

# **ANNUAL PROGRESS REPORT MARICULTURE ENTERPRISE DEVELOPMENT PROJECT**

**PROJECT IMPLEMENTATION UNIT**



Ministry of Fisheries, Marine Resources and Agriculture  
Republic of Maldives

31<sup>st</sup> March 2019

## GENERAL INFORMATION ON THE PROJECT

<b>Country:</b>	Maldives
<b>Project Title:</b>	Mariculture Enterprise Development Project
<b>Project Number:</b>	GRANT NO:I-DSF-8104-MV

<b>Financial year:</b>	5
<b>Planning period:</b>	January –June 2018
<b>Year of implementation</b>	Year 5

<b>Total project budget (<i>in USD</i>):</b>	US\$ 7.13 Million
<b>Total expenditures to date (<i>in USD</i>):</b>	US\$ 1,585,140.23

<b>Date of loan effectiveness:</b>	January 2013
<b>Date of project start:</b>	April 2013
<b>Project duration:</b>	6.5 years
<b>Date of project closing:</b>	30 <sup>th</sup> September 2019
<b>Loan Closing Date</b>	31 <sup>st</sup> March 2020

<b>Date of latest Log-frame revision</b>	February 2014
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<b>Date of RIMS benchmark survey:</b>	26 <sup>th</sup> May 2016
<b>Date of RIMS completion survey:</b>	3 <sup>rd</sup> June 2016

<b>Date of Mid-Term Review</b>	October 2015
<b>Date of Completion Review</b>	September 2019

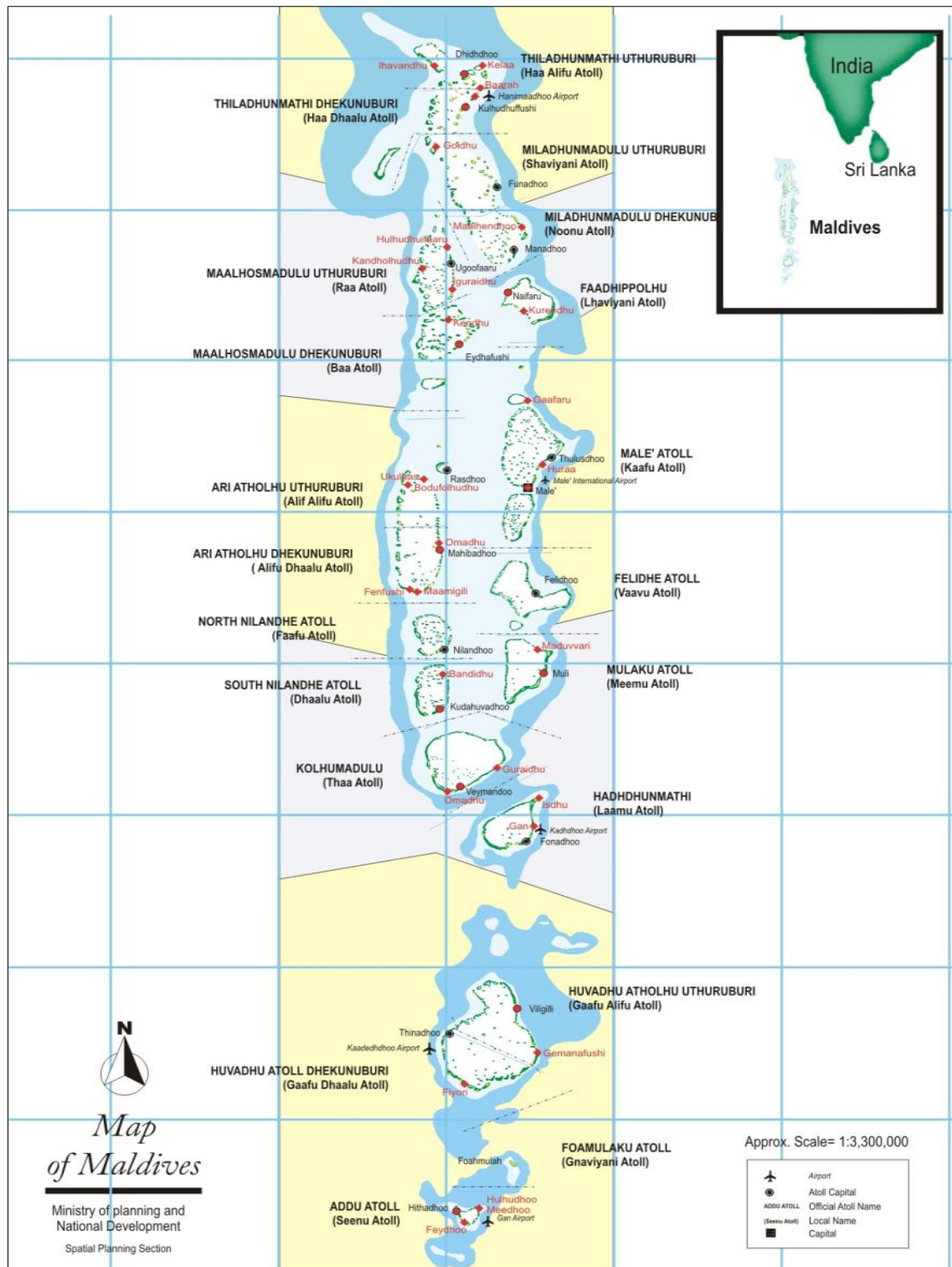
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## LIST OF ACRONYMS

EOI	Expression of Interests
EPA	Environmental Protection Agency
FADiP	Fisheries Agriculture Diversification Programme
LGA	Local Government Authority
LMA	Lead Mariculture Advisor
MEDeP	Mariculture Enterprise Development Project
MED	Ministry of Economic Development
MoFMA	Ministry of Fisheries, Marine Resources and Agriculture
MOFT	Ministry of Finance and Treasury
MRC	Marine Research Centre
MTR	Mid-Term Review
NSC	National Steering Committee
NQF	National Quarantine Facility
PIU	Project Implementation Unit
PPP	Public Private Partnership
PSC	Project Steering Committee
PTAFREP	Post-Tsunami Agricultural and Fisheries Rehabilitation Programme
RCF	Revolving Credit Fund
SLA	Subsidiary Loan Agreement

## MAP OF PROJECT AREA



## INTRODUCTION

Mariculture Enterprise Development Project (MEDeP) was developed by the International Fund for Agricultural Development (IFAD) and the Government of Maldives. The project was approved by IFAD Executive Board in September 2012 and became effective on 2<sup>nd</sup> January 2013. The implementation of the 5-year project was started by the implementing agency, Ministry of Fisheries, Marine Resources and Agriculture (MoFMA) in January 2013. MEDeP received 18-month extension with no additional budget requirement on 13<sup>th</sup> March 2018 and the new completion date and loan-closing dates for the programme are 30<sup>th</sup> September 2019 and 31<sup>st</sup> March 2020, respectively.

The goal of the MEDeP is to expand livelihood opportunities and reduce vulnerability. Its development objective is to enhance income and employment, especially for youth and women, from mariculture activities.

These objectives are to be achieved through two major components: (i) Institutional Strengthening, and (ii) Mariculture Value Chain Development. The Institutional Strengthening Component has three sub-components, namely: regulatory framework and certification regime, a national quarantine facility, and staff training for operating the quarantine facility. The Mariculture Value Chain Development Component has four sub-components and includes mariculture production, technical assistance, community capacity building for mariculture, and a revolving credit fund for investments in mariculture by micro, small, and medium enterprises and individuals.

## OVERALL PERFORMANCE

As per Annual Working Budget Plan 2018 (AWBP), 66 % of the MEDeP loan (domestic and external) has been disbursed in the first half of 2018. 80 % of MEDeP has been disbursed IFAD grant after 5 years of implementation. As a result of the revision of project design, this year the project has been progressing more successfully compared to previous years.

As mariculture industry is still in its infancy in the Maldives, no smallholders are currently practicing mariculture, and MEDeP was not progressing according to its original design. To remedy this, the MTR mission recommended that the project design be revised. The main amendment was to collaborate with existing hatcheries in the country to supply grow-out seed to community on-growers instead of building a public-private partnership hatchery for seed supply production and distribution. To implement this new strategy, the mission recommended that MEDeP implement a sea cucumber grow-out pilot project with the local community and Nalandhoo sea cucumber hatchery, and a grouper culture pilot project with Mariculture Training and Demonstration Facility in Maniyafushi. Community level grouper culture would commence once the pilot project had refined grouper culture techniques and grouper culture economics.

