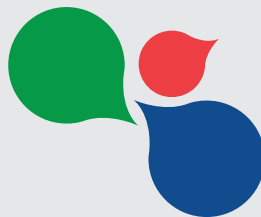


Annual Aggregation of Results



January 2014 – December 2014

Market Development Facility

March 2015

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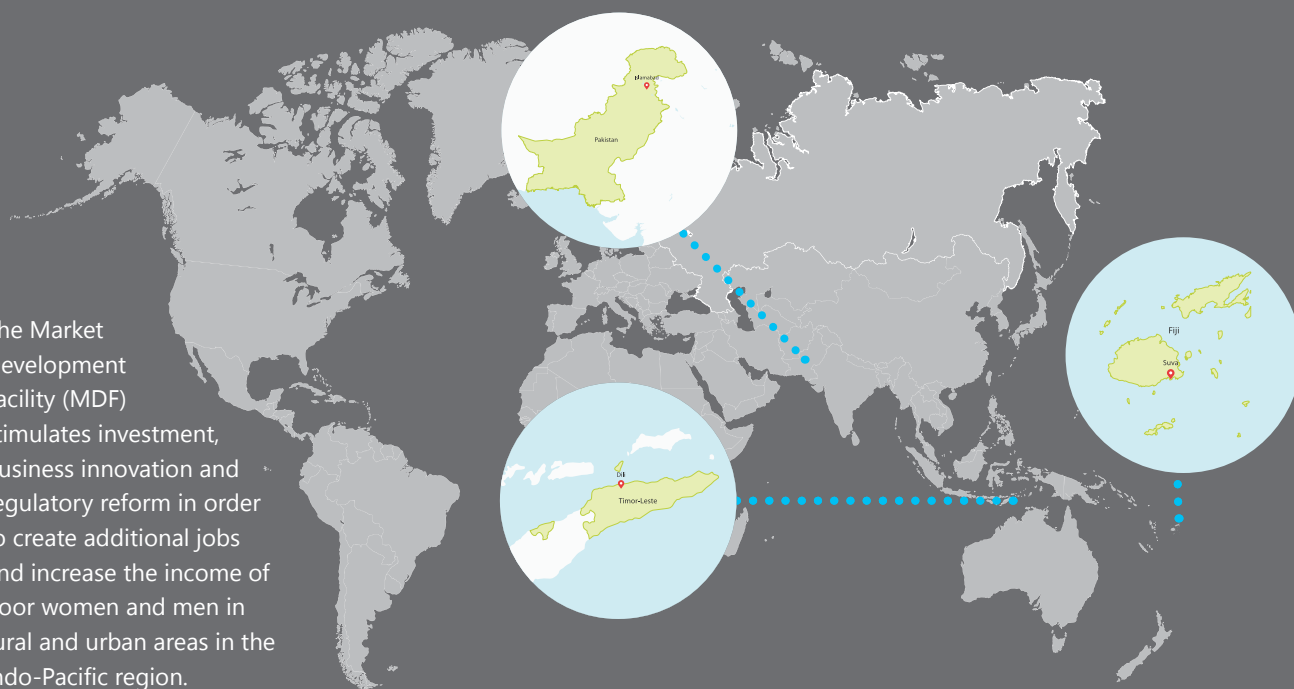
Abbreviations and Acronyms

AAG	Ali Akbar Group (Pakistan)
ACIAR	Australian Centre for International Agriculture Research
ADB	Asian Development Bank
ADI	Aggregate Development Indicators
AQC	Aid Quality Check
BESIK	Rural Water Supply and Sanitation Programme (Timor-Leste)
BTL	Ben's Trading Limited (Fiji)
CREO	Creating Resilience and Economic Opportunities Pillar (DFAT)
DBF	Devesh and Bharos Farms (Fiji)
DCED	Donor Committee for Enterprise Development
DFAT	Department of Foreign Affairs and Trade (Australia)
DSS	Duty Suspension Scheme
EOF	Essence of Fiji
EPBCA	Australian Environmental Protection and Biodiversity Conservation Act
FCDCL	Fiji Co-operative Dairy Company Ltd
FHTA	Fiji Hotel and Tourism Association
FJD	Fijian Dollars
FTE	Full Time Equivalent (Jobs)
GB	Gilgit Baltistan
GDP	Gross Domestic Product
GMP	Good Manufacturing Plan
HACCP	Hazard Analysis and Critical Control Points
IACT	Increasing Agriculture Commodity Trade
ICT	Information and Communication Technology
MAF	Ministry of Agriculture and Fisheries (Timor-Leste)
MCIE	Ministry of Commerce Industry and Environment (Timor-Leste)
MDF	Market Development Facility
NF	National Foods (Pakistan)
OB	Organo Botanica (Pakistan)
PHAMA	Pacific Horticultural and Agricultural Market Access
PPI	Progress out of Poverty Index
SCI	Standard Concrete Industries (Fiji)
SEAPRI	Secretariat for the Promotion of Private Sector (Timor-Leste)
SOL3	Seeds of Life 3 (Timor-Leste)
SPC	Secretariat of the Pacific Community
SPE	South Pacific Elixirs Limited (Fiji)
SPFL	Shakarganj Food Products Limited (Pakistan)
TFA	Technical Field Agent
UNDP	United Nations Development Programme
USD	United States Dollars
WEE	Women's Economic Empowerment

01

Introduction to the Market Development Facility and the Annual Aggregation of Results

The Market Development Facility (MDF) stimulates investment, business innovation and regulatory reform in order to create additional jobs and increase the income of poor women and men in rural and urban areas in the Indo-Pacific region.



