supervising entity (SE) of this project, in addition to being the direct implementing agency, it will itself monitor the project as SE. To this end, the Investment Centre (LTU) project focal person will participate in the selection of the FAO technical assistance (TA) team, review annual project work plans, provide quality assurance for important Terms of Reference (e.g. the LoAs with AMCS) and for the progress reports. They will also participate in the supervision missions.

### **Performance Assessment**

**AMCS:** Their institutional capacity development in implementing the project, but also in providing services to their member POs. This will be monitored by the FAO team by monitoring the implementation of the LoAs the project will sign with AMCS, but also in day-to-day coaching activities and through regular field visits.

**AMCS member POs:** The PO governance performance scorecard that will be developed in this project will be the main tool to monitor the progress of the POs in their governance, organization management and value chain development activities. Monitoring of the PO progress will be the responsibility of AMCS, with assistance and quality assurance provided by the FAO team. In addition, the operation of the PO revolving loan fund will be monitored on a monthly and quarterly basis, following the loan cycles.

**Impact at farmer household level:** This will be measured through the household surveys providing the baseline and final evaluation data.

For accountability purposes, the project will track physical and financial progress against the annual work plan and budget. It will monitor its results by tracking the indicators identified in the logical framework, including mandatory and selected optional GAFSP indicators.

For the learning purpose, the M&E system will be largely participatory, as done in MM-BGD project. FBFs will double as baseline enumerators and will also be responsible for monitoring POs. Such a participatory approach will ensure learning by the AMCS leadership and cross-learning among the POs. FBFs will collect data using the Collect Mobile application on tablets provided by the project. Data collected by the FBFs will be cleaned and analysed by the project M&E staff and used for preparing the project reports. A selected dataset will be used for the project's M&E dashboard. FAO will hold the ultimate responsibility for project M&E analysis, especially because the systems and databases are complex and require quite some Information Technology (IT) capacity to operate them. That said, as AMCSs team grows in M&E and IT skill and experience, FAO will delegate as much M&E responsibility as possible.

It will be the joint responsibility of the project Budget Holder and the LTU (as SE) to coordinate the preparation of progress reports, mid-term assessments and terminal reports for submission to GAFSP. It is the responsibility of the Lead Technical Officer to ensure technical validity of the reports as well as

to ensure inputs from other Technical Officers from within the Project Task Force (PTF) and from other partners as needed.

After approximately two years of implementation, a mid-term review mission will be organized by the LTO and LTU's project focal person. If possible and useful, other subject-matter specialists from the PTF may be invited, as well as a representative from the GAFSP Coordination Unit,

In addition, for lesson learning purposes, specific research and thematic studies may be conducted by the ISU, the FAO TA team or be outsourced to subject-matter specialists. At the end of the project, the AMCS leadership and FAO team will jointly conduct an internal evaluation, based on the data collected throughout the project life. This will include an analytical reflection to draw lessons on factors contributing to achievements or lack thereof, with a focus on outcome indicators. The results of this internal evaluation will be presented in a lesson-learning workshop.

## **Reporting**

- After six months, a project inception report will be prepared;
- Furthermore, within the first year, a project baseline report will be produced, based on a household survey organized during the first six months of the project;
- The inception report will be followed by semi-annual project progress reports following the GAFSP reporting template with an update on the achievements of each indicator in the logical framework.
- The fourth progress report will inform the mid-term review mission by the LTO-LTU. The mission members will prepare a mid-term review report as an annex to their back-to-office / assignment summary report.
- An internal lesson-learning evaluation report at the end of the project.
- An evaluation report based on a) the evaluation household survey in comparison with the results of the baseline survey; b) the monitoring data collected throughout the life of the project; and c) the results of the final lesson learning workshop with AMCS members.

Except for the baseline and evaluation survey reports, all reports will be prepared by the joint FAO-AMCS implementation support unit. For the baseline and evaluation survey report, a service provider will be hired.

Reports to be submitted to GAFSP will be technically cleared by the LTO and reviewed by the Investment Centre in its capacity as SE before submission to GAFSP. Such reports will also be archived in the FAO Field Programme Management Information System (FPMIS). Technical reports that may be of interest to a wider audience and do not contain confidential (financial, private or commercial) information will be posted on the AMCS website.

Financial reports will be prepared on an annual basis, in line with FAO procedures.

## **2.7 Evaluation Provisions**

In compliance with the FAO approach to evaluation, no separate evaluation of the project is anticipated. However, the project will potentially be evaluated through a cluster approach, along with other projects that share one or more of the following characteristics: theme and/or approach; geographical area of intervention; resource partner; and type of crisis (for E&R projects). An allocation is therefore set aside as a contribution to fund these programmatic evaluations by the OED, which are pooled in the OED's Evaluation Trust Fund (OEDTF).

## **SECTION 3 - SUSTAINABILITY**

### **3.1 Capacity Development (including Potential Exit Strategy)**

This project will contribute to an enabling environment for smallholders and their organizations in Maldives in a variety of ways. See section 1.3.4 'Partnerships' for details on various important ways the project facilitates the dialogue and access to change makers needed to ensure smallholders are empowered to contribute to an enabling environment. Additional details are provided here below.

#### ***Access to finance***

The project will foster relationships and dialogue between POs and financial institutions to ensure favourable conditions for access to finance. Moreover, partnership with SDFC will be relevant for future funding and credit access. The project will try to promote the microfinance modality adopted in this project through RLF to banks and other finance institutions. Standard Operating Procedures (SOPs) will be prepared for the successful management of RLF funds. These SOPs will be shared with interested parties as well.

#### ***Producers' organizations as partners***

Ongoing knowledge sharing and exchange visits between government extension staff and POs in the AMCS network are envisioned as a way to continue strengthening the enabling environment for smallholder producers' organizations. The project will work to ensure that the rich experience of FAO's work with POs, will be shared and taken up by other development partners in the country, as well as the government. In response to this request, synergies between the PO-led and country-led projects are envisioned.

#### **Existing capacity within AMCS**

Addu Meedhoo Cooperative Society (AMCS) is the Lead PO for this project. AMCS was formed as an initiative of the farmers in Seenu. Hulhu-Medhoo in October 2010. It has over 513 members with approximately 53% of the members being women. It was formed and registered with the assistance from the Post Tsunami Fisheries and Agriculture Rehabilitation Program (PTFAReP) implemented by MoFRMA with the assistance from International Fund for Agriculture Development (IFAD) and its office is in Seenu Hulhu- Meedhoo, Addu city where the proposed project is planning to have the project ISU. The Cooperative Society was founded to improve the quality and the quantity of crops cultivated through use of new technologies and to gain better market access for its members. Additionally, the co-operative facilitates access to agricultural inputs such as fertilizers, pesticides, and insecticides to its members at a low cost.

AMCS is managed by an elected executive committee consisting of 8 members including Chairman, Vice Chairman, Secretary, Treasurer, Administrator and 3 additional members. The Board is elected at the Annual General Meetings (AGMs) for a 2-year tenure and 2 women members currently are on the Board. AGMs are held on a regular basis as prescribed in its governing code and national laws. Annual financial reports are published on its website and social media platforms.

AMCS played an active role in connecting farmers with the main markets (atoll level local supermarkets, hotels, and resorts) within Addu atoll. In 2010, it signed forward contracts to supply locally grown fruits and vegetables to two resorts in the atolls. At its peak in 2017, the cooperative was generating annual sales worth USD 259,000.

However, with the shutdown of these two resort markets, in 2020, due to the COVID-19 situation, the PO and its members sustained significant losses. To mitigate the losses, AMCS tried to tap into local and other markets, in the capital city and other urban centres, to reduce over dependence on resort market.

However, it required deeper pockets and sustained efforts, which could not materialize and AMCS was unable to support its farmer-members, at that time.

Currently, the managerial capacity of AMCS is diminished and their members have also scattered away. Their Executive Director is dynamic and well regarded all over the country, so the island councils have expressed their trust in AMCS to continue as the Lead, which will require strengthening and capacity building.

### **Existing capacity with the FAO TA team**

FAO TA team has significant experience from MMI-BDG project and will use that knowledge in Maldivian context. The project will be supported by agribusiness and rural finance experts in the regional office as well as FAO HQ, who have also already been involved in the MMI-Bangladesh project. FAO also has a plethora of experience working in Maldives and engaging in island communities. Hence, this will be useful in planning and finalizing specific activities with AMCS. FAO will also make use of its unique RuralInvest and Microbanker (MBWin) software, which is especially well adapted and appropriate for business planning and the revolving fund management by farmer organizations.

### **Exit strategy**

The exit strategy is built into the very objective of the project to strengthen the capacity of AMCS and the other POs to provide services to their member farmers. The graduation process with a clear evaluation method by a score card will set milestones for PO performance and achievement. All POs will be linked to financial institutes and private sector companies for continued business developments.

The project has been developed building on the three basic steps for building sustainable POs: (i) ensure governance and institutional maturity; (ii) develop business skills, technical knowledge and market access to ensure value chain preparedness; and (iii) ensure access to finance.

To ensure sustainability, the project will invest significantly in capacity development, both of newly formed POs and AMCS's own team. The activities of Component 4 on the development of AMCS is key to the sustainability of project outcomes. With their extensive experience in dealing with various stakeholders, know-how of the agriculture sector and operation of a PO, AMCS will be able to extend its network and sustain its operations.

During the project, AMCS will be supported to recruit and manage Farmer Business Facilitators and technical staff to undertake proposed project activities and eventually ensure that AMCS becomes autonomous. During the project, FAO will progressively transfer required knowledge and resources to AMCS through on-the-job capacity development.

In terms of financial sustainability, the project will provide three types of grants to POs: (i) learning grants to cover the cost of trainings; (ii) matching grants for establishing common facility centres and VCCs; and (iii) revolving loan fund grants. The matching grant will be provided to all POs as capital investment for establishing a common facility centre. POs will generate revenue from these facilities by providing rental services, inputs, production support, or storage and marketing services. POs will also generate interest through their revolving loan funds. Additionally, members are required to regularly contribute savings to the PO. The revenue generated by POs will be used to cover recurrent costs such as repair and maintenance as well as staff salaries.