In the sea cucumber pilot project, MEDeP has reached 112 beneficiaries in Laamu Dhanbidhoo, Kalaidhoo, and Isdhoo out of the total planned target of 150 beneficiaries. The pace for scaling up of this pilot project is however challenged by some issues of a technical and logistical nature, mainly related to transportation of juveniles. Moreover, the project is unable to complete the juvenile stocking for Isdhoo beneficiaries, as the private party has no juveniles in the nursery at Kalaidhoo and still have failed to provide juveniles to Isdhoo beneficiaries.

The project also highlights that the sea cucumber pilot project is not going accordingly to original model assumptions. The growth of the sea cucumbers after 19-20 months, have not reached the minimum marketable size of 350-500 gm. The main issue was overall high density of sea cucumber per pen resulted from high survival. Therefore, as per IFAD recommendations, project has carried out de-stocking plan where the farmers were required to reduce the number of sea cucumber in their pen or increase the size of

the pen. In return, IFAD strongly recommends to writing-off MVR 40,000 from each loan and reducing the loan amount to MVR 10,000 with an amendment to each loan agreement.

The PIU with the support of IFAD conducted a Special Audit of the contract with Barakathul Bahr Private Limited. Due to the mismanagement of the contract, inconsistencies and lack of monitoring, the overpayment made to the company Barakathul Bahr Private Limited was accounted for MVR 1,131,0001.

With regards to the grouper culture pilot project, based on its progress and results, the mission recommended that the project be terminated. The main reason was that grouper culture is not simple enough for a community level investment. . It was recommended that the undisbursed budget for the grouper culture pilot project was channelled to sea cucumber grow-out.

The Aquatic Animal Quarantine Facility construction was completed by 1<sup>st</sup> September 2018. In addition, the Aquatic Animal Quarantine Facility equipment has been procured and delivered to MRC. The biosecurity and disease specialist was hired and his consultancy work was completed on July 2018.

## **PROGRESS OF OUTPUTS AND RESULTING OUTCOMES BY COMPONENT**

This section provides a short overview of the assessment of Project progress towards the achievement of outputs and outcomes for the reporting period and major achievements prior to that period.

### **COMPONENT 1: INSTITUTIONAL STRENGTHENING**

#### **SUB-COMPONENT 1.1: REGULATORY FRAMEWORK AND CERTIFICATION**

***Output 1.1.1 National Mariculture development plan and National Aquatic Animal Health Management Strategy developed, approved and implemented.***

A Mariculture Strategy Specialist (MSS) was recruited to develop a National Mariculture Development Plan (NMDP) in 2014. The plan that was developed by the specialist is currently being implemented.

***Output 1.1.2 SOPS and certification manuals developed, approved and implemented***

A Biosecurity and Disease Specialist (BDS) was also recruited to formulate the National Aquatic Animal Health Management Strategy (NAAHMS) in 2014. This strategy has been completed. The project also has recruited another Biosecurity and Disease Specialist for second consultancy on 20<sup>th</sup> May 2018 to formulate SOPS and to increase the capacity of MoFMA staffs in managing the aquatic animal health, biosecurity and health certification for live aqua cultured commodities. The consultation was completed on 3<sup>rd</sup> August 2019.

**SUB-COMPONENT 1.2: NATIONAL QUARANTINE AND DISEASE DIAGNOSIS FACILITY**

***Output 1.1.2 Fully equipped quarantine facility with diagnostic laboratory established***

The construction of the Aquatic Animal Quarantine Facility was delayed due to a change in the airport development plan. The land initially allocated for the facility pump station was not given to the project as a road was planned through this area. As an alternative, a piece of land adjacent to the facility has now been allocated for the pump station, which is a more convenient pump location than the previous piece of land. In addition, as land on Airport Island is very limited, Maldives Airports Company Ltd. (MACL) has recommended that the facility be constructed as a three-storey building. Therefore, the quarantine facility needed to be re-designed and the drawing of the facility needs to be revised.

The project had difficulties in finding a contractor as most of the proposed budget by the construction companies were more than the allocated budget. After months of head hunting, Mazash Pvt. Ltd. agreed to construct the aquatic animal quarantine facility and the private party signed the agreement with MoFMA on 6<sup>th</sup> January 2018. The construction of the facility was supposed to complete in June 2018. However, due to weather conditions, the company was unable to complete the construction in the given

time frame. Therefore, the project decided to give further extension to the contractor and with the extension the construction needed to be completed on 30<sup>th</sup> August 2018 and the building has to be handover to the MoFMA on 1<sup>st</sup> September 2018. Moreover, for further additional works, the project has given further extension till 21<sup>st</sup> September 2018. Mazash Pvt. Ltd. has completed the construction and handed over to project on 3<sup>rd</sup> January 2019.



The project hired a civil engineer to oversee the civil works of construction of the quarantine facility. With IFAD's no objection which was granted on 11<sup>th</sup> May 2017, the engineer was hired on 19<sup>th</sup> June 2017 and the contract expired within 7 months' period. However, as the quarantine facility construction works started late and the construction was not completed on time, the project decided to give an extension and with the extension the contract be completed on 2<sup>nd</sup> September 2018. In additional, there were

further additional works, which needed to be completed in quarantine facility construction, the project had given further extension till 20<sup>th</sup> October 2018.

The equipment for quarantine facility was not available in the domestic market and had to be purchased from the International Market. The bidding process was carried out in April 2017 and proposed budget was above 2.5 million Maldivian Rufiyaa. As the budget was more than 1.5 Million, the procurement had to be undertaken through national tender process through Ministry of Finance and Treasury. The tender process for the Quarantine Facility had been completed. As the budget proposed was more than the allocated budget in AWBP, the project had revised the equipment list, procurement order was placed only for the available budget, and rest of the equipment will be facilitated by other source (budgeted at USD 116,848). The company was supposed delivered all the requested equipment by 15<sup>th</sup> March 2018. All the equipment was delivered on 21<sup>st</sup> March 2018.

### **SUB-COMPONENT 1.3: STAFF TRAINING FOR OPERATING THE QUARANTINE FACILITY**

#### ***Output 1.3.1 Relevant MoFMA staff trained***

The project had funded the training of a fish pathologist, who would lead the quarantine facility operations. The first phase of the fish pathologist training was completed in the facilities of Fish vet Group Asia Ltd. in Thailand from August to October 2014. The second phase of the fish pathologist training was planned to be carried out after the completion of the NQF. As the facility was going to be completed soon, the training had already been carried out.

The 9 MoFMA staff participated in Marine Fish Hatchery training held in Iloilo, Philippines, from 19<sup>th</sup> June to 25<sup>th</sup> July 2018. In addition, four MoFMA staffs have been trained in Aquatic Health Management, from 29<sup>th</sup> July to 10<sup>th</sup> August 2018, Mangalore, India.

## COMPONENT 2: MARICULTURE VALUE CHAIN DEVELOPMENT

### SUB-COMPONENT 2.1: MARICULTURE PRODUCTION

#### *Output 1.3.1 Hatchery and nurseries for fish breeding established jointly with the private sector*

The initial design of MEDeP was based on the assumption that Private sector will invest on mariculture hatcheries and produce the fingerlings, which will be sold to the smallholder beneficiaries for on-growing. When this design idea did not work, MEDeP planned to establish a public-private partnership hatchery to produce and distribute mariculture seed for on-growers. However, finding a private partner for the establishment and operation of the public-private partnership hatchery proved to be very challenging. As a result, the project design was revised again. The main change was to collaborate with existing hatcheries in the country to supply grow-out seed to community on-growers instead of the MEDeP building a public-private partnership hatchery for the seed supply production and distribution. The idea of a MEDeP funded hatchery is no longer present in the revised design.

#### OUTPUT 2.1.1.1: SEA CUCUMBER PILOT PROJECT

The objective of the pilot project would be to test beneficiary based production of sea cucumber in suitable lagoons, aimed at providing an additional minimum average income of MVR 10,000 per beneficiary per month. In 2016, IFAD mission visited the sea cucumber hatchery operated by Barakathul Bahuru Pvt. Ltd., as this is the only hatchery in the country. The mission recommended that an MOU be signed with the private party, as it is the largest and sole producer of sea cucumber juveniles in Maldives. MoFMA and Barakathul Bahuru Pvt. Ltd. signed an agreement on 24<sup>th</sup> March 2016 to facilitate sandfish grow-out culture for island communities working in partnership with MEDeP.