MDF began in Fiji in July 2011 and has since expanded to Timor-Leste (in 2012) and Pakistan (in 2013). MDF is set to expand further to Papua New Guinea and Sri Lanka in 2015. Current funding for MDF ends in June 2017.

To stimulate investment, business innovation, and regulatory reform, MDF negotiates partnerships with strategically positioned private and public sector organisations in its countries of operations. Each partnership is comprised of a tailor-made package of activities that enables the partner to innovate, invest and/or undertake reforms in such a manner that small farms and firms benefit from better access to production inputs, services and end markets. This makes them more productive and helps them grow, which, in turn, creates jobs and increases incomes for poor women and men.

Each partnership promotes business innovations or reforms, leverages private sector investment or public

sector ownership ('cost sharing'), has a demonstrated link with pro-poor growth, job creation and income generation, and contributes to systemic changes in the economy of the country in which it is active.

MDF's portfolio of partnerships expands year by year as MDF negotiates more partnerships with more organisations in more countries. MDF's Annual Aggregation of Results reports on the value of this expanding portfolio.

This is the second Annual Aggregation of Results, covering the period between January 2014 and December 2014. This report demonstrates the maturing of the portfolio in all three countries in terms of breadth – the scale up of operations, as well as depth – the results that have been achieved. Results are presented at the country level – in Fiji, Timor-Leste and Pakistan, as well as at the multi-country, or 'Facility', level.

Why Publish an Annual Aggregation of Results?

The Annual Aggregation of Results is designed to serve the following purposes:

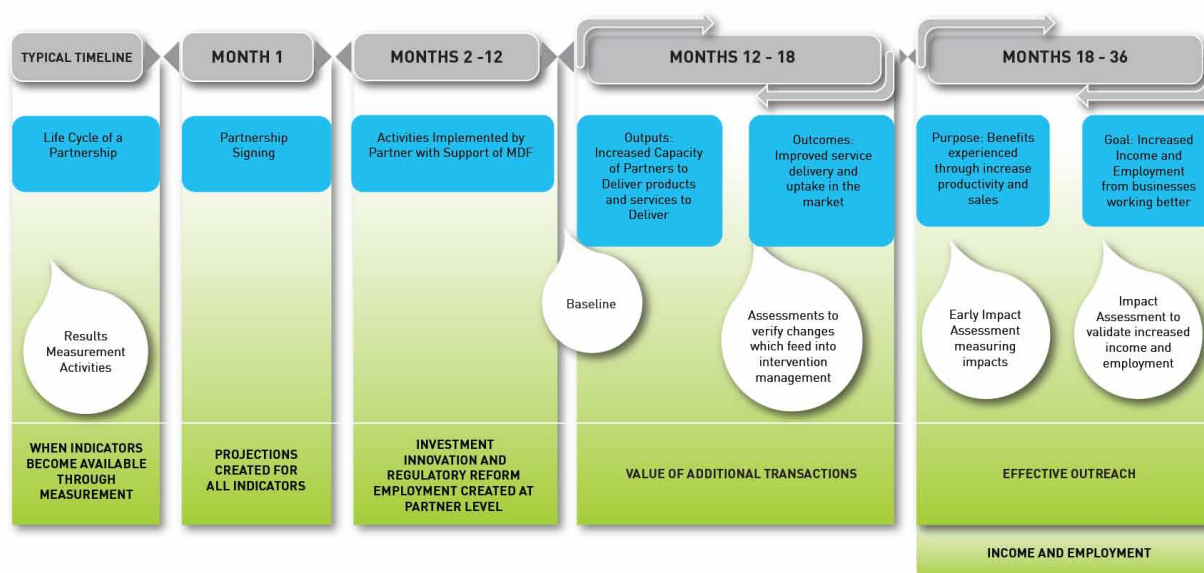
- To inform the Australian Government and other stakeholders of MDF's achievements to date, whether it is on track, the scale of its impact and its projected achievements. For this reason, the report is aligned with the Department of Foreign Affairs and Trade (DFAT) reporting schedule and requirements, reports against relevant Aggregate Development Indicators (ADIs) and provides information necessary for the Aid Quality Check (AQC) – see Annex 1 for additional reporting requirement information.
 - To share this information with the broader development community to promote transparency
- in results measurement and communication and to contribute to the comparability of results between approaches and countries. With this aim in mind, the Donor Committee for Enterprise Development (DCED) developed the Standard for Results Measurement in Private Sector Development. As a multi-country facility, MDF is uniquely positioned to support this aim and this report is accordingly compliant with DCED criteria for annual reporting.
- To discuss achieved results in their context, provide insight into 'why MDF does what it does' and in this manner contribute to the discussion on good development practice.

The Pathway to Pro-Poor Growth, Jobs and Income

In order to successfully use this report's information, it is important to understand the pathway to pro-poor growth, jobs and income, and how results within MDF develop. Figure 1 below shows the lifecycle of an MDF partnership and its typical timeline. It also shows at what points in time results measurement tasks take place and what

indicators become available through those measurement tasks. As is demonstrated in the diagram, it can take anywhere from 18 to 36 months to create sustainable income earning and employment opportunities to reduce poverty – MDF's ultimate objective ('goal').