Additionally, AMCS will be the custodian of the revolving loan fund for all POs, ensuring that it will continue to function well after project closure. Further, the RLF capital remains with the PO, accessible to members for the years to come. As PO members will have continued access to finance and backstopping support from AMCS after project closure, the project is confident they will continue to thrive.

### 3.2 Decent Rural Employment

Decent rural employment is mainly addressed through pillar 1 and 4 of the Decent Work Agenda.

**Pillar 1 Employment creation and enterprise development:** Through developing PO business plans and value chain linkages for specific communities and providing AMCS member farmers access to finance to invest in feasible agricultural activities. Through the bulk purchase of inputs and collective marketing activities, the POs will be able to lower production costs and increase prices received by their members, thereby increasing the financial return on farmers' labour inputs. These activities do also create some part-time rural jobs, FBF, operators of common facility centres and PO accountants.

**Pillar 4 Governance and social dialogue:** Specifically, through the development of strong producers' organizations and a strong Lead PO such as AMCS, farmers gain a voice as interlocutors of policy makers and are better able to access public and private services such as extension services and financial services. POs at various level will be able to engage with other financial and market entities and draw out beneficial arrangements.

**Pillar 3 on standards and rights at work** is addressed through the project's focus on women's empowerment to reduce gaps in women's access to information, capacity building and finance, and their representation in decision making positions within their communities.

### 3.3 Environmental Sustainability

Land is scarce in Maldives, which is exacerbated by a recent development trend in Maldives of utilizing land on inhabited islands to develop infrastructure such as airports, city hotels, etc. Land is also not available for long tenure. Despite the scale of production and farm size, current production practices involve application of extensive inputs that are sourced from outside the country. In many islands of central and southern regions, current irrigation practices also cause soil salination, especially in the dry season. The extensive use of fertilizer and pesticides is estimated to affect soil and ground water quality. Unskilled labour employed in an ad hoc manner also discourages youth and women involvement in the production. Production choices and produce quality is heavily affected by this.

Considering the above, the project will take into consideration the provisions of FAO's technical guidelines, policies and international instruments with provisions that are relevant to achieve environmental sustainability such as Code of Conduct for Responsible Fisheries, Code of Conduct on Pesticide Management, Code of Conduct for the Sustainable Use and Management of Fertilizers and the Voluntary Guidelines for Sustainable Soil Management, VG for securing Sustainable Small Scale Fisheries whenever applicable.

Training on Good Agricultural Practices, IPM, Integrated Nutrient Management and climate smart water and resource management will be an important element of capacity development for PO members. These practices include:

- **The promotion of non-chemical fertilizers and pesticides:** Integration of livestock elements; biologically active organic fertilizer; kitchen waste compost; water hyacinth/straw-based municipal waste compost; seaweed and fish waste-based fertilizer, green manuring, liquid fertilizers;
- **Holistic pest control practices:** Biological pest control technologies (light traps, bio pesticides etc), as explained in section 2.5.2
- **Sustainable irrigation practices:** Use of solar pumps, rainwater harvesting, drip irrigation, gravity assisted irrigation and irrigation scheduling techniques
- **Soil conservation practices:** reduced tilling, inter cropping, cover cropping, legume cultivation, mulching (live, trimmings, coconut thatch);



- **In-island input sourcing:** Selecting high yielding local varieties, incorporating traditional farm design practices

AMCS also has a 20,000 sq.ft. area that can be used for demonstration of various agriculture practices. Additionally, the project will continue to research and showcase local climate-resilient approaches and technologies and share them among member POs through innovation hubs, as outlined under activity 2.2.

### **3.4 Gender Equality**

The importance of the empowerment of women is infused throughout the design and approach of the project and the work of AMCS. It is central to the successful empowerment of smallholders throughout Maldives regardless of their gender.

At every stage of preparation, considerations of the best way to empower women have been made and these discussions have resulted in a broad range of mechanisms to ensure this empowerment takes place. Details are included in the 'project strategy on gender and empowerment of women' section below. Through these varied activities FAO and AMCS expect that the project will have a positive impact on all 4 of the gender policy's objectives, however there will be more specific focus on objectives 1 and 3:

**Objective 1** - Women and men have equal voice and decision-making power in institutions and organizations to shape relevant legal frameworks, policies and programmes.

**Objective 3** - Women and men have equal rights and access to services, markets and decent work and equal control over the resulting income and benefits.

## Roles, capacities and needs of women and men

Recent statistics indicate that 54 percent of registered farmers are rural women. Women are disadvantaged when land and other assets are not registered under their name. Island based women often undertake backyard gardening, taro farming or coconut collection as livelihood activities. They are engaged in production, which exposes them to unhealthy conditions, such as extreme weather, toxic chemicals and smoke. Women also spend time harvesting forest products such as coconuts, country almonds and non-food items such as coconut leaves. Ad hoc development initiatives are detrimental to women, as they harm the ecosystems such as forests and mangroves upon which they depend.

Women's occupations that fall in the category of self-employed are mostly undertaken at home rather than in organized formal workplaces. Overall, women account for 84 percent of home-based workers. For those involved in the processing of agricultural products (fruits, vegetables and spices), the level of livelihood vulnerability is greater. Women play a significant role in the processing and preparing non-food products from plants such as thatch from dried coconut leaves (fangivinun), processing of fruits and vegetables, and making spice products (havaadhu) and other food products have a much higher female participation rate than male. Time-consuming responsibilities at home and limited opportunities hinder them from being involved in activities that are more lucrative.

Also, gender division of roles and responsibilities exists in the agricultural with women generally perceived as playing a supportive role to men. However, women contribute to crop production, value addition and natural resource management.

Currently very few women own farms. Women farm owners employ migrant labour for assistance in male-dominated roles such as land clearing and infrastructure. With an existing and growing market for products such as taro, coconut and processed agricultural produce, women in rural islands earn a significant income from these up-and-coming sectors. This underscores the importance of informal home-based work in women's livelihoods, which national statistics do not sufficiently recognise.

The formation of Women Development Committees in inhabited islands as a state supported entity has given immense opportunity for women to take initiative and make annual plans, demand funds and advocate for joined activities.

A summary of current gender roles in remote islands:

Land clearing and infrastructure	Men are engaged in land clearing including in the construction of greenhouses and irrigation.
Irrigation, fertilizing weeding etc.	Both women and men play an active role in farm. Men are involved in mechanized activities such as ploughing. Productive land is owned mostly by men. Watering and weeding is mostly dominated by women and the rest is shared.
Harvesting, Marketing	Women normally spend more time in harvesting than men do. The product after harvesting is packed in crates etc. in the field. Men generally transport the produce from field to storage and boats, to be sold using small vehicles. Currently there is a trend for women drivers, therefore at times small amounts are transported by them. Also, there is a trend for expatriates buyers visiting homes to purchase produce. In these instances, women sell on the produce stored at home.

Credit	Without support of male counterpart, the credit constraint to women is more pronounced. Men have more access to institutional sources of credit and often carry out most of the engagements.
Technology use	Women tend to work on low-technology activities whereas men undertake high technology activities. Men tend to own all the farm equipment.
Access to information	Men have access to more sources of information, and they are better reached by the extension services. Women have limited access to extension services.
Agricultural Decision making	For leased plots and large agriculture production, mostly men decide but in home-gardens and backyard farms women have significant say in what to grow and what inputs to buy.  Sometimes the involvement of women in local groups depends on the decision of husbands or male members of the family.  Men typically decide if they need to get finance.  In small farms and landless households, men tend to decide whether women can take up work as daily labourers and define the terms of their engagement.  Overall, women have very limited access to the decision-making process at community level.
Ownership	Agriculture Land is owned mostly by men through inheritance or as the head of household. Leased plots are also usually registered to men as the head of the family.

**Project strategy on gender and empowerment of women**

Based on the success of women led POs, this project will also carry out women empowerment in a concurrent manner. The project has several mechanisms to support women’s empowerment:

**Awareness** - During mobilization, significant time will be spent to raise awareness on the importance of women’s empowerment. The project intends to take a gender approach that empowers both genders, building mutual trust, understanding, support and respect. Mobilization techniques will take into account gender dynamics in islands and FBFs will build trust, understanding and awareness among both male and female members. In addition, the organizational strengthening under activity 1.2 will include opportunities for men’s reflection on gender dynamics and inclusive leadership development.

**Women’s leadership development** - A specific women’s leadership development initiative will build capacities and confidence of new women PO leaders. This project will give interested women the opportunity to continue to grow in their strength and leadership. The timing and length of all training sessions will respect the needs and realities of women smallholders. As much as possible, internships, practical experience sessions will take place in specific islands. On occasions where possible women leaders from various project islands will be brought together for training and knowledge exchange sessions.

**Financial empowerment** - Revolving loan fund management and audit committees will be women-led. Further, the project has a requirement that women have their own bank accounts in order to be eligible for RLF finance. Additionally, the project MBWIN software allows for general accounts and loan tracking. Through this software, women PO members can have an overview of what is happening with the PO’s funds and can ensure accountability of the organization.

**Membership criteria** - a minimum 50% women executive committee membership criteria and a minimum 50% women general membership criteria.

Target outcomes related to gender are as follows:

- *At least, smallholder women actively participate in the higher-level decision-making body of the project;*
- *Eighty percent of POs with performance rating of 70 or higher<sup>6</sup>;*
- *30 POs registered with at least 50% women members;*
- *100 women completed women's leadership training.*

With respect to monitoring and evaluation of progress, gender-disaggregated data will be collected, starting with the membership base and the composition of POs' executive committees.