As per the agreement, the company was required to supply the mariculture farmers with live Sandfish juveniles weighing between 15-25g (when in unfed ready-to-transport condition). Juveniles were to be provided by the company to the communities for a period of two years. This included the one-year pilot phase and the year following the pilot phase of the sandfish grow-out culture. These animals should be healthy without abrasion and fouling on their skin. The supply of juveniles should not include runts (stunted animals). Juveniles that are dead on arrival, lighter than the specified weight, or have abraded skin or fouling on their body will not be considered as part of the supply. MoFMA will not approve juveniles in this state and the company would be required to replace them with healthy ones.

Additionally, Barakathul Bahuru Pvt. Ltd. was mandated to supply the mariculture farmers, a continuous supply of pre-prepared Sandfish feed in quantities adequate for the grow-out operations. The feed was being delivered to the grow-out site of the community farmers for a period of two years. This included the one-year pilot phase and the year following the pilot phase of sandfish grow-out culture. The feed should be of high quality and suitable for feeding animals that are intended for human consumption. The company was also required to conduct hands-on training for the mariculture farmers in pen construction, feeding, feed storage, and growth, survival and disease monitoring for sandfish grow-out operations.

In the first phase of sea cucumber pen construction, 15 beneficiaries from Dhanbidhoo and 15 from Kalaidhoo were selected. These 30 beneficiaries financed the cost of cages and fingerlings through the MEDeP credit line set up at BML. The company conducted hands-on training in pen construction, pen cleaning and predator eradication for the 33 participants, who benefitted from a project-facilitated loan, and additional people from each island participated voluntarily in this training. Further training in feeding, feed

storage, growth, survival, and disease monitoring for sandfish/ sea cucumber grow-out was carried out during this period. The company also supplied the feed at a nominal cost. Sea cucumber stocking was completed for first 30 beneficiaries in mid-November 2016. The company supplied the sea cucumber fingerlings at the pre-agreed rate of MVR 8 per fingerling (weighing between 15-25 grams).



The second round of juvenile transportation for Kalaidhoo started on 10<sup>th</sup> March 2017. As the first round, the quality of juveniles provided by the company was confirmed by PIU staff before they were handed over to the beneficiaries. As per the agreement, the company had supplied 3250 juveniles per beneficiary. The company was also asked to replace juveniles if any of them died within the first 3 days of transport. The main reason for high mortality rate in Kalaidhoo was due to unfavourable weather conditions and difficulties in transportation as the company's nursery/hatchery is situated far from the project grow out sites. The transportation of fingerlings in a cost-effective manner is one of the overwhelming challenges faced by the project. The transportation can only be done depending on the availability of flight cargo space; the stock of juveniles the company can transport per day was only enough to stock one pen. Kalaidhoo juvenile

stocking was completed on 12<sup>th</sup> May 2017. In Dhanbidhoo, the juvenile stocking was started on 15<sup>th</sup> May 2017 and the stocking was completed on January 2018.

Based on the initial progress of the sea cucumber pilot project, IFAD had agreed to give additional opportunities to another 50 beneficiaries. The agreement was amended on 30<sup>th</sup> March 2017 between MOFMA and Barakathul Bahuru Pvt. Ltd. The company, in addition to land/ocean nursery should provide technical assistance to construct Sandfish pen/cages for 50 additional pens for new beneficiaries. As in the initial stage the company is required to provide materials for the construction of 50 Sandfish pen/cages and provide juveniles for the 50 pen/cages. Initially, there were 42 beneficiaries who applied for the MEDeP Loan scheme, but seen the progress of the Kalaidhoo and Dhanbidhoo, only 14 beneficiaries has agreed to signed the loan agreement. To the date, the constructions of 14 pens were completed and each pen was stocked 500-1000 sea cucumber juveniles. To date, the project has identified 112 beneficiaries from L. Kalaidhoo and L. Dhanbidhoo and L. Isdhoo.



In order to resolve the transportation issue, the IFAD had recommended decentralising and investing in a local nursery by the private party. This was especially attractive if sea cucumber rearing was scaled up to a larger number of beneficiaries. IFAD had recommended amending Barakathul Bahuru Pvt. Ltd. contract to require the company to

construct an ocean nursery to rear cheaply transported smaller juveniles to larger size that can be stocked in grow-out pens and nursery was to be completed and functional prior to 30<sup>th</sup> June 2017. MoFMA signed the amended agreement with Barakathul Bahr Pvt. Ltd. on 30<sup>th</sup> March 2017. Regardless of the contract, the private sector started the construction works in mid July 2017 and completed the nursery in November 2017. The private sector had completed four pens for the nursery. However, the company did not stock enough juveniles in the nursery, therefore they were not able to provide required amount of juveniles to Isdhoo beneficiaries.



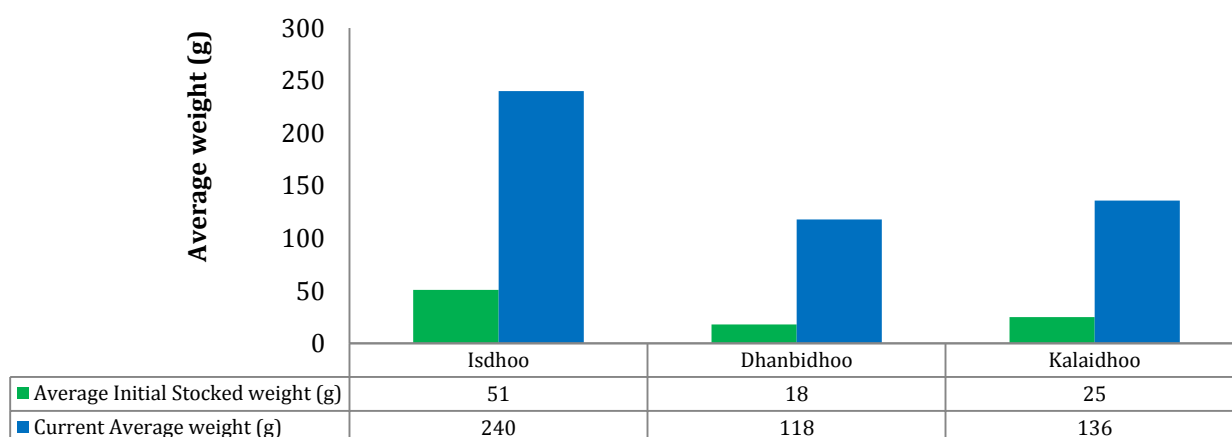
The project has been requesting Barakathul Bahuru Pvt. Ltd. to speed-up the process of providing the juveniles for Isdhoo beneficiaries since January 2018. However, the company is still neglecting to provide juveniles to the beneficiaries. The community is frustrated as per MEDeP loan agreement, the private sector is obligated to provide 3250 juvenile to the beneficiaries and it has been more than 10 months since their last stocked date and the beneficiaries still have not received juveniles from the project.



As mentioned above, the sea cucumber pilot project was based on assumption that sea cucumbers would reach 500g within 8 months, current results are showing that even at

24 months, the size of the sea cucumber is 150-250g on average in both Kalaidhoo and Dhanbidhoo and 200-300g in Isdhoo. In addition, there were assumptions that the survival rate would be 65 percent of the initial stocking. However, the mortality rate was approximately around 10 percent resulting in high density per cage. Furthermore, the community did not provide adequate food as agreed under the economic model. Hence, as predicted in the economic model, the beneficiaries were not able to generate any income within assumed timeline. The figure below shows the current size of sea cucumbers.