Figure 1 - Lifecycle of a partnership and timeline of results



The key factors that determine how long it will take to see such high level results include:

1. The content of a partnership and, hence, how long partnership activities take to complete.
2. How fast the market is able to respond to the improved access to production inputs, services, sales opportunities and regulatory reforms triggered by these partnership activities.

As this report demonstrates, both factors vary strongly between the different economies in which MDF operates and influence the results presented in this report. MDF applies a mix of systemic enterprise development, systemic market development and regulatory reform to unlock growth in markets that are often very thin. This mix varies between countries and is influenced by the scale of the economy, how thin its markets are, and the capacity of the private sector to develop them.

Systemic enterprise development essentially means investing in expanding businesses so that they are able to perform market functions – collection, storage, processing, testing marketing, etc. – that are currently absent. It is important to realise that systemic enterprise development is often a necessary ‘first step’ towards market development. Enterprise development partnerships often entail investments in factory set up, hardware and even working capital support, or co-investments with private equity investors. These partnerships require a relatively longer implementation window, with entrepreneurs tending to be less experienced and requiring more backstopping.

Contrastingly, systemic market development has a stronger focus on technical assistance and ‘soft skills’ such as marketing, distribution, sourcing, information, services, etc. The implementation window of these partnerships is relatively shorter; businesses tend to be larger and have relatively stronger management capabilities.

Regulatory reform focuses on improving specific aspects of the business enabling environment so as to make specific market systems work better. The implementation window varies for all three types of partnerships.

In post-conflict Timor-Leste, MDF’s portfolio will contain relatively more partnerships focused on systemic enterprise development and, where feasible, regulatory reform to open up markets, stimulate investment and reduce imports. In Fiji, there will be a mix of all three types of partnerships so as to diversify the economy away from declining export sectors and saturated local markets towards new, growing export sectors and new areas

within tourism. In Pakistan, work in distant regions may have relatively stronger systemic enterprise development overtones; work in the Punjab area may resemble market development as has already been undertaken in more mature markets such as Bangladesh; work in urban manufacturing may contain elements of both enterprise development and market development, so as to develop export markets and localise ancillary industries.

MDF negotiates comprehensive partnership agreements around commercially sustainable business cases (rather than supporting only particular parts of a business case, such as technical assistance). Depending on the number of activities or change steps negotiated in the agreement, implementation of the agreement can easily take up to twelve months. The first uptake by the market of the product or service emerging from these investments can take up to six months, depending on factors such as seasonality and/or the novelty and price of the new product or service. The impact of the new product or service on growth, employment and income takes at least a further six to twelve months to materialise, depending on business cycles. Typically, MDF measures up to two business or agricultural cycles after activities are complete. Thus, results start to become apparent about three years after signing a partnership agreement. Again, this timeline is indicative and will vary significantly between partnerships.

In all three countries, MDF’s partnerships have started to influence markets and create additional income earning and employment opportunities for the poor – see more on this in Section 3. MDF can influence market systems in a variety of ways to contribute to poverty reduction, from increasing incomes and providing employment opportunities, to providing better access to critical products and services to better representation and coordination, to providing more stable, more secure, less hazardous livelihoods to improvements in healthcare, education and nutrition. This in turn contributes, more indirectly, to a more dynamic, growing economy that offers better rewards and more opportunities. These pathways are summarised in Box 1.

Box 1 – MDF's pathways towards the reduction of poverty

How MDF reduces poverty	
Systemic market development and pro-poor growth can influence the livelihoods of the poor in six direct ways and one indirect way:	
Directly:	
1.	Increased employment and/or income generating opportunities from increased economic activity (volume of trade, number of transactions), directly or indirectly, as economic activity in one sector spills over into other sectors, or the spoils of increased economic activity are transmitted to other segments of society.
2.	Better market integration, i.e. better access to the means of production (inputs, intermediate goods, services), which allow for higher productivity, and better access to end markets (from 'thin' markets with supply failures or oligopolistic/monopolistic tendencies to more robust markets).
3.	Higher levels of income security and reduced risks related to crop failure, nutrition, business failure and occupational hazards.
4.	Empowerment, representation and voice through access to information (the media), collective bargaining (e.g. producer groups) and entitlements.
5.	Better access to essential consumer goods and services through more appropriate pricing, packaging ('sachets') and distribution strategies ('the last mile').
6.	Support basic human rights by making nutrition, hygiene, clothing, shelter and education more accessible.
Indirectly:	
7.	Growth in one particular sector spills over into other sectors relevant for pro-poor employment in terms of income earning opportunities.

Pathways for Systemic Changes

MDF recognises that it operates in three very different economies, often with very thin markets and a weak private sector, and in response to this it has broken out the (artificial) 'walls' between enterprise development, market development and business reform, while retaining a clearly systemic outlook and applying the development principles congruent with a systemic approach – building on local dynamics, building on local ideas and ownership, sharing responsibilities, risks and investments, and defining an exit strategy from the start.

