

Grant Assistance

JFPR: MLD 39108

Grant Assistance to the
Republic of Maldives for the
Restoration of Livelihoods of the
Tsunami-Affected Farmers in the
Maldives (Financed by the Japan
Fund for Poverty Reduction)

April 2005

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 31 March 2005)

Currency Unit	-	rufiyaa (Rf)
Rf1.00	=	\$0.0771
\$1.00	=	Rf12.965

ABBREVIATIONS

ADB	-	Asian Development Bank
CBO	-	community based organization
GIM	-	grant implementation manual
JBIC	-	Japan Bank for International Cooperation
JFPR	-	Japan Fund for Poverty Reduction
MFAMR	-	Ministry of Fisheries, Agriculture and Marine Resources
MOFT	-	Ministry of Finance and Treasury
NERRP	-	National Economic Recovery and Reconstruction Program
NGO	-	nongovernment organization
TA	-	technical assistance
TEAP	-	Tsunami Emergency Assistance Project
TRRF	-	Tsunami Relief and Reconstruction Fund

GRANT ASSISTANCE CLASSIFICATION

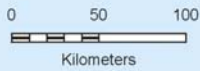
Targeting Classification	-	Targeted intervention
Sector	-	Agriculture and natural resources
Subsector	-	Agriculture production
Theme	-	Sustainable economic growth
Subthemes	-	Restoring the farming activity and developing rural areas

NOTES

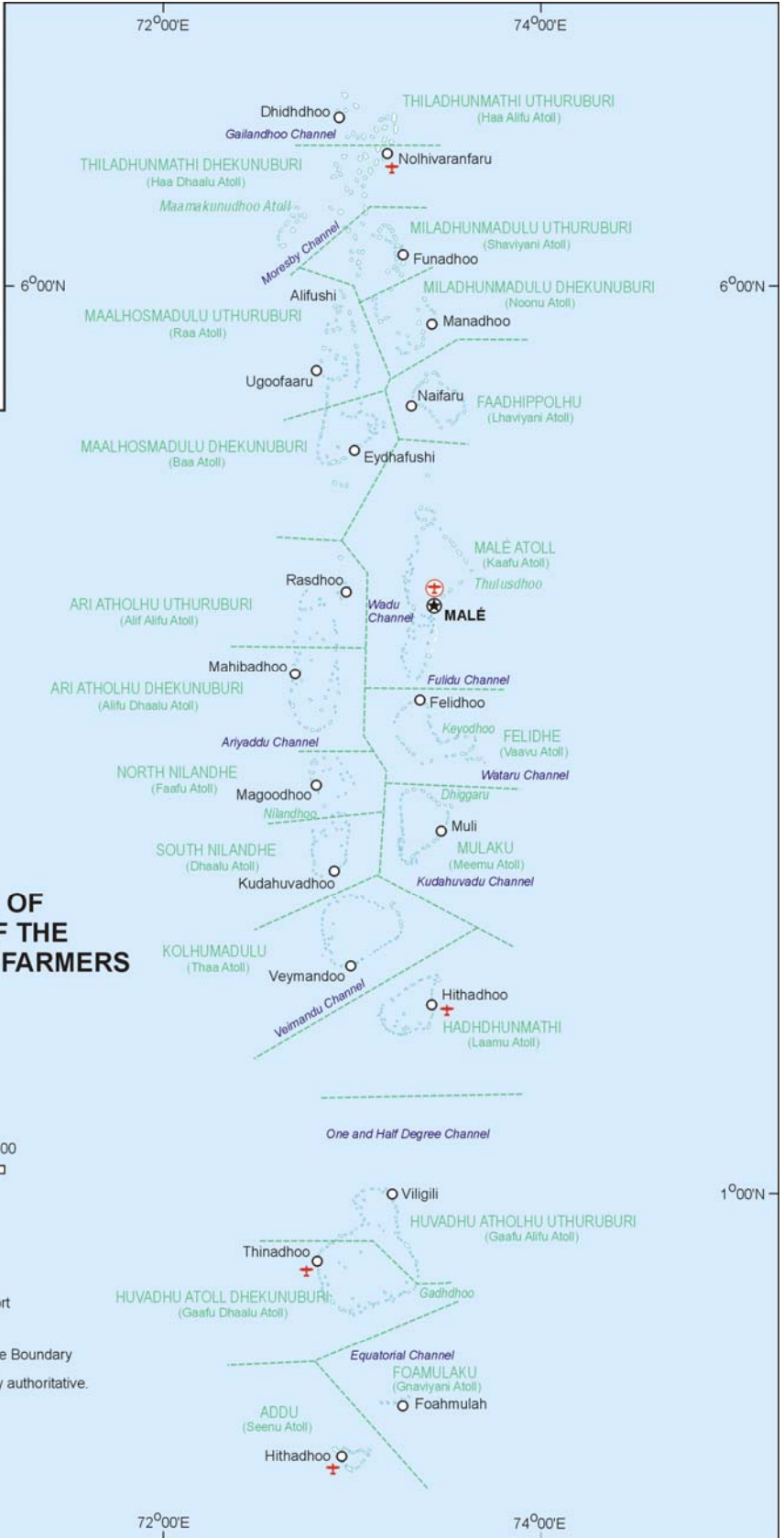
- (i) The fiscal year of the Government and its agencies ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.



MALDIVES RESTORATION OF LIVELIHOODS OF THE TSUNAMI-AFFECTED FARMERS



- National Capital
 - Atoll Capital
 - International Airport
 - Regional Airport
 - Atoll Administrative Boundary
- Boundaries are not necessarily authoritative.