### The growth rate of sea cucumber



In January 2018, the mission requested to reduce stocking density in each cage for sea cucumbers to reach the marketable weight of at least 350gm. Based on the natural carrying capacity of each pen, it was recommended to stock an average of 500 sea cucumbers per pen. The expectation was that reducing density would result in growth of 0.5 gm to 2 gm per day, allowing sea cucumbers to reach a marketable size of 350 gm-500 gm in 4 to 6 months. Most sea cucumber producers would not be able to make the previously assumed net revenue from rearing, resulting in default on their loans. The mission therefore strongly recommended to writing-off MVR 40,000 from each loan and reducing the loan amount to MVR 10,000 with an amendment to each loan agreement. The write-off was however, conditional; as the beneficiaries were, require to reduce the stocking density to the recommended level. As per IFAD request, the project had given

materials to all the beneficiaries to extend the pen. The material was given to extend the pen further to 20ft X 80ft and 108 beneficiaries (47 Dhanbidhoo, 48 Kalaidhoo and 13 Isdhoo) have taken the material from the project. To the date, 71 beneficiaries (32 Dhanbidhoo, 25 Kalaidhoo and 14 Isdhoo) had completed the construction of extension of the pen. Therefore, the project had requested BML to writing-off MVR 40,000 from beneficiaries' loan and reducing the loan amount to MVR 10,000. On 19<sup>th</sup> September 2018, the government of Maldives decided to write-off all the loans amount to MVR 10,000.

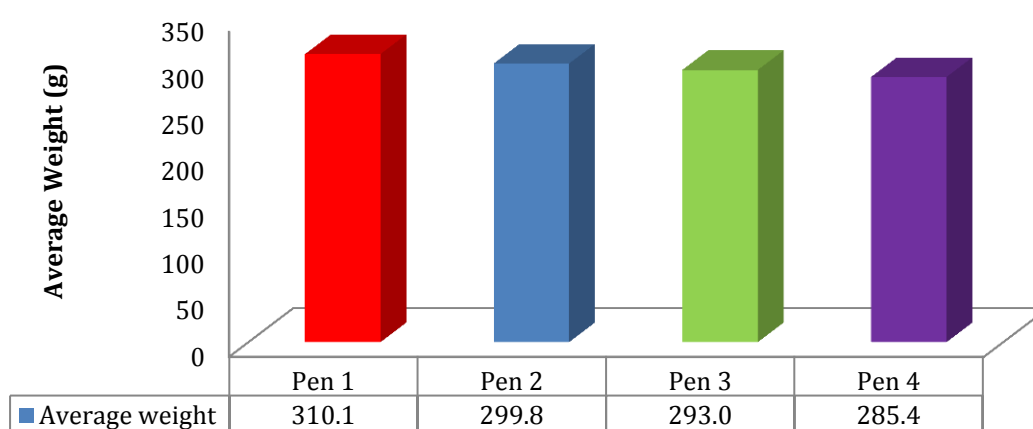
Barakathul Bahr Pvt. Ltd. is obligated to provide 3250 juveniles per pen/cages, each weighing minimal 20 gm for Isdhoo beneficiaries. However, to the date the full stocking had not been completed and project had requested many times to complete the juvenile stocking. In addition, the project had over-paid the loans payment to Barakathul Bahr Pvt. Ltd. assuming that there will be in 150 beneficiaries. In addition, the bank has mistakenly disbursed the whole loan amount while some portion of the loan was given to the private party in advance by the project. Moreover, on January 2018 IFAD mission, the mission determined that an amount of USD 71,000 was paid in excess. Consequently, the mission advised the project to take necessary actions to recover that amount. To determine the exact figure which the project have to obtained from Barakathul Bahr Pvt. Ltd., MoFMA and MEDeP decided to conduct a special audit to review the status of the contract with Barakathul Bahurul Pvt. Ltd. and the status of the liabilities of the beneficiaries from the credit line Ltd with the Bank of Maldives. And IFAD have given a NOL on special audit on 5<sup>th</sup> November 2018 and the project had already awarded this work to an independent auditor.

IFAD had noticed that some of the pens were damaged due to current waves and beneficiaries had requested for a protective fence near the pen area. IFAD had given a NOL and the project had announced for a supplier who could provide the materials needed for the protective fence on April 2018. The amount quoted by the suppliers were more than the allocated budget, therefore, the project was unable to conduct this activity.

Furthermore, IFAD requested to conduct experiment on growth rate of the sea cucumber. It was recommended that the experimental design should include a cage

based on the recommended number of sea cucumber i.e. 0.8 per square meter. IFAD had given a NOL on 11<sup>th</sup> December 2017 based on proposal shared to IFAD. The construction of the experiment pens started on 20<sup>th</sup> January 2018 in Dhanbidhoo and the pen was stocked on July 2018 with average weight of 5-7g. The results show an increase of the weight on average of 297g with 4 months' period. The size of the sea cucumber is comparatively large compare to the sea cucumbers stocked in Dhanbidhoo 24 months ago.

### Average Weight of sea cucumber in experimental pens



#### OUTPUT 2.1.1.2: GROUPER CULTURE PILOT PROJECT BY MRC IN MANIYAFUSHI

Grouper grow-out pilot project was implemented by MRC in Maniyafushi Field Station. For this project, MEDeP funded limited amount of equipment and materials for grouper fingerling production and grow-out. There was no beneficiary involvement in this project.

MTR mission requested MRC to submit a proposal for grouper fingerling production and cage culture in Maniyafushi, and acquisition of equipment for Maniyafushi hatchery for IFAD approval. The objectives of the pilot project were to collect technical and economic data on the grow-out culture of Tiger grouper in order to assess the feasibility of culturing the species under MEDeP by island communities, and to assess whether an income of MVR 20,000 can be generated per pilot unit. A batch of grouper fingerlings was produced in Maniyafushi hatchery before it was shut down for renovation. A small-scale grow-out experiment in small sea cages was carried out with this batch of grouper

fingerlings. The average survival rate of the grouper at the end of this period was found to be 10%. Mortality of grouper in the grow out cage was very high. The reasons for the less than satisfactory survival rate were multiple, but the underlying outcome is that grouper production is not an economically feasible option at the household/ community level. In practice, grouper production is technically complicated, and a minimum scale (volume) has to be achieved in order for the activity to be profitable. The mission therefore recommended that the pilot project on grouper be terminated. IFAD also requested to discontinue all the procurement in grouper pilot project except the committed procurements.

The specifications for some of the equipment needed for the pilot project at Maniyafushi were also finalized and procuring process was planned to be carried out through State Trading Organization (STO). Locally available equipment was purchased and delivered to Maniyafushi. Meanwhile, the equipment that was not locally available was procured from the international market. The procurement process was completed and equipment was delivered to Maniyafushi.

## **SUB COMPONENT 2.2: TECHNICAL ASSISTANCE**

### ***Output 2.2.1 Identify the TA for the two pilot projects conducted by MRC and the private sector***

As the project is close to completion, the project decided to do a market study with special focus on existing local and international markets; market opportunities; marketing strategic plan for sea cucumber industry; and cost effective sea cucumber selling options with high profitability. The project signed the agreement with a consultancy firm on 09<sup>th</sup> December 2017 and the consultant submitted the final report on January 2018.

As the rearing of sea cucumbers has important technical considerations, the mission further recommended to conduct a technical training of the sea cucumber farmers. As a first measure, the visually simple training manual developed in Madagascar for small producers was distributed to all the beneficiaries in February 2018. However, as most of the beneficiaries had difficulties in understanding the English version, PIU decided to translate the manual to local language. The project had hired a consultant for translation

and graphic designing of the manual on 15<sup>th</sup> February 2018 and the work was completed on 18<sup>th</sup> March 2018. However, the translation was not distributed to the beneficiaries.

The project also considered collaborating with Blubridge Pvt. Ltd. to give input into the sea cucumber processing training. Nevertheless, the budget proposed by Blubridge was significantly high, therefore the project decided to find other options to conduct sea cucumber processing training.