Recognising the importance of working in such different economies also has implications on how systemic changes in these economies should be defined and how a business facilitator such as MDF can work towards creating them. Conventional perceptions of systemic change are often dependent on notions that innovation by one market player should trigger a response by other market players and other system actors, in effect creating a 'seismic shift' in how business is done, institutionalising systemic effect. However, it may not be realistic to expect this to take place in very small economies (no 'room for more players'), in very thin markets (for the same reasons) and where the private sector lacks the capacity or the financial resources to respond to corresponding changes and innovations.

The notion of an autonomous systemic reaction to change facilitated by organisations such as MDF remains important – MDF is designed to shape commercially sustainable, innovate and yet replicable solutions relevant to a market system, not just one player. The question

that remains is how much of an autonomous systemic response ('crowding in') can realistically be expected in very small or weak economies that are characterised by very thin markets and populated with a handful of small players. In Fiji, demand for agricultural lime will initially be so small that there is realistically only room for one business to supply it. In Timor-Leste, there is only one company able to produce 'supermarket quality' packed local rice, and in the short run the market may not support a second entrant. Thus in some case crowding in is not very likely, and in other cases it may not even be desirable.

This does not mean that MDF cannot trigger systemic changes in these very small or weak economies. On the contrary, the logic of working towards systemic change remains the same. Rather, it is the parameters of what constitutes a pathway to system change that need to be broadened. MDF considers the following market parameters to be important elements of systemic change: autonomous decision-making (in terms of investing); resilience (in the face of shocks); sustainability (in time); scale (market coverage, by one or many players); inclusiveness (so that the market has the reach to bolster scale); and depth of impact (lasting, with the power to be transformative).

Women often represent crucial links in many points of systemic change, and yet often little attention is given to issues surrounding their labour, jobs, and their access to key services, assets, and other opportunities. This oversight leads to critical elements of the system

remaining underdeveloped and overlooked. For example, key points in sectors involving a high amount of female labour are often highly inefficient, with excessive hours spent manually, for example, irrigating land. Compounding this, little attention is given to the ability of these women to control both the income they receive from their work and/or the manner in which they utilise their time. Without considering these factors, in the longer run there will be limited incentive for them to continue with any improvements in these systems. In certain cases, if not considered carefully, interventions will not even be feasible, because women simply will not have the additional time required for the labour required to, for example, increase the land under cultivation. For these reasons, MDF recognises the crucial roles that women play in the economy, and their differing incentives, and ensures

that each and every intervention is analysed to take into account of their involvement, and adjusts design where required to both enable greater empowerment of women, and at the same time improve the overall sustainability of systemic changes required.

Per market, parameters for systemic changes, including those relevant for Women's Economic Empowerment (WEE), can be translated into specific aims or targets. Together, these then define and map out a pathway to systemic change for that market, against which a business facilitator such as MDF can start to work, stimulating and triggering change until the amount and quality of change can be called 'systemic'. How MDF will proceed to populate this pathway depends from one market, and one country, to the next.

Box 2 - Signs of change in Fiji

ice Prakash and Essence of Fiji

Despite ample opportunities for the local private sector to provide goods and services to the growing Fijian tourism industry, a significant proportion of the industry's products continue to be imported. This even includes items which are produced locally, such as fresh and processed food, furniture, handicrafts, and spa and beauty products. The industry also provides avenues for employment in a country where unemployment rates remain high (5% of the total working population).



Staff at the launch of the upgraded Essence of Fiji facility on 6th December, 2014

MDF partnered with Essence of Fiji, a local producer of spa and beauty products, to better tap into this market by expanding its range of products and services. Essence of Fiji currently manage 70% of the hotel and resort spas in the country, and is expanding its tourism retail presence and actively looking for new export markets within the region.

MDF worked with Essence of Fiji to upgrade its processing facility, improve its marketing and web presence, and strengthen its links with raw material suppliers through the provision of training and extension services to farmers. To support this growth, Essence of Fiji also plans to hire 30 additional staff members for a range of roles.

Alice Prakash was hired by Essence of Fiji in late 2014 as a Kids Club Attendant. This is a full-time position that has a starting wage rate of FJD3.50 an hour (the national minimum wage is FJD2 an hour) for a minimum of 40 hours a week, along with an additional 10% national superannuation contribution. Alice saw an advertisement for the position in a local newspaper, and, after applying and attending an interview, was very happy to have been selected. "When I was called for the job, I was really glad, because I had been unemployed for over one and a half years," explains Alice.

Alice lives in Nadi town with her husband, three children and brother-in-law. Her husband had been the sole income earner in the household, which made it difficult at times for them to pay for their daily expenses. "This job is really important to me because it allows me to help support my family," says Alice. She adds that the job also means she can help pay for her daughter's living expenses in Suva when she moves there for tertiary studies in 2015.



Alice Prakash, the new Kids Club Attendant at the upgraded Essence of Fiji facility

Women's Economic Empowerment

DFAT has made gender equality one of its six strategic objectives. As MDF is a business facilitator focused on improving income and employment opportunities for the poor, gender outcomes are specifically related to economic empowerment. There is an internationally emerging consensus that the five key dimensions required to advance gender equality through Women's Economic

Empowerment (WEE) are economic advancement through: increased income or return on labour; access to opportunities, assets, and services; support to advance economically; and decision-making authority over resources. Refer to Box 3 below for further details of the different elements of the framework.