JAPAN FUND FOR POVERTY REDUCTION (JFPR)

JFPR Grant Proposal for Tsunami Disaster Projects

I. Basic Data

Name of Proposed Activity	Restoration of Livelihoods of Tsunami- Affected Farmers in the Maldives
Country	Republic of the Maldives
Grant Amount Requested	\$1,000,000
Project Duration	2 years
Regional Grant	No
Grant Type	Project

II. Grant Development Objective(s) and Expected Key Performance Indicators

Grant Development Objectives: The objective of the Project is to enable farmers in the 26 most affected agricultural communities to restart their agricultural livelihood activities in order to raise their quality of life above pre-tsunami levels. The project also aims to increase the participation of community-based organizations (CBOs) in farm activities in beneficiary communities.
Expected Key Performance Indicators: <ul style="list-style-type: none">• 100% restoration of farm livelihoods for 390 farm households in the 26 most affected islands• Higher productivity in comparison with pre-tsunami levels in 80% of beneficiary households• Training in community development and management provided to 26 CBOs

III. Grant Categories of Expenditure, Amounts, and Percentage of Expenditures

Category	Amount of Grant Allocated in \$	Percentage of Expenditures
1. Equipment and Supplies	650,000	65
2. Working Capital	98,000	10
3. Training and Extension Services	32,000	3
4. Consulting Services	66,000	7
5. Grant Management	64,000	6
6. Contingencies	90,000	9
Total	1,000,000	100
Incremental Cost	50,000	5

JAPAN FUND FOR POVERTY REDUCTION (JFPR)
JFPR Grant Proposal for Tsunami Disaster Projects

Background Information

A. Other Data

Date of Submission of Application	12 April 2005
Project Officer	Ki Hee Ryu, Project Specialist (Water Resources), Agriculture, Environment and Natural Resources Division (SAAE), South Asia Department
Project Officer's Division, E-mail, Phone	SAAE Kryu@adb.org 632-6326118
Other Staff Who Will Need Access to Edit/Review the Report	M. de Alwis, Senior Financial Specialist, Agriculture, Environment and Natural Resources Division, Mekong Department S. Nebel, Poverty Reduction Specialist, SAAE V. Samarasekara, Natural Resources Management Specialist, SAAE A. Tayyab, Project Economist, SAAE F. C. Roche, Director, SAAE
Sector	Agriculture
Theme	Restoration of livelihoods of the tsunami-affected farmers
Was JFPR seed money used to prepare this grant proposal?	Yes
Have SRC comments been reflected in the proposal?	All pre-SRC comments have been incorporated. SRC was waived.
Executing Agency	Ministry of Finance and Treasury (MOFT)
Grant Implementing Agency	Minister Abdullah Kamaludeen Ministry of Fisheries, Agriculture and Marine Resources (MFAMR) E-mail: minbureau@fishagri.gov.mv Tel: 960-322620 Fax: 960-326558

B. Details of the Proposed Grant

1. Description of the Components, Monitorable Deliverables, and Implementation Timetable

Component A

Component name	Provision of Agriculture Inputs and Equipment
Cost (\$)	650,000
Component description	Affected farmers provided with free seed, fertilizer, pesticide, equipment, and farm tools, to enable them to restart their agricultural activities.
Monitorable deliverables/ outputs	1. In-kind assistance delivered to 390 beneficiary households in 26 most severely affected agriculture islands 2. Number of farm plots restored 3. Income generated from restored farm plots

Implementation of major activities:	<p>Activities</p> <ol style="list-style-type: none"> 1. Disbursement of in-kind assistance to farm households 2. Procurement of inputs, tools, and equipment 3. Preparation of guidelines for CBO operations 4. Selection of CBOs to manage the disbursement of equipment and materials to farm households in beneficiary islands
Number of months for grant activities	12 months

Component B

Component name	Provision of Working Capital
Cost (\$)	98,000
Component description	<p>On the affected islands, 390 farmers have lost their savings and require working capital in order to restart their livelihood activities. The provision of working capital of about Rf3,000 (\$234 equivalent) per farm household will complement the provision of inputs, tools, and equipment and will be provided on a credit basis. The terms used for credits will be included in the guidelines for CBO operations, which are being prepared. Women will benefit from the component through the participation of the island women's committee, a CBO working in the affected islands.</p> <p>Funds allocated for this purpose will be disbursed to a CBO on each island, which will ensure that the funds are disbursed to individual farm households based on a participatory assessment of the needs identified by the CBO and affected farmers.</p> <p>The working capital will be repaid after two cropping seasons. It will be made available for further use through a revolving fund that will be managed and operated as per guidelines and rules developed by the CBOs, with the assistance of the Government and project consultants.</p> <p>The guidelines will clarify the legality and operating procedures of the revolving fund. Other governance issues, including participation by beneficiaries and CBOs in monitoring project activities, will be clearly specified in the guidelines.</p>
Monitorable deliverables/ outputs	<ol style="list-style-type: none"> 1. Percentage of beneficiary households accessing working capital finance out of the 390 targeted households 2. Number of women who have benefited 3. Number of restored agricultural plots 4. Income generated by farm households 5. Repayment and recovery rates of credit
Implementation of major activities:	<p>Activities</p> <ol style="list-style-type: none"> 1. Disbursement of working capital and establishment of revolving fund in the affected islands 2. Selection of CBOs to manage and operate working capital fund for agriculture and to support other economic activities of farmers and groups of farmers, as decided by the CBOs and members 3. Disbursement of funds to CBOs and individual beneficiaries
Number of months for grant activities	12 months