### **SUB-COMPONENT 2.3 COMMUNITY CAPACITY BUILDING FOR GROW-OUT MARICULTURE PRODUCTION**

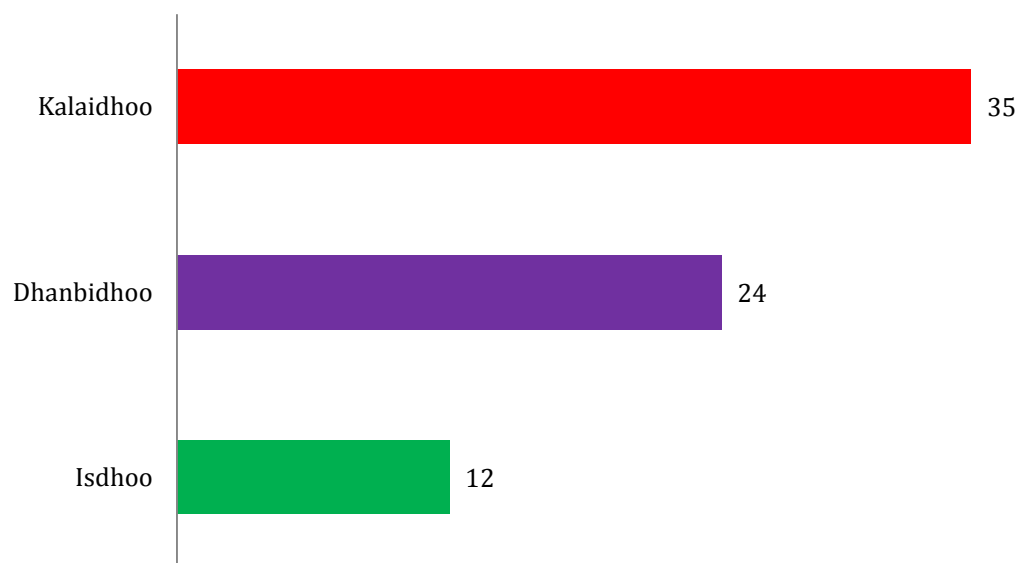
#### ***Output 2.3.1 Community capacity building on mariculture (Sea cucumber) by private party***

MoFMA and Barakathul Bahuru Pvt. Ltd. conducted the community capacity building on mariculture. The introductory information session regarding sea cucumber pilot project was held in three selected islands in Laamu Atoll. Information was shared with all individuals who expressed interested in mariculture activities. This information was also shared with the local council members and women's committee as the project gives high priority for empowerment of women.

In the training session with the beneficiaries, Barakathul Bahuru Pvt. Ltd had given technical information on feeding, feed storage, growth, survival, and disease monitoring for sandfish grow-out. In addition, a handbook for sea cucumber grow-out was prepared and distributed among the beneficiaries selected in 3 selected islands.

The project had also conducted security training on March 2018 for 3 islands beneficiaries. The purpose of the training was to aware farmers on farm security, fire safety, safety in working in the sea, and potential damage to farms from tidal waves and other extreme weather and sea conditions. The farmers were also familiarised with available technology on security such as CCTV surveillance and alarms. They were also made aware of the comparative advantages and disadvantages of these technologies over the traditional methods such as employing security guards.

### Number of Beneficiaries participated in Security Training



## SUB-COMPONENT 2.4 REVOLVING CREDIT FUND AND SUBSIDIARY LOAN AGREEMENT

### *Output 2.4.1 Qualified MSMEs and individual entrepreneurs of whom 30% are women accessed credits*

Preparations were made to operate the Revolving Credit Fund (RCF) and implement Subsidiary Loan Agreement (SLA). During the mission, Ministry of Finance and Treasury (MOFT) and Bank of Maldives were in favour of changing the line of credit from SLA method to a fund management process. However, the IFAD mission later reported that this fund management method was unacceptable as MoFM

A had no system to recover the credit; and thus there would be high credit risk in recovery, which may jeopardize the establishment of SLA-RCF. Furthermore, the mission also declared that the credit risk should be properly managed and minimized; and that the fund management method cannot ensure the expectations. Based on these reasons, the mission recommended that credit line should continue to be operated through an SLA.

Nonetheless, BML and MOFT preferred Fund Management modality due to the lack of experience and appropriate instruments for operating a credit line for rural MSME's.

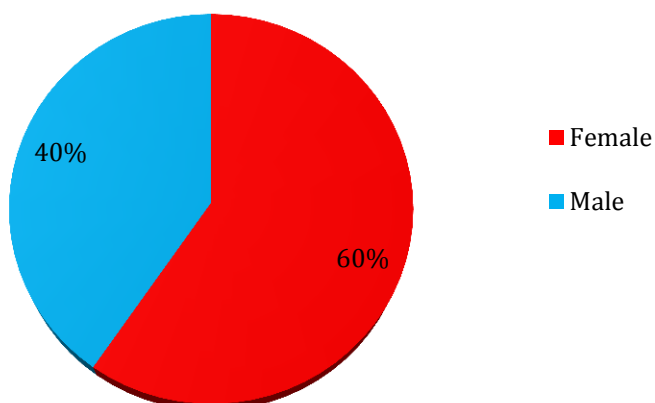
This was foreseen during programme design and TA provision was made to assist. Even after continuous negotiation with both BML and MOFT, BML could not come to a mutual agreement in favor of SLA. As a result, IFAD decided to give no objections to settle for a Fund Management Agreement. Eventually, the Government formulated a loan scheme amounting to MVR 6,900,000 for financing Mariculture Loan Scheme (MSL); and provisioned that MOFT make funds available to BML for disbursement and had appointed BML to manage, inspect, and administer the Scheme. On 23<sup>rd</sup> June 2016, BML and MOFT signed an agreement for financing Mariculture Loan Scheme (MSL).

As per the agreement, the minimum loan amount is MVR 50,000, with an interest rate of 6 percent per annum. The repayment period would be a maximum of 5 years, including a maximum grace period of 6 months. The borrower's present net income should be sufficient to cover the cost of sea cucumber feed, labour and interest cost during the grace period. And priority would be given to women, as a minimum of 30 percent of the beneficiaries are required to be females. The MoU was finalized between the Barakathul Bahuru Pvt. Ltd. (private company) to provide 100 cages for the amount of 2.4 million Rufiyaa in line with the condition of a post-dated cheque as a guarantee. An additional 2.6 million Rufiyaa would be used for the purchase of fingerlings for 100 beneficiaries.

To date, 112 beneficiaries had been identified (50 beneficiaries are from Kalaidhoo, 48 beneficiaries from Dhanbidhoo and 14 beneficiaries are from Isdhoo) and signed the MEDeP Loan agreement. The project has disbursed 105 individual entrepreneurs in Laamu atoll for start-up sea cucumber rearing where 2 individuals have taken 40,000 and 44,000 loan.

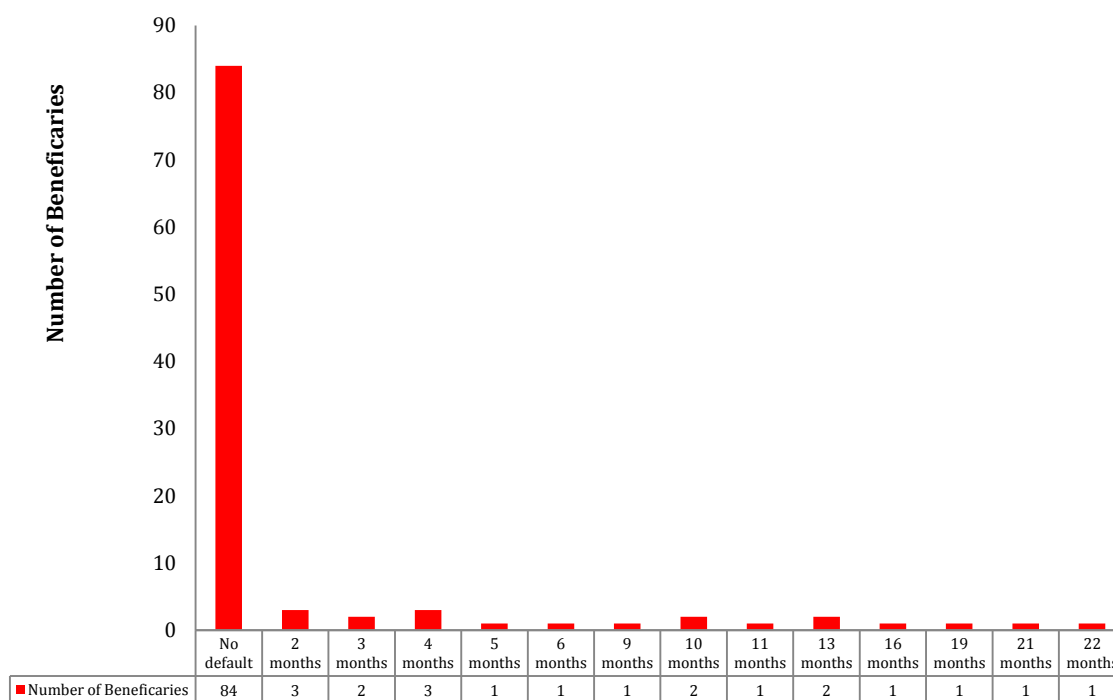
The project has allocated Barakathul Bahr Pvt. Ltd. (BB) and the line of credit established at the Bank of Maldives for a total amount of approximately USD 500,000. Due to mismanagement, inconsistencies and lack of monitoring of project and BML, the company BB was overpaid in the approximate amount of USD 73,376

## MEDEP Loans by Gender



Until December 2018, out of the total disbursed loans, there are altogether 84 clients (out of 105) are in default of loan payment. 81 percent of the beneficiaries had repaid their loans regularly.