### **Gender related risks to and from the project**

Gender related risks are included in the risk matrix. Restrictions on women's mobility due household obligations, social customs, especially in remote islands may be a risk to achieve the project objective of gender-balanced decision-making power with POs and the project to benefit both men and women. To mitigate this risk, FBFs will work closely with community members to persuade them of the value of women's empowerment and training will be conducted as close as possible to women's homes. The project direct dealing with WDCs will work with WDCs to improve collaboration with women in each island. Moreover, island and community gatekeepers (e.g. Council President, WDC President, school principal, opinion leaders, religious leaders) will be requested to support women's mobility.

There is a risk that the project's activities for the empowerment of women may create strained gender dynamics within households and communities. To mitigate this risk, the PO development approach will be gender sensitive, raising awareness among both men and women of the value of strong women leaders. Leadership training will also include opportunities for men's leadership development and reflection on gender dynamics.

### **Gender-related human and financial resources and stakeholders during implementation**

Strong women led SOEs and NGOs including WDCs will play an important role in women's empowerment throughout the life of the project. Wherever possible these entities will be included in gender related trainings and knowledge exchange events.

The TORs of FAO's team also include various gender-related responsibilities, from training in gender-sensitivity to ensuring gender-disaggregated data collection.

## **3.5 Indigenous Peoples**

There are no recognized Indigenous Peoples in the Maldives. While the Maldivian population primarily composed of ethnic Maldivians, with mixed Sinhalese, Arab, Dravidian, and Austronesian heritage and has a unique cultural heritage and traditions, it is not classified as Indigenous Peoples.

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<sup>6</sup> *The organization performance scorecard includes a question about the gender balance of the PO's executive committee, including office bearer positions. Therefore this indicator can also be considered a measure of women's empowerment.*

### **3.6 Technical/ technological innovation**

The project will utilize several FAO IT tools and digital services, including Collect Mobile, RuralInvest, and MBWin. Additionally, it will involve the creation of e-learning materials, promotional videos for PO enterprises, and the establishment of a community of practice among PO members through social media.

In particular, Microbanker (MBWin) will be employed to manage the RLF, while RuralInvest will be used to generate PO business plans intended for sharing with potential credit providers. Consequently, these data are not considered confidential. The individual POs will retain ownership of their business plans and have control over who they choose to share them with. With the agreement of the POs, some sample business plans may be shared by FAO with GAFSP, the project resource provider, on a confidential basis.

A portion of the monitoring and evaluation (M&E) data collected through Collect Mobile will be publicly shared on the project dashboard. The decision of which data to share and how, whether as aggregate numbers or linked to individual member POs, rests with AMCS. All member POs will receive awareness sessions on data handling and dissemination.

## Annex I: Logical Framework Matrix

Results Chain	Indicators				Assumptions
	Indicators	Baseline	Target	Means of Verification	
<b>IMPACT</b>	<b>A vibrant PO ecosystem based in small islands that are more resilient to shocks and climate change to support food security in Maldives</b>				
	Prevalence of moderate and severe food insecurity in the population, based on the Food Insecurity Experience Scale (FIES) (GAFSP goals and targets Tier 1 indicator)	TBD <sup>7</sup>	0% of project household members experience severe food insecurity  30% decrease in moderate food insecurity	Household Survey on Food Insecurity Experience Scale (FIES) during start-up and project completion	Food price stable in both domestic and global market
	Minimum Dietary Diversity-Woman (MDD-W): (GAFSP goals and targets Tier 1 indicator)	TBD*	15% increase	Household Survey on Dietary Diversity Score Card during start-up and project completion	Women apply what they learnt from project's nutrition-related activities  Increased income results in consumption of nutritious food/balance diet
	Income (GAFSP goals and targets Tier 1 indicator)	TBD*	20% increase (in 2,400 households)	Household Survey for profiling of POs and members at time of start-up and project completion (baseline/evaluation instruments using Collect Mobile app)	Growth of domestic economy remains steady or improves
	Change in monthly household expenditure on non-food items for project households	TBD*	20% increase	Profiling of PO and members at time of start-up and project completion (baseline/evaluation instruments using Collect Mobile app) AMCS e-dashboard	Increases in income result in increased non-food expenditure.
	Agricultural Productivity (GAFSP goals and targets Tier 1 indicator)	TBD*	20% increase	Household Survey for baseline, MTR and final evaluation (quantitative data collection instruments using Collect Mobile app and KII/qualitative checklist)	Production in selected activities is not adversely affected by climate and non-climate induced stress (e.g. Covid-19 pandemic)  Producers apply climate smart technologies learned from capacity building activities of PO
<b>OUTCOME</b>	<b>Strong Producer Organization Provide Business Skills, Technical Knowledge, Market Access, and Access to Finance to their Members</b>				
	Percent of POs with performance rating of 75 (out of 100) or higher	0	75%	Performance Assessment Scorecard Six-monthly project progress report. Collect Mobile app	POs understand and apply governance, financial, accounting, business and digital literacy learned from various capacity building interventions

<sup>7</sup> Baseline value will be determined through baseline survey when farmers have been mobilized under activity 1.1

Results Chain	Indicators				Assumptions
	Indicators	Baseline	Target	Means of Verification	
	Percent of PO office bearer positions held by women	0	50%	Performance Assessment Scorecard Six-monthly project progress report. Collect Mobile app	Social activities at island level are conducive for women participation in PO.
	Number of new PO members actively participate in the Project Steering Committee (gender disaggregated)	0	3 in Project Steering Committee (PSC) (2 AMCS leaders, 2 women PO members)	PSC guidelines and meeting minutes of PSC (highest level committee chaired by the Representative from MoFRMA); Participatory monitoring of project activities by ISU & AMCS; Project progress report	Project Steering Committee (PSC) of MoFRMA endorses 3 members of POs including 2 women  Non-PO PSC members are genuinely open to the contribution of PO representatives on the steering committee.
	POs adopting climate resilient or sustainable agriculture interventions in their operations (GAFSP Tier 2 indicator 15)	0	30 PO	Six-monthly project progress report. Collect Mobile app	Producers organizations members understand the value of the promoted technologies—that they are profitable, climate smart and environmentally and support food security
	% of members satisfied with PO services for input purchase and marketing	0	70%	Six-monthly project progress report. Collect Mobile app	PO members can reduce production and transport costs and save time through using PO input purchase and marketing services
<b>OUTPUT 1 – Producers’ Organizations Established and Supported by Lead PO</b>					
Sub-output 1.1	Indicator 1.1 Number of FBF recruited	0	26 (13 women)	FBF contracts, list from island authorities, six-monthly project progress report.	Each island has interested member that meet requirement of FBF
Sub-output 1.2	Indicator 1.2: Producer-based organizations supported (organization). (GAFSP Tier 2 indicator 4)	0	30	Six-monthly project progress report. Collect Mobile app POs registered with competent/relevant government registration department PO membership registers.	Capacity of the FBFs developed to meet the needs of the POs.  Registration authority supportive to get PO registration.
<b>OUTPUT 2 –Governance and Business Management Capacity of Newly Established POs and FBFs Developed.</b>					
Sub-output 2.1	Indicator 2.1: Number of FBF completing trainings	0	26 (13 women)	Training participants lists, Six-monthly project progress report	All the FBF are able to participate in trainings
Sub-output 2.2	Indicator 2.2: Number of PO members received trainings; Disaggregation: of which, female farmers completed governance, organizational strengthening trainings	0	80% (2400) Farmers (50% women),	Training participants lists, Six-monthly project progress report	FBF receive TOT from AMCS to train all their respective PO members  Each PO to have an average of 80-100 members  POs implement training calendar efficiently.

Results Chain	Indicators				Assumptions
	Indicators	Baseline	Target	Means of Verification	
Sub-output 2.3	Output 2.3. Number PO members received technical and business skills trainings; Disaggregation: of which, female farmers completed business and technical skills		80% (2400) Farmers (50% women),	Training participants lists, Six-monthly project progress report	As funding for these will be disbursed only after rigorous review of business plans, PO business plan to be well prepared, approved by project and then funds to be disbursed smoothly.
Sub-output 2.4	Indicator 2.4 Processing, storage, and market facilities constructed and/or rehabilitated (facility).* (GAFSP Tier 2 indicator 7)	0	24 (80%)	Geo-referenced photo of Common Facility Centres constructed and/or rehabilitated; Six-monthly project progress report	As funding for these will be disbursed only after rigorous review of business plans, PO business plan to be well prepared, approved by project and then funds to be disbursed smoothly.
Sub-output 2.5	Indicator 2.5: Number of women completed women's leadership training.	0	300	Training participant lists Six-monthly project progress report. Collect Mobile app	Male community members (e.g. husbands, fathers) don't block women traveling for training.  Travel is not restricted by government lockdowns and political unrest.
Sub-Output 2.6	Indicator 2.2; Monitoring, Evaluation and Learning plan developed	0	1	Six-monthly project progress report.	
<b>OUTPUT 3 – Producer Organization Enterprises Developed.</b>					
Sub-output 3.1.1	Indicator 3.1.1: Number of POs completed business plan, including a marketing plan and financial feasibility study	0	30	The business plans. Six-monthly project progress report RuralInvest business plans	Capacity of the FBF enhanced to prepare business plan at PO level using RuralInvest toolkit.
	Indicator 3.1.2: Number of smallholders producers/processors receiving productivity enhancement support (farmer) Disaggregation: Of which, female producers/processors (GAFSP Tier 2 Indicator 8)	0	80% (2400) Farmers (50% women),	Six-monthly project progress report. Collect Mobile app	PO equipped with digital devices and are able to support its members
Sub-output 3.2	Indicator 3.2.1 Percentage of RLF loans paid back in time	0	98%	Six-monthly project progress report. Collect Mobile app; Microbank report	POs mobilize incomes and RLF efficiently
	Indicator 3.2.2. Financial Self-sufficiency (# POs)	0	24 POs have FSS > 100%	FSS is calculated as: operating income / (operating expense + financing cost+ provision for loan loss + cost of capita) x 100. From Audit Report and Banks Statements	
Sub-output 3.3	Indicator 3.3 Persons supported by project in rural areas accessing financial services (person) Disaggregation: Of which, number of females (GAFSP Tier 2 indicator 5)	0	1500 borrowers (70% women)	Six-monthly project progress report. Collect Mobile app; Microbank report	POs maximize the opportunities of revolving loan fund according to government and organizational policy
<b>OUTPUT 4 –Lead Producer Organization is Enhanced</b>					
Sub-output 4.1	Indicator 4.1.: Number of enterprise development package trainings conducted to AMCS and number of PO members trained.	0	1 packaged training 30 members	Training participants lists, Six-monthly project progress report.	