Component C	
Component name	Training and Extension Services
Cost (\$)	98,000
Component description	<p>The Project will strengthen the institutional capacity of MFAMR to provide technical support and extension services to the affected communities. This component of the Project includes (i) the services of a domestic agronomist for a period of 24 months, (ii) the services of a community development specialist for a period of 12 months, and (iii) the provision of funds for three mobile extension service teams for a period of 24 months. The community development specialist will help affected communities to strengthen CBOs in accordance with the Societies and Associations Act. Women will benefit equally from the component through training provided to island women's committees on agriculture extension and income-generating activities.</p> <p>To ensure the effective use of working capital and the recycling of repayments for sustainable development of agriculture and other economic activities, the Project will provide consultants to MFAMR, farmers, and CBOs. The CBOs will increase their staff. Extension services will be provided to farmers, including women, through three mobile extension service teams. Consultants will be provided to strengthen the institutional capacity of MFAMR and CBOs.</p> <p>As soil contamination is expected to be only temporary, the Project's provision of inputs is the right strategy for quick recovery. It is expected that heavy rainfalls during the coming rainy season will leach out soil salinity and return the soil condition to near normal. The extension services will identify the contaminated soil and groundwater conditions in the islands and advise farmers on suitable cultivation methods. The CBOs will be provided with training in community mobilization and management and marketing.</p> <p>The component is designed to ensure efficient use of in-kind assistance and credit for working capital offered to farmers and the full participation of communities. It will increase the sustainability of the Project by improving farming techniques and by strengthening the capacity of CBOs.</p>
Monitorable deliverables/outputs	<ol style="list-style-type: none"> 1. Number of extension visits to each affected island and feedback from trainees on the usefulness of extension and lessons learned 2. Number of farmers trained in farming methods and skills 3. Number of farmers applying farming methods and skills learned 4. Number of demonstration plots in beneficiary islands 5. Number of training sessions held for CBOs in accounting and microfinance services delivery and number of trainees applying what has been learned 6. Number of training sessions for beneficiaries on awareness raising and social preparation and number of beneficiaries who express more awareness and feel more empowered after the training

Implementation of major activities:	Activities 1. Training of CBOs 2. Support for three mobile extension teams at MFAMR 3. Extension services to farmers
Number of months for grant activities	24 months

Component D

Component Name	Grant Management
Cost (\$)	154,000
Component Description	The National Economic Recovery and Reconstruction Program (NERRP) will monitor overall progress of project implementation, and provide quarterly progress reports to the Asian Development Bank (ADB) to indicate the progress made and problems encountered during the period under review, the steps taken or proposed to remedy the problems, the proposed program of activities, and the expected progress during the following quarter. This component addresses only the work carried out by MFAMR. The CBOs will report to MFAMR on their activities, delivery of assistance in kind, disbursements of working capital finance, and repayments. The MFAMR will offer advice and assistance to the CBOs and regularly evaluate the effectiveness of the schemes through site visits and consultations with beneficiary communities.
Monitorable deliverables/outputs	1. Effective project management and coordination 2. Project implemented on schedule 3. Reports on project status, and recommendations for the future submitted on time 4. Extension staff performance monitored
Implementation of Major Activities:	Activities 1. Field visits by MFAMR staff to monitor progress of project 2. General administration and management
Number of months for grant activities	24 months

2. Financing Plan for Proposed Grant to be Supported by JFPR

Source of finance	Amount (\$)
JFPR	1,000,000
Government	150,000
Total	1,150,000

JFPR = Japan Fund for Poverty Reduction.

3. Genesis

In the Maldives about 75% of the inhabited islands are used for some form of agriculture. Crops are grown in farms and backyards and in lots on nearby uninhabited islands. Perennials such as coconut, breadfruit, mango, citrus, pomegranate, and guava and semi-perennials and annuals such as banana, papaya, chili, root crops, and a range of vegetables are grown in subsistence and commercial farming.

In recent years, public and private sectors have invested in commercial farming. Taro and other root crops, mango, banana, breadfruit, coconut, guava and pomegranate are cultivated in home gardens. Other crops, such as papaya, pumpkin, eggplant, sweet potato, cassava, watermelon and other cucurbits, are grown in field plots. Under a traditional leasing system, 941 uninhabited islands are leased out for various activities, including agriculture. Leases for commercial farming for a period of 21 years have been issued on 32 islands with an estimated cultivable area of a total of 1,000 hectares calculated based on vegetation coverage. The annual growth rate of the agriculture sector increased from 2.0% in 1999 to 4.1% in 2003. Total agricultural production was estimated to be 35,821 tons in 2003, and constituted 2.6% of gross domestic product.

Agriculture was badly affected by the tsunami. The basic natural resources of agriculture were affected by the tsunami waves, which caused temporary damage to soil and water, semipermanent damage to perennials and permanent damage to standing annual crops. Destruction of home gardens, standing crops, arable land, and groundwater; losses of farming equipment; and damage to agriculture infrastructure are substantial. The related decline in production and yield levels of field and other crops, including homestead cultivation such as breadfruit, mango and other fruit trees, is significant. Table 1 shows the extent of the damage.

The MFAMR has identified 68 islands where field crops and perennials were affected by the tsunami. For purposes of restoration and rehabilitation the MFAMR has divided the affected farm population into four distinct target groups:

1. Farmers engaged in field crop farming whose livelihoods were destroyed in the 26 most affected islands.
2. Farmers engaged in field crop farming whose livelihoods were destroyed in the 42 less affected islands.
3. Farmers whose livelihoods were destroyed due to the loss of perennials in the 26 most affected islands.
4. Farmers whose livelihoods were destroyed due to the loss of perennials in the 42 less affected islands.