## MEDeP Loan Payment Status



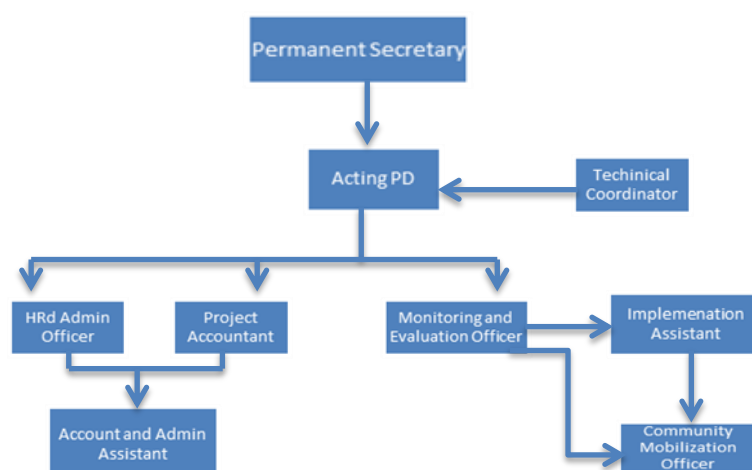
## COMPONENT 3: PROJECT MANAGEMENT AND COORDINATION

### SUB-COMPONENT 3.1: PROJECT MANAGEMENT UNIT

The MEDeP PIU consists of Project accountant, and an M&E officer who shares the responsibility of respective areas headed by the Project Director. In addition, two MRC staff members with the technical competencies have been assigned to the PIU. Technical staff expected in the project document, namely the Technical Coordinator, Fish Pathologist, have been seconded; furthermore, 3 Community Mobilization Officers (CMO) have been recruited from each island selected for sea cucumber grow-out. And an implement officer was recruited to oversee the AWBP activities in MEDeP.

The project had hired a consultant to develop QuickBooks (QB) system and to enter all the data of 2017 and 2018 on 14<sup>th</sup> January 2018. The work was completed on 27<sup>th</sup> March 2018.

The Project Director did not want to renew MEDeP contract and terminated the job on 30<sup>th</sup> September 2018. MoFMA decided not to hire a new Project Director as only one year is remaining for MEDeP implementation and decided to hand over the management and coordination responsibility to Monitoring and Evaluation officer. The new structure is shown below.



## INNOVATION AND LEARNING

As one of the knowledge management activities, the project decided to produce short videos that can disseminate information on sea cucumber grow-out; sea cucumber processing; and mariculture development in the Maldives, including the important role of MEDeP in the development process. These videos can be used in both mariculture classroom training and mariculture self-training.

In addition, the project also produced a leaflet on sea cucumber farming. PIU technical staff provided technical information for the leaflet. The leaflet designing and lay outing was completed and the project distributed the leaflet in July 2018.

## FIDUCIARY ASPECTS

As per Annual Working Budget Plan 2018 (AWBP), 66 percent of the MEDeP loan (domestic and external) has been disbursed within the first half of the year. The total disbursement of the MEDeP is 80%. Even though disbursement is significantly low, the project is progressing more effectively compared to previous years.

**TABLE 1: OVERALL FINANCIAL EXPENDITURE IN 2018 (USD)**

	Previous Years		2017		2018	
	Domestic	External	Domestic	External	Domestic	External
<b>Original Allocation</b>	2,152,690	6,574,811.00	56,826.00	484,398.00	522,680.00	574,311.92
<b>Expenditure</b>	1,011,095.00	3,041,299.00	51,479.00	246,667.00	512,955.11	366,096.15
<b>Variance</b>	1,141,595.00	3,533,512.00	5,347.00	237,731.00	9,724.89	208,215.77

## MAIN IMPLEMENTATION ISSUES AND CHALLENGES

Most of the equipment and materials needed for Maniyafushi and Quarantine facility are not available locally. The equipment and materials, which are locally unavailable, have to be procured through international shopping, thereby causing delays in the procurement process.

IFAD had advised that the threshold for expenditure under MEDeP will be aligned to that of Fisheries and Agricultural Diversification Programme (FADIP), implemented by the same PIU. IFAD was required to revise Letter to the borrower (LTB) allowing greater flexibility for the PIU to undertake and manage procurement. However, IFAD had still not revised the LTB, forcing PIU to continue following the Government of Maldives Procurement Regulation.

The sea cucumber pilot project is based on assumption that sea cucumbers would reach 500g within 8 months, current results are showing that even at 14 months, the size of the sea cucumber is 150-200g on average in both Kalaidhoo and Dhanbidhoo. In addition, there were assumptions that the survival rate will be 65 percent of the initial stocking. However, the mortality rate was approximately around 10 percent resulting in high density in pens. Furthermore, the community did not provide adequate food as specified in the economic model. Hence, as predicted in the economic model, the beneficiaries were not able to generate any income within assumed timeline.

In the November 2017 mission recommended that the project construct demonstration plots, testing high and low density, and ensuring that best feeding practices are applied; these demonstrations and testing plots would be managed by the project. However, even though experimental plots were construct MEDeP did not receive the final no objection to start the experiments.

Furthermore, as the project was nearing completion and with under-sized sea cucumbers in comparison to the expected targets, it was recommended that the required feed should be provided in-kind to the beneficiaries for four months. As per recommendations, the project team in collaboration with the owner of the cage (beneficiary) undertook complete count and weigh of sea cucumber. However, the

projects staffs had difficulties in obtaining the information as some beneficiaries refused to engage in counting or some had not allowed project staff to access to their pens.

## CONCLUSION

Most of the activities in the MEDeP AWBP 2018 were completed, though some of the activities are far behind the timeframe. Moreover, it is too early to measure the sustainability of the program as most activities are in progress. The aforementioned constraints have pushed back all the activities at the community/beneficiary level with the result of the programmer's total disbursement reaching to 66 percent.

Progress on financial services sub-component also needs to be expedited with the aim of offering suitable financial products to beneficiaries once the pilot phase is over and the models are ready for wider replication. Currently, 112 beneficiaries have been identified, but still 93% of the loan had been disbursed.

The sea cucumber pilot project was carried out based on assumptions made using the information given by the private party. However, the economic model is not working as predicted the growth rate was not attained, and the sea cucumber has not reached marketable size; beneficiaries was not able to generate any income with 1.5 years

The project implementation needs to speed-up and PIU has to ensure that the implementation proceeds according to the present timeframe. As mariculture is a new industry to Maldives, a lot of challenges arise and thus, cause deviations from the expected timeframe. Overall, the project is progressing significantly at higher speed compared to the previous years.