Results Chain	Indicators				Assumptions
	Indicators	Baseline	Target	Means of Verification	
Sub-output 4.2.	Indicator 4.2 Number of POs supported with digital tools and trainings; disaggregated by type of digital solution and number of members per PO	0	30	Training participants lists, Six-monthly project progress report	
<b>Overall Project Outreach</b>					
	Number of farmer households reached	0	3,000	Six-monthly project progress report	100 HHHs per PO; 30 POs
	Number of people receiving direct benefits (person) Disaggregation: Of which, number of females (GAFSP Tier 2 indicator 1)	0	15,900 (50% women)	Six-monthly project progress report	Average rural household size of 5.3
	Persons receiving capacity development support (person) Disaggregation: Of which, number of females (GAFSP Tier 2 indicator 10)	0	3,000 (1,500 women)	Training participants lists, no double counting of individuals	Persons receiving training under output 1.3 and component 2 also receive training under output 1.2. Thus, number of persons trained under output 1.2 is equal to total.
<b>Post-project sustainability of PO's</b>					
	Percentage of operational costs covered by the PO	0	100%	Banks Statements	

## Annex II: Stakeholder Engagement and Grievance, Conflict Resolution and Accountability Mechanisms

### 1) Stakeholder Engagement Plan

Stakeholder Name	Stakeholder Type	Stakeholder profile	Stakeholder engagement methodology	Consultation Findings (past consultations)	Expected timing (future consultations)
<b>Addu Meedhoo Cooperative Society (AMCS)</b> (On going)	Partner	<i>Civil Society Organization</i>	<ul style="list-style-type: none"> <li>- 2021: Joint concept note development through frequent consultation with AMCS leadership,</li> <li>- 2022: On going knowledge exchange through AMCS focal point</li> </ul>	<ul style="list-style-type: none"> <li>- Need based outcomes to be integrated.</li> <li>- Prioritize regional focus.</li> <li>- Focus on implementation arrangements.</li> <li>- Need to integrated potential challenges.</li> <li>- Agreed to share resources for the establishment of ISU</li> </ul>	To be determined - TBD
			<ul style="list-style-type: none"> <li>- 2022: Full project design: Participated in all the major stakeholder meetings</li> <li>- Changes to concept note proposed on behalf of EC</li> <li>- Two visits to AMCS base location</li> </ul>	<ul style="list-style-type: none"> <li>- Recognized the level of PO establishment focus required.</li> <li>- Recognized the reasons behind the success of AMCS in the Addu City area.</li> <li>- Suggested to broaden the target range to 26 islands.</li> <li>- Determined strength, weakness and areas of support required for AMCS.</li> </ul>	- TBD
<b>Ministry of Fisheries Marine Resources and Agriculture</b> (On going)		<i>Primary Line ministry</i>	<ul style="list-style-type: none"> <li>- Aug 2022: Project briefing and idea exchange meeting for the final project design</li> </ul>	<ul style="list-style-type: none"> <li>- Clarified the ideal pathway for government involvement.</li> <li>- Provided input on target island selection.</li> <li>- Suggested to represent home growers from selected islands.</li> <li>- Agreed to share available data on selected island communities.</li> <li>- Highlighted possible challenges during implementation.</li> <li>- Agreed to provide support throughout the project period.</li> </ul>	- TBD

Stakeholder Name	Stakeholder Type	Stakeholder profile	Stakeholder engagement methodology	Consultation Findings (past consultations)	Expected timing (future consultations)
<b>Ministry of Finance</b>		<i>Line ministry</i>	<ul style="list-style-type: none"> <li>- Aug 2022: Project briefing and knowledge exchange meeting to understand the regulations on RLF and recommendations on way forward</li> </ul>	<ul style="list-style-type: none"> <li>- Agreed to support the project.</li> <li>- Understood way forward in terms of managing project finance and RLF</li> </ul>	- TBD
<b>Agronational Corporation (AgroNat)</b>		<i>SOE</i>	<ul style="list-style-type: none"> <li>- Aug 2022: Meetings at the Male' head office with management staff including Managing director.</li> <li>- Meeting with technical personnel with IC and team.</li> <li>- Physical meetings with AgroNat island focal points in various agricultural islands (Fuvahmulah &amp; Addu island)</li> </ul>	<ul style="list-style-type: none"> <li>- Identified AgroNat's potential role as market and value-chain facilitator through their island's hubs and local extension facilitators.</li> <li>- Learned about mobilizing farmers in islands.</li> <li>- Interest in digital solution for POs</li> <li>- Ideas on ways to recruit FBFs.</li> <li>- Ideas in women involvement</li> </ul>	- TBD
<b>Business Centre Corporation (BCC)</b>		<i>SOE</i>	<ul style="list-style-type: none"> <li>- Aug 2022: Meeting with technical personnel</li> <li>- Meeting with BCC management with IC and team</li> </ul>	<ul style="list-style-type: none"> <li>- Experience in enterprise development work for SMEs and how it can be used in this project.</li> <li>- Using island hubs to support enterprise development effort of POs</li> <li>- Ideas on recruiting and developing FBF</li> </ul>	- TBD
<b>Meeting with SME Development and Financing Corporation (SDFC)</b>		<i>SOE</i>	<ul style="list-style-type: none"> <li>- Aug 2022: Meeting with SDFC technical staff</li> <li>- Meeting with SDFC management team with IC.</li> </ul>	<ul style="list-style-type: none"> <li>- Identified existing financial products available for POs.</li> <li>- Identified challenges in microfinance.</li> <li>- Agreed to extend support during project implementation on the development and establishment of RLF.</li> </ul>	- TBD
<b>Maldives National University (MNU)</b>		<i>SOE</i>	<ul style="list-style-type: none"> <li>- Aug 2022: Meeting with research group of MNU.</li> </ul>	<ul style="list-style-type: none"> <li>- Determined potential pathway for collaboration using the MNU outreach centres in Addu</li> <li>- Determined potential areas of knowledge exchange on agriculture practices</li> </ul>	- TBD

Stakeholder Name	Stakeholder Type	Stakeholder profile	Stakeholder engagement methodology	Consultation Findings (past consultations)	Expected timing (future consultations)
<b>Engagements with key community groups, existing POs, and members of prominent agriculture islands in the project region</b>		<i>Island Authorities/Community/POs</i>	<ul style="list-style-type: none"> <li>- Meedhoo island: Engagement and meetings with AMCS, Farmers, AgroNat Focal Point, Input suppliers</li> <li>- Fuvahmulah island: Engagement and meetings with City Council Members, Women’s Development Committee, key farmers, Existing PO members, AgroNat focal point and local Input suppliers,</li> <li>- Thoddoo island: Engagement and meetings with Island Council Members, Women’s Development Committee, key farmers, Existing PO members, AgroNat focal Point and local Input suppliers,</li> <li>- Kaashidhoo island: Engagement and meetings with Island Council Members, Women’s Development Committee, key farmers, Existing PO members, and local input suppliers</li> <li>- Hithadhoo island: Meeting with Addu City council and Women’s Development Committee</li> </ul>	<ul style="list-style-type: none"> <li>- Gained an in-depth knowledge on the functioning of POs in the island and the existing challenges.</li> <li>- Understood the common need of producers and the challenges.</li> <li>- Recognized interest of farming community towards establishment and strengthening of POs</li> <li>- Recognized willingness and support to be provided by Island Councils and Women’s Development Committees.</li> <li>- Met with community actors who are interested to become FBF</li> <li>- Some island WDCs also committed to leading producer mobilization effort with establishment of their own POs.</li> </ul>	<ul style="list-style-type: none"> <li>- TBD</li> </ul>

## 2) Grievance Redress Mechanism

### 1. **Main contact details**

Do you have a grievance or suggestion about the project “Strengthening Agribusiness Producer Organizations in Maldives through Enterprise Ecosystem Development and Deployment of Digital Solutions (SAPOMED)?

You can use any of the below channels free of charge to contact us. Your grievance will be handled confidentially by the Food and Agriculture Organization of the United Nations.

Phone:	+94 11-2580798
Email:	<a href="mailto:FAO-LK@fao.org">FAO-LK@fao.org</a>
WhatsApp (including voice messages):	+94 773 659058
Suggestion box address:	P.O. Box 1505, Colombo
Fax:	NA

### 2. **Purpose of GRM and guiding principles**

This is the Grievance Mechanism for the project “Strengthening Agribusiness Producer Organizations in Maldives through Enterprise Ecosystem Development and Deployment of Digital Solutions” (SAPOMED), implemented by the Food and Agriculture Organization of the United Nations and Addu Meedhoo Cooperative Society (AMCS) between 1 September 2023 and 31 August 2026 at field level to file grievances related to the project. Contact information and information on the process to file a grievance will be disclosed in all meetings, workshops, and other related events throughout the duration of the project. In addition, it is expected that all communication and awareness raising material to be distributed will include the necessary information regarding the contacts and the process for filing grievances.

The project/FAO will also be responsible for documenting and reporting as part of the safeguards performance monitoring on any grievances received and how they were addressed.