The JFPR will assist the 390 farmers engaged in field crop livelihood activities in the 26 most severely affected islands only (group 1). The 390 affected farmers have been identified through a task force in atoll offices and verified by MFAMR. They need immediate assistance. Farm inputs, tools, and equipment lost due to the disaster need to be replaced.

The Project aims to enable farmers to restart their agricultural activities by providing them with (i) agricultural inputs, such as seed, fertilizer, pesticides, equipment, and farm tools such as hoes, shovels, and sprayers; and (ii) funds for working capital (15% of the value of the agricultural inputs and equipment) through CBOs, which will complement the agricultural inputs and equipment; and (iii) extension services to help farmers improve agricultural practices, adopt appropriate and/or new technology, rehabilitate soil contaminated by tsunami waves, and learn new skills to enable them to diversify their sources of income and withstand future disasters.

In order to ensure working capital is used effectively, the Project will enhance the capacity of MFAMR to provide extension services to farmers by establishing three mobile extension service teams. It will also strengthen MFAMR's institutional capacity by providing the services of an agronomist and a community development specialist.

Table 1: Damage Assessment in the Agriculture Sector

No.	Item	Unit	Damage	Estimate	
				Rf Million	\$ Million ^a
1.	Field crops	Farms	2,103	68.93	5.36
2.	Perennials / Fruit trees	Households	11,678	30.65	2.39
3.	Agricultural input /tools	Households	11,678	8.76	0.68
4.	Infrastructure	Farms	2,103	4.14	0.32
5.	Timber and forestry products	Number	841,800	8.41	0.66
6.	Damage in uninhabited islands			16.60	1.29
7.	Mendhoo agriculture station			0.14	0.01
8.	Business loss			4.10	0.32
Total				141.73	11.03

^a Exchange rate at \$1 = Rf12.80.

Source: Asian Development Bank estimates.

The Government expects that heavy rainfall in the rainy season from June 2005 will leach out the salinity in the soil. As the soil contamination is expected to be only temporary, the Project's provision of inputs is the right strategy for a quick recovery. The extension services will identify the contaminated soil and the groundwater conditions in the islands and advise on suitable cultivation methods. The Project will train the CBOs in community mobilization and management.

4. Innovation

The Project is innovative as it will (i) use local communities to deliver agricultural inputs and equipment provided by the Project by first strengthening CBOs, in a participatory manner, so they can mobilize and organize affected farmers; (ii) start revolving savings and credit operations by helping CBOs to deliver working capital, which will be returned and recycled for other economic activities; and (iii) support the transformation of CBOs to formal cooperatives, as soon as the legal framework for cooperatives has been issued, so they can operate commercially. At present, a draft Cooperatives Decree is being reviewed by the Office of the Attorney General, and is expected to be submitted to the Office of the President before June 2005. As the CBOs are registered under the Societies and Associations Act, even if the legal framework for cooperatives is not issued before the Project starts, CBOs can distribute the working capital under the Societies and Associations Act.

CBOs will have an important role in project implementation at the community level. They will (i) create awareness and inform the island community about the Project; (ii) distribute inputs and tools to individual farmers; (iii) distribute working capital finance to individual farmers; (iv) manage and operate a revolving fund that disburses funds as working capital; and (v) report to MFAMR on progress. The CBOs will also strengthen the agricultural sector in the affected islands, including enhancing marketing. It is proposed that 4% of the working capital fund be paid to CBOs to defray their operational costs. In so far as CBOs will carry out some functions which are normally carried out by the public sector, it is recommended that the Government review the administrative costs of the CBOs with a view to ensuring their sustainability.

Regarding establishing the legality and operating procedures for the revolving fund, this will be done during implementation. At present, island development committees, island women's committees, and farmers' groups in the affected islands may be used to dispense credit to and collect repayments from the affected farmers. In the absence of a cooperative or microfinance institute act, CBOs as nonprofit associations may have difficulties in operating revolving funds. As soon as the legal framework for cooperatives comes into effect (expected to be in June 2005), they can be transformed into cooperatives, which would enable them legally to operate revolving funds. The Project proposes to strengthen CBOs so they can perform microcredit functions.

A community development specialist will help MFAMR to finalize the guidelines for CBO operations and train staff of CBOs in management, community mobilization, accounting, bookkeeping, and marketing.

5. Sustainability

Agriculture has been a growth sector throughout the country. Technological transfer delivered through agricultural extension activities will enable farmers to produce high-quality agricultural products for the growing tourism sector and to substitute local produce for imported vegetables and fruit. Foreign imports of some vegetables and fruit have decreased by more than 50% since 1999, in spite of the growing demand for such produce. The Project aims to revive agricultural activity, which in some communities has virtually ceased as a result of the tsunami, by providing agriculture inputs and working capital. The establishment of a revolving fund owned and operated by the CBOs will ensure the continuing impact of the Project.

The skills of farmers will be enhanced through the provision of extension services. New crops and varieties suitable for farmlands contaminated by the tsunami waves will be introduced, and communities will be informed about integrated pest management and sustainable agricultural development.

To promote long-term development in the agriculture sector, technical assistance (TA) will be provided to assess the agriculture sector and identify subsectors with the greatest potential. Based on the TA outputs, including a strategic approach in the agriculture sector, the Government may formulate a possible project for commercialization of agriculture.

6. Participatory Approach

The Project adopts a participatory approach to strengthening CBOs, together with MFAMR, and the affected communities. Information for damage assessment has been collected from island offices with the help of members of the community. The 390 affected households have been identified by the atoll offices.