Box 3 - The five elements of the Women's Economic Empowerment Framework

The Five Elements of the Women's Economic Empowerment Framework	
OVERALL OBJECTIVE:	
1.	Economic Advancement
IMPROVED ACCESS OUTCOMES:	
2.	Access to opportunities and life chances such as skills development or job openings
3.	Access to assets, services and needed supports to advance economically
STRONGER AGENCY OUTCOMES:	
4.	Decision-making authority in different spheres including household finances
5.	Manageable workloads for women

As a business facilitator, MDF does not preselect those individuals that benefit from its investments in business innovation and regulatory reform. Nor can, or should it force its partners to take decisions that undermine the long-term sustainability of the business, for instance by employing workers who lack essential skills or targeting clients who may only be able to absorb a portion of what is produced. Often MDF's investment in a venture represents a 'minority stake' – see the ratios for investment leveraged in Section 3 – and, taking local ownership seriously as the bedrock for sustainable change, implies a careful process of coaching, i.e. a light 'foot print'.

This does not mean that MDF passively accepts and amplifies the status quo in society. MDF will build the WEE framework into its implementation process, from its initial assessments, to results measurement and learning, to the identification of sectors and partnerships with particular WEE potential. MDF will identify what needs be done to make that potential materialise into real change – within the bounds of its role as a business facilitator. In this manner, MDF integrates gender considerations into the programme strategy to ensure that gender outcomes are positive or, at a minimum, do not leave anyone worse off.

Through additional in-depth gender studies relevant to MDF's sectors of work, MDF develops a thorough understanding of whether women can benefit from potential activities in each sector, and how. It considers these issues when designing activities with partners in

order to have a greater impact on both men and women. All staff members are responsible for implementing MDF partnerships in line with the gender strategy, and each country has a gender anchor (a country staff member who oversees gender-related issues).

Where possible, MDF disaggregates its impact indicators – including its headline indicators (see Section 2) – by gender. This is undertaken in each country based on a gender disaggregation strategy, which will in turn be guided by the WEE framework. Currently, the gender disaggregation strategy is a result of the gender studies completed in Fiji and Timor-Leste, and indicates the way in which MDF will project and measure indicators to determine the impacts on men and women separately. In Pakistan, an understanding of the individual interventions is currently leading to specific decisions on gender disaggregation, and this will be strengthened by a country level gender study to be completed in 2015.

In order to formalise MDF's analysis and approach to women's empowerment, the facility is finalising a Women's Economic Empowerment technical note. The main focus of the note is to incorporate the WEE framework mentioned above to ensure a gendered analysis of MDF activities in each country through a WEE lens is undertaken. This note will not only guide the facility on integrating gender systematically during implementation, but will also cover monitoring and results measurement activities. The technical note on Women's Economic Empowerment will be completed in 2015.

Summary of Report Sections

This report covers information on actual results achieved and on projected results. It also provides background and narrative about the market changes and impacts achieved to complement these indicators. It covers topics relevant to Aid Quality Check (AQC) and Aggregate Development Indicators (ADIs), such as data quality, integrity and the Australian Government's contribution to results.

Section 1 provides an introduction to this report, a description of the pathway to pro-poor growth, jobs and income, of pathways for systemic changes, and how Women's Economic Empowerment is integrated into these.

Section 2 describes how MDF's results measurement system works and the indicators that MDF uses to measure, aggregate and communicate results according to its impact logic.

Section 3 provides an overview of MDF's actual and projected results at the Facility level, including a specific look at relevant ADIs.

Section 4 provides a detailed summary of progress for Fiji, with details on changes achieved so far, the innovations of each partnership agreement and stories exemplifying signs of change.

Section 5 provides a detailed summary of progress for Timor-Leste, with details on changes achieved so far, the innovations of each partnership agreement and stories exemplifying signs of change.

Section 6 provides a detailed summary of progress for Pakistan, with details on changes achieved so far, and the innovations of each partnership agreement.

Section 7 summarises MDF's communications, networking and presence that has been developed in each country in the previous year. These elements enable MDF to share its achievements, build support for its approach, and contribute to key partners, the local community, the development community and governments gaining

an understanding of the Australian Government's contribution to development. The annexes to this report include:

Annex 1: Information for DFAT's AQC Reporting: This presents supplemental information on the key criteria for AQC reporting for MDF and its relevant countries, to assist each country's Post in AQC reporting.

Annex 2: MDF's hierarchy of objectives: Contains further information on MDF's impact logic, hierarchy of objectives and the menu of indicators. Together these form the backbone of the MDF results measurement system.

Annex 3: MDF results estimations for four countries: MDF has developed initial results estimations for headline indicators for each country in which it is active or likely to be active.

Annex 4: Intervention Detail Sheets: These provide a detailed overview of each existing partnership, including activities and expected changes and results.

MDF's other reports and communications materials provide supplemental information on implementation progress, management and MDF's strategy. Taken together, the list of materials below, along with this report, provide a comprehensive picture of MDF's work and achievements.

For information on how MDF works, its country sector strategies and the MDF results measurement system, refer to 'How MDF Works' brochures, Country Strategy briefing documents, and Sector Assessment and Sector Strategy Reports, available on MDF's website: www.marketdevelopmentfacility.org.

For information on implementation, management, finance or progress updates on specific partnerships, refer to Monthly Updates to DFAT, MDF's Annual Strategic Plans and MDF's Semester Reports.