FAO is committed to ensuring that its projects and programs are implemented in accordance with the Organization’s environmental and social obligations. Concerns of non-compliance must be addressed at the closest appropriate level, i.e., at the project management/technical level, and if necessary, at the FAO Country Office or Regional Office level. If a concern or grievance cannot be resolved through consultations and measures at the project management/technical level, a grievance requesting a Compliance Review may be filed with the FAO Office of the Inspector General in accordance with the [Guidelines for Compliance Reviews Following Grievances Related to the Organization’s Environmental and Social Standards](#). Project Managers will have the responsibility to address concerns brought to the attention of the officially designated project grievance focal point.

The **principles** to be followed during the grievance resolution process include confidentiality, impartiality, respect for human rights, including those pertaining to indigenous peoples, compliance of national norms, coherence with the norms, equality, transparency, honesty, and mutual respect.

### **3. Who can file a grievance and how**

Anyone can file a grievance or make a suggestion related to the project/office. Your grievance will be handled confidentially.

To facilitate our comprehension of your grievance, please include as much information as possible. For example: what happened, who was involved, when did it happen...

### **4. From grievance to resolution**

The general philosophy of the project is one of inclusion and valuing all voices. Women's empowerment is also a core tenet of the project approach. Both FAO and AMCS have a zero-tolerance policy for Sexual Exploitation and Abuse (SEA). Project stakeholders will be informed about this and a clear path for grievance redress will be outlined based on the details provided below. Raising awareness of the grievance redress mechanisms is an important way of ensuring that all involved feel comfortable to share their thoughts and/or concerns—whether related to SEA or other issues that may arise during project implementation. AMCS and the FAO team are committed to this process.

A more local-level grievance mechanism has also been included in the project design for the purpose of resolving the concerns of any intended beneficiaries or project stakeholders regarding alleged or potential violations of FAO's social and environmental commitments. During quarterly FBF monitoring of POs, any grievances that come in will be reviewed and reported to AMCS (names of individuals involved can be anonymized for privacy reasons). This list will also not be published but kept on file for overview purposes. As an inclusive mechanism, all POs under the project will prepare a Governance, Accountability and Action Plan (GAAP) during inception phase. This GAAP is a participatory exercise where all PO members will participate to identify: (i) potential risks associated with project implementation; (ii) impact of identified risks that may turn into grievance among any members; (iii) intensity of risks; (iv) protective measures; and (v) responsible person(s)/committee for grievance management. This will be done on a quarterly basis at each PO, initially with the facilitation of the FBFs. These GAAPs will reduce causes of grievance during implementation of the project.

Furthermore, a Social Audit Committee (SAC) will be formed within each PO consisting of three members, that are not associated with the Executive Committee or have any financial dealings with POs. Within the PO this SAC will be the first grievance handler. If any grievance cannot be mitigated by the SAC then the PO would seek guidance of the respective FBFs to resolve it. The FBF him/herself will try to resolve or may raise any unresolved issue to the AMCS Independent Social Audit Committee and/or the project Implementation Support Unit (ISU). Concerns can also be raised through the call centre grievance mechanism described above. The working of this mechanism will be communicated verbally during the project launch and initial start-up activities at the PO level. It will also be posted in Dwivehi in the project offices in the project area for reference throughout the project implementation period. Procedures, in line with those of the FAO Office of the Inspector General, to register grievances with respect to fraud and corruption will be posted in English and Dwivehi on a project website and the FAO Sri Lanka/Maldives country website, <http://www.fao.org/srilanka/en>

As soon as the call centre details are available, they will be shared with AMCS members and new stakeholders who participated in the consultation process. This will be done by text message/phone. The mechanism will also be shared during the project launching meeting. Then during community mobilization, this information will also be shared with prospective PO members.

**The mechanism includes the following stages:**

1. In the instance in which the individual or group have the means to directly file the grievance, he/she has the right to do so, presenting through the indicated channels of the project/office (i.e.: email, mailbox, phone, etc.). The process of filing a grievance will duly consider confidentiality, and if requested by the individual or group bringing the grievance, anonymity as well as any existing traditional or indigenous dispute resolution mechanisms and it will not interfere with the community’s self-governance system.
2. The individual or group bringing the grievance files a grievance through one of the channels of the grievance mechanism. This will be sent to the Project or FAO Decentralized / Country Office Grievance focal point to acknowledge and log the grievance, assess whether it is eligible and determine responsibility for attempting to resolve the grievance in line with the processes agreed for the project. The confidentiality of the grievance must be preserved during the process. For every grievance received by the project grievance focal point, written proof will be sent within ten (10) working days; afterwards, a resolution proposal will be made within thirty (30) working days.  
The Grievance focal point will also be responsible for recording the grievance and how it has been addressed if a resolution was agreed.
3. If the situation is too complex, or the individual or group bringing the grievance does not accept the proposed resolution, the Grievance focal point must be informed and they must send the grievance to the next highest level, until a solution or acceptance is reached.
4. In compliance with the resolution, the person in charge of dealing with the grievance may interact with the individual or group bringing the grievance, or may call for interviews and meetings, to better understand the reasons.

**Resolution**

Upon acceptance of a solution by the individual or group bringing the grievance, a confidential record will be maintained.

Review Level	Contact Details
Project Level	Shurufa Abdul Wahidh, <a href="mailto:Shurufa.AbdulWahidh@fao.org">Shurufa.AbdulWahidh@fao.org</a>
Next level	FAO Representative in Sri Lanka and Maldives, Vimlendra Sharan, <a href="mailto:Vimlendra.Sharan@fao.org">Vimlendra.Sharan@fao.org</a>
Office of the Inspector General (OIG)	Contact FAO's independent Office of the Inspector General: <ul style="list-style-type: none"> <li>• To report non-compliance with FAO's environmental and social management guidelines in case your grievance could not be resolved through the previously mentioned channels.</li> <li>• To report non-compliance with FAO's environmental and social management guidelines in case you have a good reason for not approaching the project management (e.g., fears about your safety).</li> <li>• To report possible <b>fraud and other corrupt practices, as well as other misconduct such as sexual exploitation and abuse.</b></li> </ul> By confidential hotline (online form & by phone): <a href="http://fao.ethicspoint.com">fao.ethicspoint.com</a>

By e-mail: [Investigations-hotline@fao.org](mailto:Investigations-hotline@fao.org) or [inspector-general-office@fao.org](mailto:inspector-general-office@fao.org)

By mail:

Office of the Inspector General  
Food and Agriculture Organization of the United Nations  
Viale delle Terme di Caracalla  
00153 Rome, Italy



### Annex III: Workplan

Activity	Responsible	Timeline: year and quarter															
		2023				2024				2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>OUTPUT 1: PRODUCERS' ORGANIZATIONS ESTABLISHED AND SUPPORTED BY LEAD PO</b>																	
<b>Activity 1.1 Activating Outreach Work</b>																	
1.1.1 National level Awareness Building on the project amongst all stakeholders	ISU & PO																
1.1.2 Appointment of Community Mobilizers in consultation with island councilors and WDCs	PO & ISU																
1.1.3 Development of Farmers' database (3000 farmers)	PO																
1.1.4 Visits to Islands for mobilization	PO & ISU																
<b>Activity 1.2 PO Formation and integration with the Lead PO</b>																	
1.2.1 Appointment of FBFs	ISU & PO																
1.2.2 ToT for FBF Training Curriculum for Farmer Business Facilitators of AMCS	ISU																
1.2.3 Baseline Survey to be conducted by FBFs	PO																
1.2.4 PO Formation	PO																
1.2.5 Integration of POs into Lead PO (as members)	PO																
<b>OUTPUT 2: GOVERNANCE AND BUSINESS MANAGEMENT CAPACITY OF POs AND FBFs is DEVELOPED</b>																	
<b>Activity 2.1 Enhancing Capacity of FBFs</b>																	
2.1.1 Design and development of FBF training curriculum (based on MMI experience) through series of consultation/validation workshops (curriculum has 6 modules)	ISU																
2.1.2 Training for Farmer Business Facilitators of AMCS (including climate smart agriculture practices)	ISU																

Activity	Responsible	Timeline: year and quarter															
		2023				2024				2025				2026			
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
<b>Activity 2.2 Enhancing PO Governance and Managerial Skills</b>																	
2.2.1 Capacity Assessment of POs (using FAO Score Card)	ISU																
2.2.2 Formation of Sub Groups for larger POs	PO																
2.2.3 Training to POs and Sub-Groups by FBFs	PO																
<b>Activity 2.3 Enhancing PO Business and Technical Skills</b>																	
Activity 2.3.1 Conducting Value Chain Studies	ISU																
Activity 2.3.2 Capacity Building to build business and technical skills	ISU																
Activity 2.3.3 POs develop business concepts																	
<b>Activity 2.4 Development of Common Facility</b>																	
2.4.1 Selection of locations to set up the Common Facility	ISU & PO																
2.4.2 Equipment and Tools' Purchase	ISU																
2.4.3 Operationalization of Common Facility																	
2.4.4 Participatory training, production planning and negotiations; use of IT applications	ISU/PO																
<b>Activity 2.5 Development of Leadership Skills amongst Women Farmers</b>																	
2.5.1 Mobilization of women farmers, orientation and awareness	PO																
2.5.2 Leadership Skills Training and developing a cohort of grassroots women leaders/champions	PO																
2.5.3 Sensitization of men and youth through participatory approaches and capacity building	PO																
2.5.4 Formation of all-women PO (one at least)	ISU & PO																
2.5.5 Digital Financial Literacy training to women and youth	ISU																