By delegating an important role to CBOs, the Project will ensure that the individual needs of farmers in the beneficiary communities are reflected, especially in terms of extension services and the operation of the revolving fund. Where CBOs exist, they generally function well and have a good record of carrying out in-kind distribution. It is therefore envisaged that the strengthening of CBOs and the implementation of awareness-raising programs will result in farming communities that are more independent and self-reliant and more knowledgeable about their legal rights.

Primary beneficiaries and other affected groups	Other key stakeholders
<p>Affected farm households: The primary beneficiaries will be farm households in the 26 most severely affected islands, which will receive in-kind assistance.</p> <p>Other farm households in affected islands: All households in affected islands will receive the benefits of the extension services.</p> <p>Community-based organizations (CBOs) in affected islands: A CBO will be selected from each island to disburse in-kind assistance to farm households and to manage the microcredit program.</p>	<p>The Ministry of Atoll Development will be involved in project implementation through atoll offices.</p> <p>The National Disaster Management Center has collected and updated data on damages from all islands and is coordinating the Government's relief efforts with support from international community.</p>

7. Coordination

The proposed JFPR project has been developed in close coordination with the World Bank, the United Nations (UN) system, and Japan Bank for International Cooperation (JBIC). It builds on the tsunami damage and needs assessment that was produced by members of ADB, the UN system, the World Bank, and JBIC.

The National Economic Recovery and Reconstruction Program (NERRP) will ensure rehabilitation projects are properly coordinated. A CBO will be selected in each island to distribute in-kind assistance to the tsunami-affected farmers and operate working capital. It will monitor project activities in consultation with atoll offices and MFAMR.

With regard to the four target groups identified in section 3, ADB Tsunami Emergency Assistance Project (TEAP) will assist groups 2 and 3 (farmers involved in annual crops and perennials farming), while Food and Agriculture Organization will assist farmers in group 4 (farmers involved in perennials). The JFPR grant will assist farmers in group 1 (farmers engaged in field crop farming in the 26 most severely affected islands).

8. Detailed Cost Table

Please refer to the Summary Cost Table in Appendix 1.

C. Linkage to ADB Strategy and ADB-Financed Operations

Links to the ADB Emergency Assistance Plan. The TEAP will rehabilitate damage caused by the 26 December tsunami in the Maldives, restoring the livelihood of the affected people. The project design is based on the findings of the needs assessment report, prepared jointly by ADB, the UN system, the World Bank, and JBIC.

Document	Document Number	Date of Last Discussion	Objective
Tsunami Emergency Assistance Project (TEAP): \$25.3 million	Loan 2160-MLD Grant 0001-MLD	31 March 2005	The objective of TEAP is to contribute to sustainability of economic growth by minimizing the devastating impact of the tsunami. It aims to accelerate economic recovery by reconstructing damaged infrastructure and restoring the means of livelihood, especially of the poor, in the affected islands.
Poverty and Environment Program Subproject (\$250,000)	T6150- REG	11 February 2005	The objective is to assist the Government to restore sustainable livelihoods of the tsunami-affected farmers through a systematic program to save the tsunami-affected trees.

MLD = Maldives.

D. Implementation of the Proposed Grant

1. Implementing Agency	Ministry of Fisheries, Agriculture, and Marine Resources (MFAMR)
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The NERRP will manage implementation of tsunami-related rehabilitation and reconstruction projects. The NERRP's tasks include: (i) planning and implementation of the reconstruction and rehabilitation of affected islands; (ii) coordinating recovery of the national economy; and (iii) planning and implementation of long-term projects within the national development framework. The details of the grant implementation arrangements are described in Appendix 4.

All procurement under the JFPR will be conducted in accordance with ADB's *Guidelines for Procurement*.¹ Consultants for the project will be recruited in accordance with ADB's *Guidelines on the Use of Consultants*² and will support implementation, management, and progress monitoring of the JFPR grant. The fund will be disbursed according to ADB's *Loan Disbursement Handbook*.³

2. Risks Affecting Grant Implementation

Type of Risk	Brief Description	Measures to Mitigate Risks
CBO capacity	CBOs are relatively new to total ownership of development projects	<ul style="list-style-type: none"> Prepare guidelines for CBO operations Ensure total commitment of CBOs before selection Provide technical assistance and training to strengthen and increase capacity of CBOs Monitoring the performance of CBOs by MFAMR

¹ ADB. 2004. *Guidelines for Procurement under Asian Development Bank Loans*. Manila.

² ADB. 2005. *Guidelines on the Use of Consultants by the Asian Development Bank and Its Borrowers*. Manila.

³ ADB. 2001. *Loan Disbursement Handbook*. Manila.

Type of Risk	Brief Description	Measures to Mitigate Risks
Governance	Implementation, including distribution of inputs and working capital, may not be transparent	<p>NERRP will maintain separate records and accounts for the Project</p> <p>CBOs will participate in monitoring project activities</p> <p>There will be close monitoring by the Maldives Extended Mission and ADB Headquarters</p> <p>There will be random procurement and annual performance auditing at the executing agency level</p> <p>NERRP deals finance and accounting, procurement, and monitoring and evaluation</p>

ADB = Asian Development Bank, CBO = community-based organization, MFAMR = Ministry of Fisheries, Agriculture, and Marine Resources, NERRP = National Economic Recovery and Reconstruction Program.

3. Incremental ADB Costs

As administering the grant will be complex and will result in the need for additional resources beyond those provided by the regular administration budget, further resources are needed to facilitate community and NGO collaboration.