## ANNEX 1- WITHDRAWAL APPLICATION STATEMENT

### MARICULTURE ENTERPRISES DEVELOPMENT PROGRAM -MEDeP

#### SOE-Withdrawal Application Statement

For the Month Ended 31<sup>st</sup> December 2018

By Category of Expenditures in USD

WA no	USD						
	Equipment	Training and Studies	Technical Assistance	Credit Lines	Unallocated	Initial Deposit	Total USD
	I	II	III	IV			
	B	C	D	H			
1						300,000.00	300,000.00
2			48,934.18				48,934.18
3		7,710.00	9,921.42				17,631.42
4	Cancelled						-
5						200,000.00	200,000.00
6	22,390.27	7,581.53	2,322.18	326,401.05			358,695.03

7	74,014.50	48,934.01	17,162.04				140,110.55
8			39,066.84	110,821.38			149,888.22
9	-		82,718.15	-		-	82,718.15
10		4,096.26	138,012.61	52,083.33	-	(194,192.20)	-
11	106,371.94	38,238.13	75,120.69				219,730.76
12	1,077.92	77,892.18	76,124.76				155,094.86
13	7,039.01	39,777.74	29,839.81				76,656.56
<b>Subtotal</b>	<b>210,893.64</b>	<b>224,229.86</b>	<b>519,222.67</b>	<b>489,305.76</b>	<b>-</b>	<b>305,807.80</b>	<b>1,749,459.73</b>
<b>Percentage disbursed</b>	<b>96.61%</b>	<b>57.14%</b>	<b>40.85%</b>	<b>118.45%</b>	<b>0.00%</b>		<b>69.30%</b>
<b>WA pending for submission</b>							-
14	1,248.21	8,273.62	(84,486.81)	-			(74,964.98)
<b>Grand Total</b>	<b>212,141.85</b>	<b>232,503.48</b>	<b>434,735.86</b>	<b>489,305.76</b>	<b>-</b>	<b>305,807.80</b>	<b>1,674,495.44</b>

Revised Budget							
Approved Budget	218,300.00	392,400.00	1,271,200.00	413,100.00	229,500.00	-	2,524,500.00
Amount disbursed	210,893.64	224,229.86	519,222.67	489,305.76	-	305,807.80	1,749,459.73
Pending WA	1,248.21	8,273.62	(84,486.81)	-	-	-	(74,964.98)

Total Remaining in SDR	6,158.15	159,896.52	836,464.14	(76,205.76)	229,500.00	(305,807.80)	850,005.25
Total Remaining in \$	8,543.63	221,835.63	1,160,485.21	(105,725.58)	318,401.40	(424,268.55)	1,179,271.74
Percentage disbursed & pending WA	97.18%	59.25%	34.20%	118.45%	0.00%		66.33%

## ANNEX 2- PHYSICAL PROGRESS

Results #	Objectives/Expected Results	Indicators						
			Unit	Revised (Total)	Planned (Annual)	Achieved (Annual)	%	%
1.1.1	<b>Component 1: Institutional Strengthening</b>		MOFM A					
1.1.2	<b>Output 1.1.2: SOPS and Certification manuals developed, approved and implemented</b>		MOFM A				100%	27%
	Activity 1.1.2.1: Recruit Bio Security and Disease Specialist (2nd Consultancy)			1	1	1	20%	20%
	Activity 1.1.2.2.: Develop certification procedures	Developed Procedures		1	1	1	60%	60%
	Activity 1.1.2.3: Conduct a workshop to approve certification procedures	Workshop Conducted		1	1	0	20%	0%

<b>1.2</b>	<b>Sub-Component 1.2: National Quarantine and Disease Diagnosis facility</b>		<b>MOFM A</b>				<b>100%</b>	<b>81%</b>
	Activity 1.2.1.2: Hire a local civil engineer to monitor the construction of quarantine facility	Local Civil Engineer		1	1	1	15%	15%
	Activity 1.2.1.4: Construct the quarantine facility and install equipment (by the service provider)	Service Provider Hired		1	1	0.9	30%	27%
	Activity 1.2.1.5: Procure quarantine facility equipment	Service Provider Hired		1	1	1	20%	20%
	Activity 1.2.1.6: Finalized the draft quarantine manual and SOP	Service Provider Hired		1	1	0.7	15%	11%
	Activity 1.2.1.7: Operationalize the quarantine facility	Service Provider Hired		1	1	0.4	20%	8%
<b>1.3</b>	<b>Sub-Component 1.3: Staff training</b>		<b>MOFM A</b>				<b>100%</b>	<b>100%</b>
	Activity 1.3.1.1: Send fish pathologist for overseas training	Fish Pathologist sent to training		1	1	1	33%	33%
	Activity 1.3.1.2 : Build capacity of MOFMA staff in mariculture production and management/ Quarantine facility management	#of Staff Trained		actual	13	13	33%	33%
	Activity 1.3.1.3: Conduct on the job training to the staff operating the facility	#of Staff Trained		4	4	4	33%	33%

1.4	<b>Sub-Component 2.1 Mariculture Production</b>							
	<b>Output : 2.1.1.1 :Sea Cucumber pilot (Private)</b> <span style="float: right;"><b>100% 67%</b></span>							
1.4.1	Activity 2.1.1.1.4 :Agreement with island council for lagoon allocation to beneficiary	Signed the contract	MOFM A	1	1	0	5%	0%
	Activity 2.1.1.1.7:Assess the progress of the pilot projects	# of beneficiaries		150	150	112	10%	7%
	Activity 2.1.1.1.15: Construction of protective fence and protection of cage for three sea cucumber locations	# of Suppliers		1	1	0	15%	0%
	Activity 2.1.1.1.16: Construction of Experimental Pen	Number of Pens		4	4	4	5%	5%
	Activity 2.1.1.1.17: Provide feed to beneficiaries for 4 months	# of beneficiaries		112	112	109	10%	10%
	Activity 2.1.1.1.18: Hire 3 warehouse for feed storage and feed distribution for the beneficiaries	# of beneficiaries		1	3	3	10%	10%
	Activity 2.1.1.1.19: Developing de-stocking plan	# of beneficiaries		1	1	1	20%	20%
	Activity 2.1.1.1.20: Procurement of materials and equipment needed for construction of de-stocking pens	# of beneficiaries		112	112	108	15%	14%

	Activity 2.1.1.1.21: Amend of the agreement and resolve all the contractual issues with the private sector	# of beneficiaries		1	1	0	10%	0%
	<b>Output 2.1.1.2 : Grouper MRC Maniyafushi</b>						<b>100%</b>	<b>100%</b>
	Activity 2.1.1.2.4 :Procurement of material and equipment for operationalizing the MTDF hatchery	Develop a proposal		1	1	1	100%	100%
	<b>Sub-Component 2.2Technical assistance</b>						<b>100%</b>	<b>70%</b>
	Activity 2.2.1.6 : Hire a local economist to conduct sea cucumber market study, identify sea cucumber buyers and review sea cucumber grow-out business model (as per approved proposal by IFAD)	Hire an economist		1	1	1	40%	40%
	Activity 2.2.1.9: Conduct Security training for beneficiaries in 3 selected islands in 3 selected islands	#of beneficiaries Trained		1	1	1	30%	30%
	Activity 2.2.1.11: Conduct Financial training for beneficiaries in 3 selected islands	#of beneficiaries Trained		1	1	0	30%	0%
	<b>Sub-Component 2. 3 Community capacity building for grow-out mariculture production</b>						<b>70%</b>	<b>49%</b>
	Activity 2.3.1.1: Conduct orientation and awareness about MEDeP and grow out production to potential island communities and private sector	# of beneficiaries		1	1	0.8	30%	24%

	Activity 2.3.1.3: Translate sea cucumber training manual ( from Madagascar) to Dhivehi	# of beneficiaries		1	1	1	10%	10%
	Activity 2.3.1.4: distribution of sea cucumber training manual from Madagascar ( Dhivehi and English version) to beneficiaries	# of beneficiaries		1	1	0.5	30%	15%
	<b>Sub-Component 2.4 Revolving credit fund and subsidiary loan agreement</b>						<b>100%</b>	<b>100%</b>
	Activity 2.4.1.5: Evaluate EOIs and approved loans	# of qualified MSMEs and individual entrepreneurs		1	1	1	10%	10%
	Activity 2.4.1.6 : Provide line of Credit through BML	# of qualified MSMEs and individual entrepreneurs		1	1	1	15%	15%
	Activity 2.4.1.7 : Amend the MOU with BML on loan agreement by reducing the size of loan to MVR 10,000 for 12 months with 6 months grace period	# of qualified MSMEs and individual entrepreneurs		112	112	112	75%	75%
	<b>3.1 Project Management Unit</b>						<b>100%</b>	<b>100%</b>
	Activity 3.1.1 : Recruit a Community Mobilization Officer	Prepare TOR Hire a SBO		3	3	3	100%	100%
	Activity 3.1.2 : Hire a consultant to develop MEDeP QB system	Prepare TOR Hire a SBO		3	3	3	100%	100%
	<b>3.3 Gender Focus</b>						<b>0%</b>	<b>0%</b>