02

Measuring and Communicating Results Along the Pathway to Pro-Poor Growth, Jobs and Income

MDF's results measurement system is designed to comply with the Donor Committee for Enterprise Development (DCED) Standard for results measurement.



A DCED pre-audit of the system was undertaken in Fiji in December 2013, followed by full systems audits in Fiji and Timor-Leste in December 2014. The full audits confirmed that MDF has a very strong Results Measurement system, with solid scores of 94 and 96 out of a possible 100 achieved for Timor-Leste and Fiji respectively. This points to the strength of the system in terms of the high level of staff capacity in managing results measurement, through to the consistency of the results capture methodology across the Facility, through to the usefulness of the system as a management tool

(whereby timely decisions can be taken based on the information it provides on a continual basis). MDF found the DCED audit exercise to be a highly valuable experience and will transfer the learning to its new countries as they are mobilised. Pakistan will be audited at the end of 2016, together with Fiji and Timor-Leste (which by then need to be audited again – as audits need to be renewed after two years), along with any additional countries to join the Facility. The audit reports will be published on the MDF website. Box 4 provides some background information on the DCED Standard for Results Measurement.

Box 4 - An introduction to the DCED Standard

The Donor Committee for Enterprise Development (DCED) Standard

The Donor Committee for Enterprise Development (DCED) developed a Standard for Results Measurement in Private Sector Development in order to increase transparency in results measurement and comparability of results between programmes and countries. To achieve this, it set up an increasingly internationally recognised system that provides programmes working in private sector development with the framework, tools and incentives to monitor their results in a systematic way. Credibility is enhanced through an optional external audit of the measurement process used by the programme. The system specifies eight elements of a successful monitoring system for results measurement as based on recognised good practice, including: articulating the results chain or programme logic; defining indicators of change based on the logic; measuring changes in indicators; applying good practice; estimating attributable changes; capturing wider changes in the system or market; tracking associated programme costs, reporting results in a responsible way; and managing the system for results measurement. The standard was developed in 2008 and is increasingly being utilised by large-scale private sector development programmes.



How MDF Measures Results Along this Pathway

MDF's results measurement system is designed to comply with the DCED Standard for results measurement. As noted above, it provides a robust system that is used to project impacts, monitor progress and capture evidence of MDF's impact, as well as to manage partnerships, make decisions and contribute to MDF's strategy. It is used to capture learning throughout the life cycle of each partnership, in order to make improvements where necessary and to maximise impact and efficiency. Results measurement is the responsibility of all MDF team members and so becomes a part of partnership management. As a tool for both learning and capturing evidence, MDF instils a spirit of honest inquiry so that the system is useful to determine what works and what does not, as well as how to make it work better.

Each partnership is reviewed every six months to ensure that its progress and status is validated with findings from the field, along with other lessons learned. Sector strategies are reviewed in the same way – i.e. evaluating progress in each sector, where the sector is going and, when required, what can be done differently or more effectively. Where necessary, the team will identify and plan actions to maximise impact, develop new partnerships to address new constraints, or conduct additional research to support its understanding of the sectors.

Overall, the system is used to develop projections to understand what the scale of MDF's impact will likely be and to determine if MDF's work is on track. Results are measured at the partnership level and then aggregated upwards.

Each partnership follows the same life cycle as described above in Figure 1, but the activities, the market changes triggered and timeline against which this happens will be different. For this reason, each partnership has its own results measurement management tool – known in MDF as the 'Intervention Guide' – which captures all

information on results measurement for the partnership.

A key tool in the intervention guide is the results chain (i.e. theory of change), which maps out the changes that are expected to occur between activities implemented with partners and the goal level impacts of income and employment. MDF develops results chains to: 1) map out the logic of change steps that will occur; 2) predict when those changes will occur; 3) accurately define and project the results from each change step; and 4) assess attribution, or the extent to which those results are plausibly attributable to MDF activities.

For each partnership, MDF measures whether the changes along each change step in its results chain are occurring, and to what extent they are occurring. This helps MDF understand how partner activities lead to the goal level impacts of income and employment. It measures the changes at each level by following a detailed measurement plan developed for each partnership, which identifies what indicators will be measured to verify if changes are happening and the measurement tools and tasks necessary measure those indicators. Each measurement plan also identifies the strategy to assess attribution and to establish the baseline. Please refer to Annex 2 for more details on the MDF results measurement system.

To supplement its sector strategies, MDF takes a deeper look at poverty and gender in the key sectors where it works by conducting a study on poverty and gender in each country. While the sectors that MDF works in are chosen because of their relevance to poverty reduction, the purpose of these studies is to further assess within each sector: who is poor and why; the mechanisms, choices and strategies they use to move out of poverty; and what prevents this from happening. With a deeper understanding of poverty, pathways out of poverty, gender roles and gender opportunities, MDF can better identify and target opportunities for equitable growth,

and can determine which are relevant for all poor producers, workers and consumers – both women and men. Poverty and gender studies were completed in Fiji and Timor-Leste, with a further study planned in Pakistan in 2015. Further details on the poverty and gender studies can be found in the respective country sections.

In Fiji and Timor-Leste, MDF has also begun to utilise the Progress out of Poverty Index (PPI) to further confirm the incidence of poverty amongst target beneficiaries and thus triangulate the 'pro-poorness' of partnerships. Please refer to Box 5 below for further details.