Component	Incremental Bank Cost
Amount requested	\$50,000
Justification	<p>Assistance will be required for the following:</p> <ul style="list-style-type: none"> (i) Preparation of a detailed Grant Implementation Manual (GIM) and associated workshops (ii) Cost of annual and midterm reviews and field visits (iii) For the midterm review, a staff consultant will be required, especially to evaluate key technical aspects, key indicators, and CBO performance in managing revolving working capital for agricultural production and other economic activities
Type of work to be rendered by the Asian Development Bank (ADB)	<ul style="list-style-type: none"> (i) A project analyst will participate in the inception mission to help develop the GIM and key performance indicators and baseline information (ii) Field visits to affected islands under the Project (iii) Staff consultant hired in line with ADB's guidelines on the use of consultants (footnote 2), to assist the midterm review

4. Monitoring and Evaluation

Key Performance Indicator	Reporting Mechanism	Plan and Timetable for Monitoring and Evaluation
In-kind assistance delivered to 390 households in 26 islands.	Progress reports	Quarterly and end-of-project assessment report
Number of farm plots restored	Progress reports	Quarterly and end-of-project assessment report
Income generated from restored farm plots	Progress reports	Quarterly and end-of-project assessment report
Number of restored agricultural plots	Progress reports	Quarterly and end-of-project assessment report
Repayment and recovery rates of credit	Progress reports	Quarterly and end-of-project assessment report
Number of extension visits to each beneficiary island	Progress reports	Quarterly and end-of-project assessment report
Number of demonstration plots in each beneficiary islands	Progress reports	Quarterly and end-of-project assessment report
Number of training sessions held for community based organizations and beneficiaries	Progress reports	Quarterly and end-of-project assessment report

5. Estimated Disbursement Schedule

Fiscal Year (FY)	Amount (\$)
FY 2005	\$0.80 million
FY 2006	\$0.10 million
FY 2007	\$0.10 million
Total Disbursements	\$1.00 million

Appendixes

1. Summary Cost Table
2. Fund Flow Arrangements for JFPR Funds
3. Terms of Reference of the Consultants
4. Implementation Arrangements

**SUMMARY COST TABLE
(\$)**

<div style="display: flex; justify-content: space-between;"> ↓ Category → Grant Components </div>	Component A Agriculture Inputs and Equipment	Component B Working Capital	Component C Training and Extension Services	Component D Grant Management ^a	Total	Percent
JFPR Grant Financing						
1. Equipment and Supplies	650,000	98,000			748,000	74.8
2. Training, workshops, seminars, public campaigns			32,000		32,000	3.2
3. Consulting Services			66,000		66,000	6.6
4. Grant Management				64,000	64,000	6.4
5. Contingencies				90,000	90,000	9.0
Subtotal	650,000	98,000	98,000	154,000	1,000,000	87.0
Government Financing						
1. Staffing				30,000	30,000	
2. Office Accommodation				20,000	20,000	
3. Local Transportation			100,000		100,000	
Subtotal			100,000	50,000	150,000	13.0
Total	650,000	98,000	198,000	204,000	1,150,000	100.0
Incremental Costs				50,000	50,000	

JFPR = Japan Fund for Poverty Reduction.

^a Grant Management includes the costs of annual audits, but does not include government staff salaries.

Source: Asian Development Bank estimates.

Table 1: Detailed Cost Estimates

Code	Supplies and Services Rendered	Costs			Contributions				
		Unit	Quantity Units	Cost Per Unit	Total (\$)	JFPR	Govt	Other Donors /Communities	
Component 1. Agriculture Inputs and Equipment				Subtotal:	650,000	650,000		0	0
1.1	Tools	package	390	880	343,200	343,200	IS		
1.2	Seeds	package	390	100	39,000	39,000	IS		
1.3	Pesticides	package	390	100	39,000	39,000	IS		
1.4	Fertilizers	package	390	585	228,800	228,800	IS		
Component 2. Provision of Working Capital				Subtotal:	98,000	98,000		0	0
2.1	Provision of Working Capital	household	390	252	98,000	98,000	SOE		
Component 3. Training and Extension Services				Subtotal:	198,000	98,000		100,000	0
3.1	Training, workshops, seminars	month	24	1,300	32,000	32,000	SOE		
3.2	Consulting services	person-month	22	3,000	66,000	66,000	SOE		
3.3	Local Transportation	month	96	1,040	100,000			100,000	
Component 4. Project Management, Monitoring, and Audit				Subtotal:	114,000	64,000		50,000	0
4.1	Consulting Services								
4.1.1	External Audit	person-month	2	3,000	6,000	6,000	direct selection		
4.1.2	Baseline Survey and Impact Assessment	person-month	2	3,000	6,000	6,000	SOE		
4.2	Management and Coordination of this Component								
4.2.1	Component 1 - Staff	person-month	96	200	19,200			19,200	
4.2.2	Travel and Per diem	month	96	115	10,800			10,800	
4.2.3	Office Accommodation	month	24	830	20,000			20,000	
4.2.4	CBO Operation Cost	CBO	26	1,000	26,000	26,000	SOE		
4.2.5	Operational Costs	month	24	1,100	26,000	26,000	SOE		
Components 1 to 4 = Subtotal				Subtotal:	1,060,000	910,000		150,000	0
Contingency					90,000	90,000			
Total Project Cost				Total:	1,150,000	1,000,000		150,000	0