Activity	Responsible	Timeline: year and quarter															
		2023				2024				2025				2026			
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
2.5.6 Learning exchange and exposure visits to (other) women led agri micro businesses/POs	ISU																
<b>Activity 2.6 Monitoring, Evaluation and Learning (MEL)</b>																	
<b>Output 3: PRODUCERS' ORGANIZATIONS ENTERPRISES DEVELOPED</b>																	
<b>Activity 3.1 Preparing Participatory PO-Enterprise Business Plan</b>																	
3.1.1 Continued handholding support by FBFs	PO/ISU																
3.1.2 Finalisation of Business Plans and their appraisal	PO																
3.1.3 Negotiations with SoEs and private sector institutions and entering into agreements for capital, orders, etc	PO & ISU																
<b>Activity 3.2 Establish Revolving Loan Fund (RLF)</b>																	
3.2.1 Legal and Operational assessments to set up the RLF and	ISU & PO																
3.2.2 Introduction to Micro Banker and training on RLF Management																	
3.2.3 Activation and capitalization of RLF																	
3.2.4 Partnerships with other lending institutions providing investment finance to MSMEs	ISU & PO																
<b>Activity 3.3 Investing and implementing PO enterprise business plan</b>																	
3.3.1 Investment activities in PO-Enterprise Business Plan																	
3.3.2 Provision of advisory and follow up services.																	
<b>Output 4.: LEAD PRODUCER ORGANIZATION IS ENHANCED</b>																	
<b>Activity 4.1 Developing Lead PO's Management and Advisory Capacity</b>																	
4.1.1 Capacity building and training for project management and effective coordination; technical and managerial advisory services	ISU																

Activity	Responsible	Timeline: year and quarter															
		2023				2024				2025				2026			
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
4.1.2 Training on Rural Invest to FBFs and other digital tools	ISU																
4.1.3 Development of Lead PO Business Plan and its execution	PO																
<b>Activity 4.2 Developing digital solution capacity – digital agriculture and e-commerce</b>																	
4.3.1 Identify appropriate digital applications for virtual marketplace or partner with existing ecommerce platforms and execution	ISU & PO																
4.3.2 Development of e-learning materials and promotional videos of PO-enterprises and execution	PO & ISU																
4.3.3 Capacity building and training on digital applications	ISU																
4.3.4 Digital marketing through social media	PO & ISU																

#### Annex IV: Budget

- a. **Results-Based Budget synchronized with the LFM** (even if the LFM tool in FPMIS is not mandatory, but for voluntary use, the creation of this template is possible only when the LFM is present in FPMIS).

Account	Account description	PY1	PY2	PY3	total
5013	Consultants	108,906	132,732	145,584	387,222
5014	Contracts	56,900	64,760	136,800	258,460
5020	Locally Contracted Labor	10,983	21,840	-	32,823
5021	Travel	77,353	80,549	24,595	182,497
5023	Training	50,216	80,782	87,836	218,834
5024	Expendable Procurement	8,720	6,176	4,176	19,072
5025	Non-Expendable Procurement	10,044	15,044	-	25,088
5027	Technical Support Service	39,508	49,194	6,336	95,038

<b>5028</b>	General Operating Expenses	22,520	18,930	18,990	60,440
<b>5030</b>	Cash and Financial Assistance	-	96,000	1,032,000	1,128,000
<b>5050</b>	GOE Common Services	35,047	9,734	10,362	55,143
<b>5029</b>	Support Cost	29,414	40,302	102,668	172,383
	<b>Total</b>	<b>449,611</b>	<b>616,043</b>	<b>1,569,347</b>	<b>2,635,000</b>

**b. Results-Based Budget (Template: General Ledger Structure)**

<b>Outputs</b>	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>	<b>Total</b>
<b>Output 1. Producers' organizations established and supported by lead PO</b>	94,880	21,840	-	116,720
<b>Output 2. Governance and Business management capacity of newly established POs and FBF is developed</b>	81,648	278,992	69,180	429,820
<b>Output 3. Producer Organization Enterprises Developed</b>	-	47,448	1,061,800	1,109,248
<b>Output 4. Lead PO is Enhanced</b>	83,567	98,699	236,175	418,441
<b>Project management</b>	160,102	128,762	99,524	388,388
<b>Sub-Total</b>	420,197	575,741	1,466,679	2,462,617
<b>Project Support Costs 7%</b>	29,414	40,302	102,668	172,383
<b>Grand-Total: Project Budget</b>	<b>449,611</b>	<b>616,043</b>	<b>1,569,347</b>	<b>2,635,000</b>

## Annex V: Risk Management

### Section A: Risks to the project

Risk description	Worst case consequence for the project	Risk Score		Mitigating action	Action owner
		Impact	Likelihood		
Geographic spread of POs and target communities across the country impose challenges for effective coordination and monitoring of project activities	Full outreach may not be possible, leading to uneven formation of POs	M	L	<ul style="list-style-type: none"> <li>- Empower POs to effectively use and leverage technology to bridge geographic spread to overcome barriers in project coordination among participating POs and to monitor project results.</li> <li>- Use of reporting tools to capture real time information and data directly from participating POs to ensure regular monitoring of activities across the country.</li> </ul>	FAO team
Funds or assistance to PO are mainly channelled via projects implemented by Government in collaboration with donors and not directly handled by POs.	Inefficient project management and low utilization of funds	M	L	Strong and experienced project management team to work closely with Lead PO and build project, contract and fund management capacity of POs.	AMCS & FAO Team
Lead PO may face resistance from other participating POs or interest groups or organizations already formed and active in the sector	Project milestones may get delayed or not fully achieved	M	L	<ul style="list-style-type: none"> <li>- Adopting and entering into partnership or MOUs among participating POs will improve trust and collaboration among POs and help create a network of POs working for collective development of agribusiness value chains.</li> <li>- Fair representation of other participating POs and practicing transparent decision making at project level will help to mitigate possible trust issues among POs</li> </ul>	AMCS & FAO team
Active gender and youth participation in POs leadership and management roles constrained or discouraged by existing domineering members	Women's leadership will be undermined and inclusiveness will be low	M	H	Governing documents of POs to be reviewed from a gender and youth lens and legal documents to recognize role of women and youth in leadership positions by reserving at minimum 30- 40% of such positions to women and youth. Support provided	AMCS Team

Risk description	Worst case consequence for the project	Risk Score		Mitigating action	Action owner
		Impact	Likelihood		
				from project to form women or youth led POs as new generation agricultural start-ups.	
Sustaining the viability and operations of the PO beyond the project support period	The POs may not function effectively after the project period is over	H	M	Use predefined criteria or apply score card method to identify POs with high levels of sustainability potential (i.e. viable business plans) and inclusive governance practice in determining eligibility for funding and market access support from the project. Additionally conduct business planning, financial management, leadership and managerial training to PO members and leadership.	FAO team
Prolonged economic downturn and shortages in foreign exchange (i.e. USD availability in local market) could potentially increase cost of agricultural inputs imported and therefore investments potentially impacting project costs and funding amounts available from the project for revolving fund activities.	Timely availability of funds maybe a challenge leading to time over-runs	M	H	<ul style="list-style-type: none"> <li>- Maintain project funds in USD account and exchange to local currency when payments are made. Enter into partnership with input suppliers and importers to supply agricultural raw materials and inputs in bulk at negotiated prices for a predefined period.</li> <li>- Train farmers and POs to do proper pricing and ensure sales contract or forward contracts entered have provisions to absorb cost fluctuations associated with exchange rate fluctuations.</li> </ul>	FAO team

### Section B: Environmental and Social risks from the project

Risk identified	Risk Classification	Risk Description in the project	Mitigation Actions	Indicators	Progress on mitigation action
	Moderate-High	Drive to increase large-scale land based traditional agricultural practices may contribute to large scale clearing of existing vegetation reducing natural protection available to farmland as well as improper use of fertilizers in a drive	<ul style="list-style-type: none"> <li>- Training farmers on good agricultural practices and encourage farmers to obtain GAP certification</li> </ul>		

Risk identified	Risk Classification	Risk Description in the project	Mitigation Actions	Indicators	Progress on mitigation action
		to boost agricultural productions and therefore contribute to deterioration of soil quality and contamination of water lens	<ul style="list-style-type: none"> <li>- Encourage shift to climate resilient technologies and cultivation methods to minimize impact on already scarce agricultural land.</li> </ul>		
Social risk	Low-Medium	Empowerment of women may create strained gender dynamics within households and communities.	<ul style="list-style-type: none"> <li>- PO development approach will be gender sensitive, raising awareness among both men and women of the value of strong women leaders.</li> <li>- Leadership training will also include opportunities for men's leadership development and reflection on gender dynamics.</li> </ul>	<ul style="list-style-type: none"> <li>- Number of men involved in awareness raising events on gender</li> <li>- Gender disaggregated number of participants in leadership development training</li> </ul>	Awareness about the importance of women's empowerment was raised among both male and female stakeholder participants. The value of strong women leaders was made explicit, and participants were made familiar with the project approach to women's empowerment. They were happy with this approach and on board to implement it moving forward.

Description of the project activities	Potential Risk (Please briefly describe the risks identified, in line with safeguard standards triggered in the checklist)	Mitigation Measure (s) (Briefly describe the mitigation measures for the identified risks)	Implementation Arrangements (Responsible parties for implementation of those mitigation measures and timeline for activities)



## **Annex VI: FAO and Government Obligations**

(a) This Annex sets out the basic conditions under which FAO will assist the Government in the implementation of the Project described in the attached Project Document.

(b) The achievement of the objectives set by the Project shall be the joint responsibility of the Government and FAO.

### **FAO OBLIGATIONS**

1. FAO will be responsible for the provision, with due diligence and efficiency, of assistance as provided in the Project Document. FAO and the Government will consult closely with respect to all aspects of the Project.
2. Assistance under the Project will be made available to the Government, or to such entity as provided in the Project, and will be furnished and received (i) in accordance with relevant decisions of the Governing Bodies of FAO, and with its constitutional and budgetary provisions, and (ii) subject to the receipt by FAO of the necessary contribution from the Resource Partner. FAO will disburse the funds received from the Resource Partner in accordance with its regulations, rules and policies. All financial accounts and statements will be expressed in United States Dollars and will be subject exclusively to the internal and external auditing procedures laid down in the financial regulations, rules and directives of FAO.
3. FAO's responsibilities regarding financial management and execution of the Project will be as stipulated in the Project Document. FAO may, in consultation with the Government, implement Project components through partners identified in accordance with FAO procedures. Such partners will have primary responsibility for delivering specific project outputs and activities to the Project in accordance with the partner's rules and regulations, and subject to monitoring and oversight, including audit, by FAO.
4. Assistance under the Project provided directly by FAO, including technical assistance services and/or oversight and monitoring services, will be carried out in accordance with FAO regulations, rules and policies, including on recruitment, travel, salaries, and emoluments of national and international personnel recruited by FAO, procurement of services, supplies and equipment, and subcontracting. The candidacies of senior international technical staff for recruitment by FAO will be submitted to the Government for clearance following FAO procedures.
5. Equipment procured by FAO will remain the property of FAO for the duration of the Project. The Government will provide safe custody of such equipment, which is entrusted to it prior to the end of the Project. The ultimate destination of equipment procured under this Project will be decided by FAO in consultation with the Government and the Resource Partner.