Box 5 - The Progress out of Poverty Index (PPI)

Progress out of Poverty Index

In itself, the daily rate measurement of poverty provides a limited picture of the profile of a beneficiary. In order to increase the resolution of poverty profiling, MDF has started using the Progress out of Poverty Index (PPI) alongside its in-depth qualitative poverty studies.

The PPI is a poverty measurement tool developed by the Grameen Foundation consisting of 10 country specific questions derived from a respective countries' national household income and expenditure surveys. Based on Grameen Foundation's 2014 global report on the PPI, 46 developing countries to date have their own PPI, with over 200 organisations reporting their use of the index.¹

The PPI questions typically relate to the household's characteristics (e.g. number of household members) and asset ownership (e.g. do they own a gas stove), and have been selected for their statistical relevance to household poverty in the country, as well as ease in validation by interviewers in the field. Following completion, respondent's answers are scored to compute the likelihood that the household is living below or above a given poverty line.

MDF also assesses the environmental sustainability of all its activities with partners. MDF does this through its Environmental Guidelines, as developed from the Australian Environmental Protection and Biodiversity Conservation Act (EPBCA), and each country's local environmental regulations. These guidelines include an environmental scan checklist for each partnership, which determines whether and what environmental risks are present, and what actions need to be taken to mitigate these risks. MDF completes the environmental scan

checklist for each partnership and, if potential negative risks are identified, MDF works with each partner to ensure that the necessary steps are followed in order to develop an appropriate mitigation strategy. MDF then monitors all activities to make certain that the partners follow the Environmental Management Plans (when required) and monitor any new environmental risks that may develop. All of MDF's activities therefore comply with both Australian and respective national environmental regulations.



¹"2014: Global Report on Poverty Measurement with the Progress out of Poverty Index".

Box 6 - Signs of change in Timor-Leste

Nelson Da Costa and FarmPro

In Timor-Leste, despite a high demand for the supply of quality vegetables in the local market, there is little information available to farmers on the use of inputs and on improved cultivation practices, and thus farmers are unable to produce vegetables in the quantity and quality required.



Nelson Da Costa: "We are indeed very happy to work with FarmPro as he buys from our farm gate and we can earn money every week"

As a result, MDF entered into a partnership with FarmPro, an agricultural service company based in Gleno, Ermera district, to pilot a vegetable outgrower model. The model involves FarmPro selling inputs, along with extension and technical support, to its client farmers, and then buys back the horticulture produce so as to be able to grade, pack and sell the produce in Dili and other districts. In return, this provides farmers with access to a consistent buyer, stabilising their income source, and incentivising them to invest more on their farms.

Nelson Da Costa is one of FarmPro's client farmers. He is based in Gleno, Ermera district, and he has been involved in agriculture since 2007. Prior to the introduction of FarmPro, like other farmers in his area, Nelson applied traditional cultivation techniques to grow local vegetables such as cabbage, white mustard, and tomato for the local market. With the majority of the farmers growing the same crop, and the resultant oversupply, Nelson received a poor price for his produce and, at times, made a loss.

Through the introduction to FarmPro, Nelson has been exposed to new types of vegetables such as cauliflower, broccoli, long beans and bitter melon that have a higher market value. In addition to new vegetable crops, he is receiving access to credit to purchase inputs and information on improved cultivation techniques and planting methods. The weekly purchase schedule developed by FarmPro also guides Nelson on the type and timing of vegetable cultivation. This has helped Nelson use his land more efficiently, and the cropping intensity and regular sales have allowed him to earn a steady income at the farm gate. Following his involvement with FarmPro, Nelson was able to earn an additional income in just four months. Nelson explains, "Now I don't have to spend money and time going to the market, as I can easily sell my produce to FarmPro from the farm gate."

Communicating Results along this Pathway

As mentioned, each MDF partnership follows the lifecycle as described in Figure 1 and follows the same basic impact logic in line with MDF's hierarchy of objectives – despite the variation in activities and outputs. MDF's impact logic, hierarchy of objectives and menu of indicators form the core of its results measurement system. The logic and hierarchy do not change between countries and sectors – and all partnerships are assessed against this hierarchy and make use of this menu of indicators. Refer to Annex 2 for more details on the MDF hierarchy of objectives and menu of indicators.