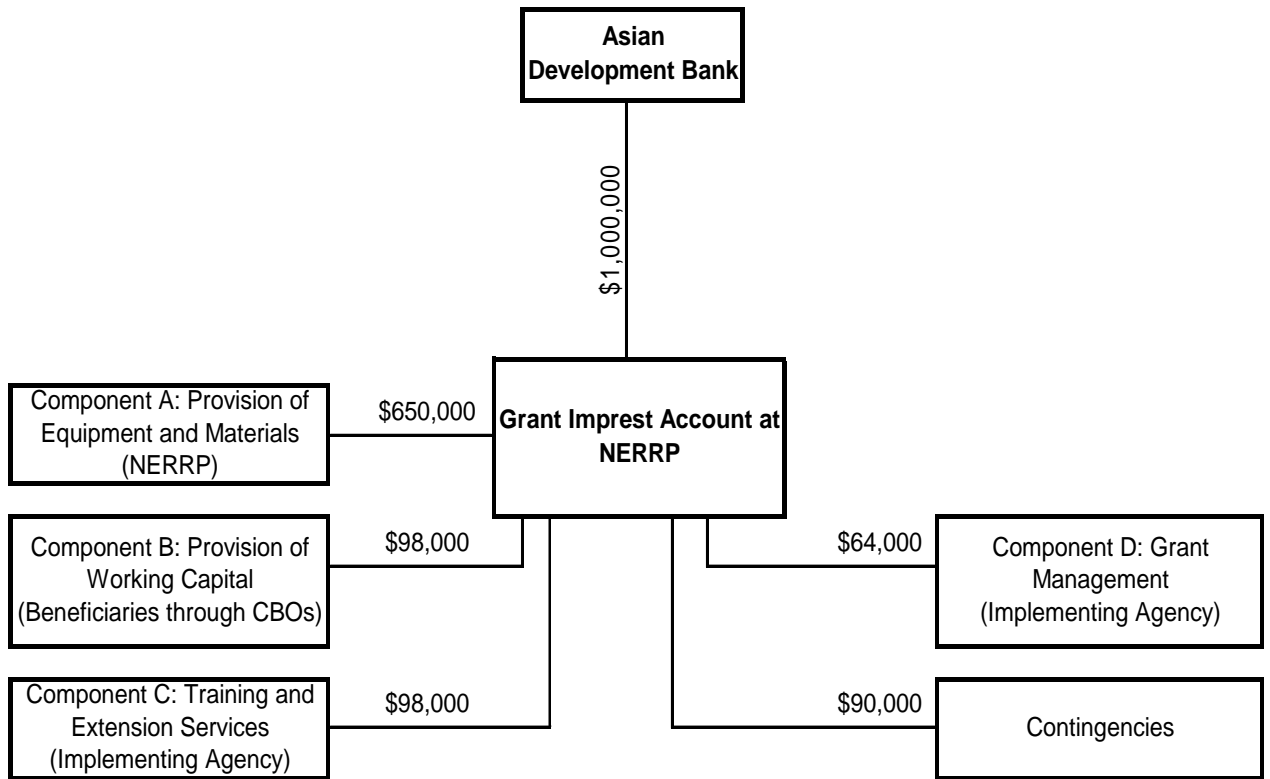
COB = community based organization, IS = international shopping, JFPR = Japan Fund for Poverty Reduction, SOE = statement of expenditures.

FUND FLOW ARRANGEMENTS FOR JFPR FUNDS

The fund flow arrangements will follow financial management policies, procedures and guidelines of the Tsunami Relief and Reconstruction Fund (TRRF). Accordingly, funds of the Japan Fund for Poverty Reduction (JFPR) will be deposited in a subaccount of the TRRF main account held at the Maldives Monetary Authority. The JFPR Imprest account (subaccount) will be managed by the centralized project management unit for the National Economic Recovery and Reconstruction Program (NERRP). NERRP will inform the Ministry of Finance and Treasury (MOFT) of all transactions, and MOFT will receive copies of financial statements and audit reports.

The Asian Development Bank will advance 10% of the grant amount or 6 months' estimated expenditure, whichever is lower, to the imprest account. The statement of expenditure procedure will apply for transactions not exceeding \$100,000 per contract. Detailed implementation arrangements, such as the flow, replenishment, and administrative procedures will be detailed in the Grant Implementation Manual, to be agreed between ADB and the Government through the JFPR Letter of Agreement. The fund flow of the JFPR Project is shown in Figure 1.

Figure 1. Fund Flow Arrangements for JFPR Project



CBO = community based organization, NERRP = National Economic Recovery and Reconstruction Program.

TERMS OF REFERENCE OF THE CONSULTANTS

A. Introduction

1. The development objective of the proposed Restoration of Livelihoods of the Tsunami-Affected Farmers Project (the Project) is to enable the farmers in the 26 most severely affected agricultural communities to restore their livelihood activities so they can raise their quality of life above pre-tsunami levels.
2. The Project requires 36 person-months of domestic consulting services to assist the Ministry of Fisheries, Agriculture, and Marine Resources (MFAMR), the Implementing Agency, to restore the livelihoods of the tsunami-affected farmers.
3. In building the capacity of the community based organizations (CBOs) and supporting the grant implementation unit of MFAMR, which will be located at Male, the consultants will:
 - (i) assist MFAMR to provide tsunami-affected farmers through three extension service teams so farmers can cultivate annual crops in tsunami-affected lands;
 - (ii) assist MFAMR to implement guidelines for CBOs undertaking project activities;
 - (iii) assist CBOs build their capacity through training; and
 - (iv) assist MFAMR to strengthen its capacity through technical transfer.

B. Detailed Terms of Reference

4. Specific terms of reference for two fields of specialization are provided below. The consultants will work onsite during the period of the project and travel to all 26 islands selected for the project.