	<b>Innovation and learning</b>						<b>100%</b>	<b>68%</b>
	Activity 3.4.1 : Develop KMS and learning materials ( Video, leaflet etc)	# materials produced		1	1	0.8	60%	48%
	Activity 3.4.2: Develop a data collection tool as learning notes	# materials produced		1	1	0.2	40%	20%
	<b>Exit Strategy</b>						<b>100%</b>	<b>0%</b>
	Activity 3.5.2: Develop exit strategy for the project	# materials produced		1	1	0	0	0%
	Activity 3.5.3 : Archiving documents for effective document management	# materials produced		1	1	0	0	0%
3.1	<b>Sub-Component 3.1: Project Management Unit</b>						<b>100%</b>	<b>64%</b>
	Activity 3.6.1 : Purchase office equipment	Audit Company hired		1	1	1	10%	10%
	Activity 3.6.9 : Submission of TOR for audits accordingly with IFAD handbook for Financial reporting and auditing			1	1	1	15%	15%
	Activity 3.6.2 : Conduct audit	# of meetings		1	1	1	10%	10%

	Activity 3.6.3 : Provide PIU staff salaries			12	12	12	10%	10%
	Activity 3.6.4 : Organise PSC meetings			4	4	2	10%	5%
	Activity 3.6.6: Provide PIU Recurrent cost			7	7	7	10%	10%
	Activity 3.6.7: Conduct an outcome impact survey	Report submission		1	1	0.2	20%	4%
	Activity 3.6.8: Hire a PCR consultant to prepare the project completion report	Report submission		1	1	0	15%	0%
	<b>Overall Performance</b>							<b>75%</b>

## ANNEX 3- AGREED ACTIONS OF MTR MISSION IN 2018

### AGREED ACTIONS FOR MEDeP 2018 (JANUARY MISSION 2018)

**Updated: 18 March 201**

Title of Agreed action	Responsibility	Deadline	Status
1. Project completion process. Undertake the impact survey and submit the final report	MOFA/ PIU/ M&E	15 Apr 18	PCR would be done after the completion of outcome impact survey. The project have got 18 months extension, so this work will be started fourth quarter of 2019
2. Prepare KM material for promotion of sea cucumber rearing based on results of the new/ adjusted model	PIU/ M&E	15 Jun 18	The project has shared KM video TOR and IFAD have given NOL on 11 June 2017. PIU have contracted a private party on 5 September 2017 for KM videos. As per agreement, the entire video clip is completed.

<p><b>3. Project management. Submit the 2018 AWPB (taking into consideration recommendations) for IFAD no objection.</b></p>	PIU	<p>28 Feb 18</p> <p>The project has completed the revised AWPB and NCS meeting was held on 27 February 2018. The project has shared the endorsed AWPB with the IFAD, However, IFAD has not given NOL to the AWPB</p> <p>Furthermore, the AWPB was revised and re-submitted for NOL on 15 October 2018 and IFAD has given NOL on 6 November 2018.</p>
<p><b>4. Submit the request for maintaining PIU staffing till project closure for IFAD no objection</b></p>	PIU	<p>28 Feb 18</p> <p>The project have received further extension of 18 months, there project decided to keep all the PIU staffs till project closure.</p>

<p>5. Implement intensive M&amp;E (monitoring with analysis) of the sea cucumber pilot, with weekly reporting on status of the pilot/ results and status of progress against agreed actions to IFAD</p>	PIU	<p>Immediate</p> <p>The project staffs are unable to collect the data regularly as the beneficiaries refused to coordinate with the project staffs or allow to take count and weight information from their Pens.</p> <p>In additional, the CMO contract expired on 31 March 2018 as the project was supposed to close on 31 March 2018. However, as the project received the extension, the project decided to hire new CMO for data collection. During that time, the Ministry of Finance and Treasury has released a new circular regarding the project Staff salary. Due to this circular, the project has been unable to hire a</p>
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			CMO till August, as the salary structure for CMO was not being finalized. The project was able to recruit CMO for each island on 16 August 2018.  Monitoring is in progress
<b>6.</b> Financial management and reporting. Submit the ToRs of the Audits for the no objection of IFAD according with the new “IFAD Handbook for Financial Reporting and Auditing” and including the revision of the BB agreement and the credit line with BML	PIU	28 Feb 18	The TOR is amended and IFAD had given NOL on 14 February 2018
<b>7.</b> Submit a budget for the winding up period for IFAD no objection	PIU	28 Feb 18	The project have received an extension
<b>8.</b> Ensure that only expenditures and/or payments are made or due for activities concluded by completion date	PIU	31 Mar 18	The project has received an extension, therefore there were no need to complete the activities and wind up the budget before 31 March 2018.
<b>9.</b> Component 2. Issue the write-off directives to BML	PIU/ MoF	10 Feb 18	The project has coordinated with BML and they have agreed to

			amend their loan agreement. To the date, BML have write off 49 beneficiaries loan and 19 September 2018, the government of Maldives has reduced all beneficiaries loans to MVR 10,000
<b>10.</b> Amend the loan agreement by reducing the size of loan to MVR 10,000 for 12 months with principal grace period of six months	BML/ PIU	20 Feb 18	The BML has amended the loan agreement as per IFAD recommendation. To the date, BML have write off 33 beneficiaries' loan. On 19 <sup>th</sup> September 2018, the government of Maldives decided to write-off all the loans amount to MVR 10,000.
<b>11.</b> Undertake joint visit to pilot site to inform beneficiaries for new changes and complete signing of the loan agreement with the remaining 16 clients under the new arrangement	PIU/ BML	15 Feb 18	To the date, 12 beneficiaries have signed the loan agreement

<b>12.</b> Provide additional technical training to sea cucumber producers in collaboration with Blubridge	PIU	20 Feb 18	<p>The project has coordinated with the Blue bridge and request for their proposal. However, the requested budget was significantly high; therefore, IFAD did not approve their proposal.</p>
<b>13.</b> Distribute sea cucumber training manual in English (from Madagascar) to all producers	PIU	10 Feb 18	<p>The project has distributed the English version to majority of the beneficiaries. However, as most of the beneficiaries have difficulties in understanding the manual, therefore decided to translate the manual and distributed to the beneficiaries. The project had hired a service provider to translate the manual. The translation was completed on February. The manual in English</p>

			was distributed to all the beneficiaries on May 2018. Translated manual will be distributed after finalization.
<b>14.</b> Negotiate an extension of island Council no cost lease for sea cucumber rearing (additional 5 years)	PIU	15 Feb 18	The project have requested for an extension of no cost lease for sea cucumber rearing for additional 5 years. To the date, none of the council has formally responded to project request
<b>15.</b> Resolve all contractual issues with the private sector partner, including financial implications <sup>2</sup> (with prior IFAD no objection)	PIU/ private sector partner	15 Feb 18	The project is coordinating with the private sector and still under negotiation.
<b>16.</b> Submit the de-stocking strategy for IFAD no objection	PIU	10 Feb 18	The de-stocking strategy was carried out and 71 beneficiaries have completed the task. Stocking densities in

			other pens reduced by natural mortality or escape. With these density reductions, on 19 <sup>th</sup> September 2018, the government of Maldives decided to write-off all the loans amount to MVR 10,000.
<b>17.</b> Confirm arrangements ensuring (the reduced) line of credit is maintained as a revolving fund	PIU/ MoF/ BML	15 Mar 18	The project has formally informed the BML to write off the loans of the beneficiaries when they have completed their de-stocking task. The process is still on going and to the date, 71 beneficiaries loans have been officially write off till August 2018. However, later, On 19 <sup>th</sup> September 2018, the government of Maldives decided to write-off all the loans amount to MVR 10,000 including the

		beneficiaries who has not completed the task.
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### Agreed Action for MEDeP as of 30<sup>th</sup> June 2018

No	Actions	Responsibility	Deadline	Status
1	Present to IFAD No objection a plan to recover the amount overpaid to the company BB	PIU	Immediate	Plan has been discussed. Will be sent for IFAD NOL once the plan is finalized.
2	Ensure that only expenditures and/or payments are made or due for activities concluded by completion date	PIU	31 Mar 18	On-going as project is extended
3	Revise Fixed Asset Register to include only eligible assets	PIU	31 July 18	Completed/Identified short life and with no significant value and been removed
4	Insure all eligible Fixed Asset	PIU	Immediate	Completed.
5	Revise Audit contract to include project extension period.	PIU	31 Aug 18	Completed
6	Complete Procurement filling and Contract Register updated	PIU	31 July 18	Contract Register is updated till

	December and procurement is partially completed
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