### **GOVERNMENT OBLIGATIONS**

6. With a view to the rapid and efficient execution of the Project, the Government shall grant to FAO, its staff, and all other persons performing services on behalf of FAO, the necessary facilities including:
  - i) the prompt issuance, free of charge, of any visas or permits required;
  - ii) any permits necessary for the importation and, where appropriate, the subsequent exportation, of equipment, materials and supplies required for use in connection with the Project and exemption from the payment of all customs duties or other levies or charges relating to such importation or exportation;
  - iii) exemption from the payment of any sales or other tax on local purchases of equipment, materials and supplies for use in connection with the project;
  - iv) any permits necessary for the importation of property belonging to and intended for the personal use of FAO staff or of other persons performing services on behalf of FAO, and for the subsequent exportation of such property;

- v) prompt customs clearance of the equipment, materials, supplies and property referred to in subparagraphs (ii) and (iv) above.

7. The Government will apply to FAO, its property, funds and assets, its officials and all the persons performing services on its behalf in connection with the Project: (i) the provisions of the Convention on Privileges and Immunities of the Specialized Agencies; and (ii) the United Nations currency exchange rate. The persons performing services on behalf of FAO will include any organization, firm or other entity, which FAO may designate to take part in the execution of the Project.

8. The Government will be responsible for dealing with any claims which may be brought by third parties against FAO, its personnel or other persons performing services on its behalf, in connection with the Project, and will hold them harmless in respect to any claim or liability arising in connection with the Project, except when it is agreed by FAO and the Government that such claims arise from gross negligence or wilful misconduct of such persons.

9. The Government will be responsible for the recruitment, salaries, emoluments and social security measures of its own national staff assigned to the project. The Government will also provide, as and when required for the Project, the facilities and supplies indicated in the Project Document. The Government will grant FAO staff, the Resource Partner and persons acting on their behalf, access to the Project offices and sites and to any material or documentation relating to the Project, and will provide any relevant information to such staff or persons.

## **REPORTING AND EVALUATION**

10. FAO will report to the Government (and to the Resource Partner) as scheduled in the Project Document.

11. The Government will agree to the dissemination by FAO of information such as Project descriptions and objectives and results, for the purpose of informing or educating the public. Patent rights, copyright, and any other intellectual property rights over any material or discoveries resulting from FAO assistance under this Project will belong to FAO. FAO hereby grants to the Government a non-exclusive royalty-free license to use, publish, translate and distribute, privately or publicly, any such material or discoveries within the country for non-commercial purposes. In accordance with requirements of some Resource Partners, FAO reserves the right to place information and reports in the public domain.

12. The Project will be subject to independent evaluation according to the arrangements agreed between the Government, the Resource Partner and FAO. The evaluation report will be publicly accessible, in accordance with the applicable policies, along with the Management Response. FAO is authorized to prepare a brief summary of the report for the purpose of broad dissemination of its main findings, issues, lessons and recommendations as well as to make judicious use of the report as an input to evaluation synthesis studies.

## **FINAL PROVISIONS**

13. Any dispute or controversy arising out of or in connection with the Project or this Agreement will be amicably settled through consultations, or through such other means as agreed between the Government and FAO.

14. Nothing in or related to any provision in this Agreement or document or activity of the Project shall be deemed (i) a waiver of the privileges and immunities of FAO; (ii) the acceptance by FAO of the applicability of the laws of any country to FAO, and: (iii) the acceptance by FAO of the jurisdiction of the courts of any country over disputes arising from assistance activities under the Project.

15. This Agreement may be amended or terminated by mutual written consent. Termination will take effect sixty days after receipt by either party of written notice from the other party. In the event of termination, the obligations assumed by the parties under this Agreement will survive its termination

to the extent necessary to permit the orderly conclusion of activities, and the withdrawal of personnel, funds and property of FAO.

16. This Agreement will enter into force upon signature by the duly authorized representatives of both parties.

## **Annex VII - Terms of Reference for FAO Staff**

### **ISU National Project Manager**

**Duration:** Three years

**Duty Station:** Addu City, Maldives (with remote working option)

#### **Organizational setting and main purpose**

Under the supervision of the FAO Representative in Sri Lanka, the incumbent will coordinate all project activities jointly with the AMCS Project Officer and the Project Coordinator based in Colombo, Sri Lanka.

#### **Tasks and responsibilities**

- Plan, organize, manage and provide technical guidance to the FAO and AMCS project team for the implementation of the project.
- Prepare terms of reference, identify candidates and arrange for recruitment of other FAO project staff and subject matter specialists. Assist the AMCS project officer in the recruitment of AMCS staff.
- Given the importance of gender and women's empowerment in the project, endeavour to recruit a gender-balanced team and ensure that recruited staff have sufficient experience and/or are trained to mainstream gender in all project activities.
- Draft and negotiate Letters of Agreement with AMCS and other service providers.
- Provide coaching to AMCS on all aspects of project implementation; jointly review and update the performance monitoring system of member POs as well as procedures for disbursement of GAFSP grants for the development of common facility centres and revolving loan funds of new member POs.
- In collaboration with the M&E officers, supervise and ensure satisfactory standards of implementation of LoAs, contracts and technical assistance inputs to the project. Conduct site visits for monitoring, technical support and facilitation of activities.
- Ensure regular coordination and exchange of lessons learned with the national, regional and local authorities, specifically with the country-led GAFSP project, and actively contribute to policy discussions that take place at the national level in the sphere of the project areas.
- Ensure regular coordination and exchange of experience with financial service providers and other partner organizations involved with the project, including the private sector, other relevant development organizations and the Asian Farmers' Association.
- With AMCS and the M&E officers, organize regular thematic lesson learning workshops and mid-term and end-of-project evaluation workshops.
- Lead the project strategy development:
  - reflect on outcomes achieved and capacities gained by AMCS and the POs;
  - keep abreast with developments in the rural economy, policy context and new capacity development tools, and;
  - analyse the two in conjunction to each other and make suggestions for further development steps and for adaptation to a changing context as needed.
- Serve as the Secretary of the Project Advisory Committee, prepare agenda, discussion materials and minutes of meetings.
- In close collaboration with the FAO Representative, supervise on behalf of the executing agency all project financial and administrative matters. Produce project progress reports in line with FAO and donor requirements, technical reports and other relevant documentation as required by FAO. This includes the project's mid-term review and terminal report.

**Qualifications:**

- Advanced university degree in agriculture, agriculture economics, rural development or related subject.
- Minimum of ten years of progressively responsible professional experience, including in project management in the field of agricultural development.
- Experience in working in genuine partnership with farmers' organizations and small agribusinesses.
- Experience in working with rural microfinance service providers or related institutions working in the financial services sector for rural areas.
- Experience in working with international organizations.
- Experience with gender mainstreaming in agricultural development projects.

**FAO core competencies**

- Results focus
- Teamwork
- Communication
- Building effective relationships
- Knowledge sharing and continuous improvement

**Technical/functional skills**

- Excellent writing, presentation, communication and interpersonal skills.
- Fluency in English.
- Familiarity with the administrative and financial procedures of FAO .

## **Administrative and Accounts Officer**

**Duration:** Three years

**Duty station:** Addu City, Maldives

### **Organizational setting and main purpose**

Under the supervision of the FAO representative in Sri Lanka and the National Project Manager, and in close collaboration with Project Coordinator based in Sri Lanka, the incumbent will be responsible for a) the financial and operational management of the project as well as b) technical assistance to AMCS on financial and operational project management and on the management of the revolving fund with the objective of gradual increased autonomy by AMCS.

### **Tasks and responsibilities**

#### **A. Management of project operations**

Ensure smooth functioning of project operations and consistent service delivery, specifically:

- Act as a focal person for all matters related to the daily operations of the project;
- Manage the project budget and prepare financial reports and budget revisions as required;
- Initiate and follow-up on all project contracting, procurement and travel processes;
- Ensure the quality of project data and documentation in the Field Programme Management Information System (FPMIS);
- Participate in the preparation of project work plans, monitor progress and where necessary, identify corrective measures to overcome operational constraints.

#### **B. Technical assistance to AMCS**

Provide capacity building to AMCS to manage the project activities and the revolving loan fund, with the objective of gradual increased autonomy by AMCS, specifically:

- Training and coaching of the AMCS Project Coordinator, accountant and other operational staff on project operations procedures and financial reporting standards. Develop supporting training material as needed;
- Training and coaching of AMCS on the financial management of their organization and of common assets, such as common facility centers. Develop and update training material and support AMCS staff in training its member POs;
- Training and coaching of AMCS on revolving loan fund operations: Contribute to the development of the RLF standard operating procedures, Regularly review jointly with responsible AMCS staff the performance of the Revolving Loan Fund operations. Based on these results, provide (refresher) training to AMCS staff and support AMCS in its training of RLF committees of its member POs.;
- Develop and update briefing and training materials and deliver training to AMCS and its member POs on banking policies and on options for accessing external financing whether as a PO or for individual PO members and on the management of borrowed resources.