1. Domestic Agronomist (24 person-months)

5. The agronomist will undertake the following tasks:
 - (i) provide technical assistance to MFAMR's mobile extension teams;
 - (ii) visit islands and advise farmers on the best methods of farming under prevailing conditions;
 - (iii) introduce and demonstrate suitable farming techniques to farmers in affected islands;
 - (iv) visit farm plots and provide direct technical assistance and advice to farmers on pest and disease control;
 - (v) advise farm communities on the most suitable seeds and other inputs in order to ensure successful cultivation and marketing of agricultural produce;
 - (vi) in consultation with the mobile extension teams, conduct training for farm communities; and
 - (vii) perform other tasks as may be requested by the Government and agreed by the Asian Development Bank (ADB).

2. Domestic Community Development Specialist (12 person-months)

6. The community development specialist will undertake the following tasks:

- (i) assist MFAMR to identify suitable CBOs;
- (ii) provide assistance and advice to CBOs on the management of revolving funds;
- (iii) in consultation with MFAMR and CBOs, review guidelines for CBO operations and improve processes and procedures for the disbursement of working capital to individual farmers;
- (iv) provide training to farm communities on basic organization, management, accounting and bookkeeping;
- (v) provide training for farm communities in marketing techniques and market development; and
- (vi) other tasks as may be requested by the Government and agreed by ADB.

IMPLEMENTATION ARRANGEMENTS

A. Project Management and Coordination

1. The Ministry of Finance and Treasury (MOFT) will be the Executing Agency for the Project. The Ministry of Fisheries, Agriculture, and Marine Resources (MFAMR) will be the Implementing Agency for the Project.

2. Director, Agriculture Unit, MFAMR will have overall responsibility for coordinating and monitoring project activities, with the assistance of domestic consultants (an agronomist and a community development specialist). MFAMR will provide an Assistant Director to the National Economic Recovery and Reconstruction Program (NERRP). At the field level, MFAMR will coordinate with the regional development management offices, atoll offices, and island offices to monitor the progress and implementation of the Project.

3. At the island level, MFAMR will work in partnership with community based organizations (CBOs) to implement the Project. CBOs will (i) create awareness and inform the island community about the project, (ii) distribute inputs and tools to individual farmers, (iii) distribute working capital finance to individual farmers, (iv) manage and operate a revolving fund with the funds disbursed as working capital, and (v) report to MFAMR on progress. CBOs will also work to strengthen the agricultural sector in the island and enhance its marketing strengths.

B. Selection of Islands for the Project

4. Atoll offices have identified the tsunami-affected farmers engaged in field crop farming in the 26 most severely affected islands. The decision was based on information provided by the National Disaster Management Center. MFAMR will verify the affected farmers through field visits.

C. Procurement and Distribution of Inputs and Equipment

5. The newly established NERRP of the Government of Maldives will procure the required agriculture inputs and equipment. The inputs and equipment will be distributed through CBOs.

D. Disbursement of Working Capital

6. The funds designated for disbursement as working capital will be managed by CBOs. The funds will be disbursed to individual farmers by the CBOs as soft loans. The fund will be managed as a revolving fund by the CBOs. MFAMR will monitor the management and disbursement of these funds by the CBOs.

E. Selection of CBOs

7. MFAMR will call for CBO applications for participation in the Project and select suitable CBOs. The CBOs will be selected based on their capacity, past performance and their standing in the communities.

F. Institutional Strengthening

8. The Project will strengthen the institutional capacity of MFAMR to provide technical support and extension services to the affected communities. This component of the Project includes (i) the services of a domestic agronomist for a period of 24 months, (ii) the services of a

community development specialist for a period of 12 months; and (iii) funding for three mobile extension service teams for a period of 24 months.

G. Implementation Period

9. The Project will be implemented over a period of two years. Most project activities are expected to start in April 2005 and to be completed by December 2005, but agriculture extension activities will be completed by March 2007.

H. Monitoring and Evaluation

10. CBOs will report to MFAMR on their activities, including disbursements and repayments. MFAMR will offer advice and assistance to CBOs and regularly evaluate the effectiveness of CBO operations through site visits and consultations with beneficiary communities.

11. NERRP will monitor the overall progress of project implementation, and provide quarterly progress reports to the Asian Development Bank (ADB) to indicate progress made and problems encountered, steps taken or proposed to remedy the problems, the proposed program of activities, and expected progress during the following quarter.

I. Audit Requirements

12. The Government will maintain separate accounts and records for the Project in accordance with sound accounting principles. NERRP will ensure and monitor that proper audit and accounting procedures are in place to ensure efficient and economical use of the grant proceeds for the beneficiaries. Separate accounts and financial statements in relation to the Project adequate to identify the goods and services financed from the grant proceeds, financing resources, expenditures incurred, and the use of grant funds will be maintained in accordance with sound accounting principles and certified by independent private auditors acceptable to ADB. The audited reports and related financial statements will be submitted to ADB not later than 6 months after the end of the fiscal year. The annual audits will include an audit of the imprest account and statement of expenditure records, a separate opinion on which will be included in the audit report. The Government will help ADB representatives carry out spot and random checks on the flow of funds and their use for the Project.

J. Environmental and Social Measures

13. The Project will have a significant overall positive impact on the environment. It will be designed to follow environmental safeguards and technical specifications established for ongoing ADB-financed projects. The Project will follow the requirements of ADB's *Environment Policy*.¹

14. Community consultations were undertaken as part of project design. Mechanisms for sharing maximum project benefits, particularly with the severely affected poor farmers, women, and internally displaced people, will be recommended in the guidelines for the CBO operations. ADB and the Government will ensure that a specific plan for local consultation on accountability and transparency matters during project implementation will be included in the guidelines of the CBO operations. The Government will work closely with CBOs in the project area to ensure that men and women are given equal employment opportunities to benefit from the Project.

¹ ADB. 2002. *Environment Policy*. Manila.