### **Qualifications**

- MBA or master's degree in finance, accounting, agricultural economics, agribusiness development or related subject.
- Minimum of ten years professional experience in rural finance, preferably related to agriculture.
- Experience working with commercial banks, micro-credit organizations, farmer organizations and the private sector.

### **FAO core competencies**

- Results focus
- Teamwork
- Communication
- Building effective relationships
- Knowledge sharing and continuous improvement

**Technical/Functional skills**

- Excellent interpersonal and facilitation skills.
- Working knowledge of English.
- Familiarity with the administrative and financial procedures of FAO,
- Familiarity with standard procedures of cooperative savings and credit organizations, revolving funds or microfinance organizations would be an asset.

## Field coordinator and M&E officers (2)

**Duration:** Three years

**Duty Station:** Addu City, Maldives

### Organizational setting and main purpose

Under the overall supervision of the FAOR and direct supervision of the National Project manager in Male, the incumbents will train and coach the AMCS regional office staff on their facilitation role for the establishment of new POs and to better serve AMCS member POs in the region and on their monitoring functions. The field officers will also have a direct project M&E role for M&E activities that cannot be delegated to AMCS.

### Tasks and responsibilities

#### A. Capacity building of regional AMCS staff

- Train and coach the regional AMCS staff in their role to facilitate POs in the new project areas, focusing on: participatory approaches; PO governance and gender issues; value chain selection processes; and revolving loan fund management.
- Train selected AMCS staff in the facilitation of POs to develop business plans and in the use of RuralInvest software for the financial analysis of these plans. Provide quality assurance to business plans developed during the project.
- Assist AMCS with the participatory selection of new Farmer Business Facilitators (FBFs) and provide back-up support to the training and coaching by experienced FBFs.
- Help the AMCS regional office to organize business meetings between member POs and the private sector, such as input providers and buyers, to identify common upgrading priorities in their business relationship. Support the organization of trade fairs.
- Help the AMCS office to build a good relationship with local government units and for its POs to access government technical services, such as extension and veterinary services.
- Train and coach AMCS staff on the project's monitoring requirements and on the management of the participatory M&E system set up under the MMI project. With AMCS, discuss and develop ways to use the same M&E system to provide data for lesson learning that will allow AMCS to improve its services to its member POs and member farmers.

#### B. Project M&E

- Provide background information to the service provider hired for the baseline and final evaluation survey analyses, facilitate meetings between the service provider and AMCS, provide inputs to the survey questionnaires, assist with training of AMCS FBFs as survey enumerators and provide feedback on the reports submitted by the service provider. Ensure gender disaggregated data collection methodologies are used.
- Review project monitoring data collected by AMCS to assure their accuracy and completeness before forwarding to the ISU in Addu City, Maldives.
- Contribute to lesson-learning exercises and workshops on various technical areas and assist the National Project Manager with project strategy development: provide information on outcomes achieved and capacities gained within the POs, and make suggestions for further development steps and for adaptation to a changing context as needed.
- Conduct technical support and supervision field visits to new member POs, signal any problems to AMCS and the ISU in Addu City and suggest ways to remediate. Also signal successes and positive developments that can serve as good examples for others.
- Assist with the organization of field visits by the ISU in Addu City, government representatives, the LTO, LTU, AFA, the donor and other partner organizations involved in the project. Assist the communication officer in Dhaka in collecting material for communication products.



- Establish relationships with other relevant development assistance projects in the project area, including the country-led GAFSP-funded project, in order to foster collaboration and knowledge sharing between the POs and amongst projects on technical, production and other matters.

**Qualifications:**

- Tertiary qualification in rural development/social science, agriculture, agriculture economics or related subject.
- Minimum of five years of progressively responsible professional experience.
- Experience with field research and data collection, including collection and analysis of gender-disaggregated data.
- Experience in working in a participatory manner with farmers' organizations.
- Experience with agricultural value chain and business development.
- Experience with training and coaching.

**FAO Core Competencies**

- Results Focus
- Teamwork
- Communication
- Building Effective Relationships
- Knowledge Sharing and Continuous Improvement

**Technical/functional skills**

- Excellent interpersonal skills
- Working knowledge of English
- Familiarity with the FAO tools and mobile data collection applications

### Annex VIII: List of Proposed Islands to Establish POs

	Island	Total	M	F	Size (ha)	Comments	Estimated new PO initial members range
1	K. Kaashidhoo	764	386	378	43.85	Largest agricultural island in the country. With long history and tradition of farming. No PO established to this date. Island Authorities are interested. Agronat and BCC active in the island.  Amir (Council President) – 9904490, Council Contact: 664-5377	100 -200
2	Aa. Thoddoo	920	463	457	35.62	Second largest agricultural island in the Maldives. Long tradition of farming. Known for high production of watermelon and betel leaves. Has a large farming population. Has some active POs that are not directly involved in agriculture. But has many farmers as members. Both WDC and Island Council is very active to form new POs.  Secretary General – 9160614, Council contact: 6660537	100 -200
3	F. Magoodhoo	89	20	69	0.36	Known for poultry and hydroponics farming, F.Magoodhoo Corp has the potential for revival. Has very active WDC that is involved in farming.  Magoodhoo PO contact: Naasir 9754202 9916237 moosa fathhy (council president), Council contact: 67400017	70 - 100
4	Th. Veymandoo	257	130	127	7.5	Previously very well acted WDC and known across the Maldives. Now council and WDC encourages to form new PO. Has many home-garden based farmers.  Adam shareef 9778473, Council – 6780083  WDC president: Saaduna Raesa 98311921	50 – 70
5	L.Gan	460	276	184	21.89	Gan is a prominent agricultural island and one of the largest with 890 plots of 20,000 sqft. Has many farmers. Already has some good farming regulations in place. The island is connected to by land to another farming island as well. Both Agronat and BCC are already present. The island has amenities of bank and domestic airport.  President council – 7979796, Council – 6800766	100 – 150

6	L.Isdhoo	713	332	381	66.24	Known for chili cultivation. Has around 500 plus regular farmers. Island council and WDC are interested to work in the project.  Zeema - council 6800709 Saeedha – 9538609 Ibrahim khaleel – Council President	100 – 150
7	L.Kalaidhoo	393	184	209	58.91	Has 300 plus regular farmers. No active PO to this date. Agronat center is already established.  V.president – Ibrahim Majid – 9874999, Council: 6800730	100 – 150
8	L. Dhambidhoo	142	80	62	14.2	Another prominent farming island in Laamu atoll. Has regular supplies to Male’ central market. Has a good farmer base. No PO presence to this date.  Council - 6800724	50 - 100
9	G.a Nilandhoo	289	132	157	19.86	They are primarily home-garden based farming community. Many regular farmers present. Has good dealings with ministry of agriculture.  Nasih Ibrahim (president) 7781412	50 - 70
10	G.a Maamendhoo	226	84	142	3.15	Small island in the Huvadhu atoll with interested home-garden based farming community. Has very active Island Council and WDC. Has had demonstrated experience cultivating in hydroponics-based systems.  Island Council: 6820007	50 – 70
11	G.a Kondey	39	17	22	1.78	One of the largest islands in the country with good resources for farming. Previously known for taro cultivation. It is a small community but has vibrant home-garden based farmers and with potential for expansion.	50 – 70
12	G.dh Vaadhoo	74	45	29		Has had one of the active POs in the country which is now not active but open for revival. Has active farming population.  Island Council: 6840005	50 – 70
13	G.dh Gadhdhoo	128	57	71	3.83	Has long history of taro and breadfruit processing enterprises. Has experienced farmer of taro and vegetables.  Vice-president – Khadheeja 7551871 Fathmath Rukshana – Council SG 9120126 Council -6840003	50 – 70
14	G.dh Hoadehdhoo	152	52	100	7.95	Small island that is known for chili and watermelon cultivation. Most farmers are doing farming in home-gardens.  Council - 6840015	50 – 70

15	Gn. Fuvamulah	274	107	167	23.57	3rd or 4th largest agricultural island in the country. Has had many POs and some are still functioning at a very low level. Has good farmland for taro and other crops. Has very active council and WDC. This island has potential to establish new POs as well. Agronat already has presence in the island.  Nijah (council member) – 7779268 Fuvahmulah City – 6865001 Asim (Agronat) – 7793934	100 - 200
16	S. Meedhoo	135	89	46	23.19	Home island of Lead PO – AMCS. Is known for large scale farming. Has many farmers of fruits and vegetable with varying production systems in place. Many farmers are willing to take the role of AMCS with a new PO in case AMCS focus shifts to providing services nationally.  Shahid (Secretary) - 9893989	50 – 100
17	S.Hithadhoo					Hithadhoo has good regulations for farming and has dedicated farmland. The farmers have previously had dealings with AMCS. They are willing to start a new PO. City Council and WDC is committed to support the farmers in this.  Addu City - 6885003	50 – 100
18	N. Kendhikulhud hoo	203	59	144	4.97	Large land area for farming, Satisfactory history of farming, had a well-known group of hydroponics farmers,	100 – 150
19	R. Vaadhoo	46	26	20	3.6	Active island authorities, History of hydroponics producer and home growers	50 – 70
20	R. Fainu	68	31	37	2.25	Large island with active farmers, recently established infrastructure for irrigation	50 – 100
21	R. Kinolhas	56	29	27	2.3	Active island authorities, history of participating in farming related programs, Prominent for in-island composting	50 – 70
22	B. Goidhoo	32	21	11	4.20	Large island with well-organized farms, Active and respectable island council, close proximity to Male'	50 - 100
23	Ad. Maamigili				9.1	Agriculture sector support service present, easy for logistics	50 – 70
24	F. Dharanboodh oo	42	16	26	1	Good land area, good community cohesion.	50 - 70
25	Th. Kandoodhoo	123	70	50	5	Famous island for farming known for specialty cash crops, good number of farmers and good farm organizing present.	100 – 150
26	L Fonadhoo				7.33	Large land area and large farming community, ease of access due to the airport	50 - 70