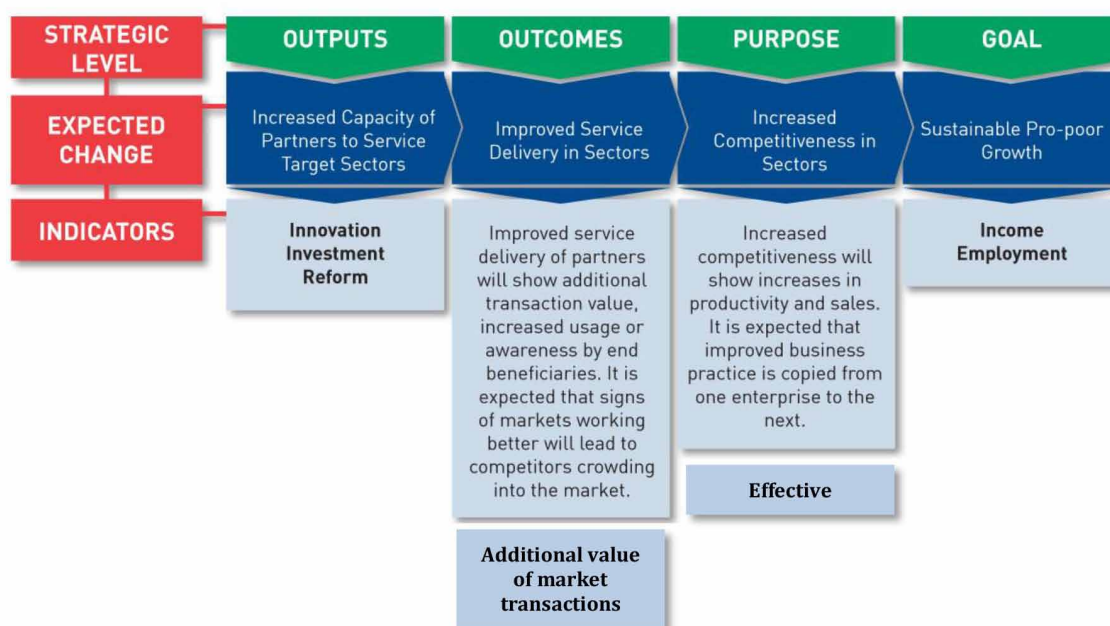
However, not all indicators can be aggregated across partnerships to produce a comprehensive picture of MDF

achievements. Therefore, MDF reports aggregated results for a select six **Headline Indicators**. These are the three **Universal Impact Indicators**, as identified by the DCED, combined with three **Intermediary Headline Indicators**, corresponding with each step of the lifecycle described in Figure 1.

Figure 2 depicts a simplified diagram of MDF's impact logic. It shows the expected changes that will occur at each level, with the headline indicators measured at each level (in bold). More details on the headline indicators are provided in the section below.



Figure 2 - The simplified MDF impact logic and expected changes per level



• Three Universal Impact Indicators

To assess its impact on growth and poverty reduction, MDF measures and aggregates three **Universal Impact Indicators**, as outlined in the DCED Standard. These universal impact indicators are measured across partnerships, sectors and countries. MDF defines these indicators according to the following points, and where MDF's definition differs from that of the DCED, the description is provided in the footnotes:

1. **Effective Outreach:** The total number of beneficiaries – small farms, firms and workers – that are able to increase their productivity and/or benefit financially from MDF's partnerships.² This includes those beneficiaries with income from self-employment activities or those benefitting from additional employment. This indicator measures the scale of MDF's impact.
2. **Net Additional Employment:** Net additional employment created, calculated in man-days aggregated into Full Time Equivalents (FTEs), using 240 working days per year and 8-hour working days. This indicator measures the number of jobs generated as a result of MDF's partnerships.
3. **Net Additional Income:** Net additional income earned by beneficiaries, calculated as additional income minus additional expenses (converted from

local currencies into USD for comparison).³ This indicator measures the amount of income generated as a result of MDF's partnerships.

Using these common indicators across its portfolio allows MDF to aggregate and compare its results across its sectors and countries.

• Three Intermediary Headline Indicators

As these impact indicators are dependent on a series of changes that take longer to achieve – sometimes more than two years – MDF also measures indicators to show the intermediary results of its portfolio. These intermediary indicators are also measured across partnerships, sectors and countries and are aggregated for MDF's whole portfolio. They include:

1. **Number of business innovations and regulatory reforms:** A business innovation can be the introduction of a new product, service, business practice or production method, or the targeting of new suppliers and customers. Innovations can be new to the business, the sector or even the country. A regulatory reform is a change in the rules and regulations of the economy that reduces transaction costs, stimulates investment and/or opens a market. Partnership Agreements may be signed, which introduce one or possibly multiple innovations and/or regulatory reforms.

²Note that this definition is broader than the DCED universal indicator. MDF's definition includes workers (persons benefitting from the additional employment created) whereas the DCED definition does not.

³Note that MDF's definition includes net additional income earned by all beneficiaries (small farms, firms and workers) whereas the DCED definition does not include net income earned by workers.

2. Value of private sector investment leveraged

(USD): The amount of money the partner invests in the development and implementation of the innovations or regulatory reform. The investment can be made directly in partnership activities or in further improvements to products or services resulting from a partnership. The investment can be made directly by partners or additional investment leveraged by partners from private funding sources.

3. Value of Additional Market Transactions (USD):

The value of additional market transactions generated as a result of MDF's partnerships. This indicator shows how much market transactions are increasing as a result of MDF's partnership, representing increased economic activity, which contributes to pro-poor growth. The market transaction is unique to each partnership and depends on the nature of each partnership. The transaction measured can be taken between MDF's business partner and beneficiaries, or between MDF's business partner and its target market, depending on whether each partnership involves market development or enterprise development activities. It measures the payments made between the actors, covering the additional revenue generated from the product or service on behalf of either the partner or the beneficiaries. The indicator is measured at the partner level and measured as revenue, and so should not be confused with net income to beneficiaries or net income to partners.

Note that intermediary changes at market level and high-level impacts at poverty level can only be measured and attributed to MDF after the activities are complete and MDF support comes to an end.

• Initial Estimations, Projections and Actual Results

In addition to using a number of headline indicators along the pathway to pro-poor growth, jobs and income, this report also provides three types of information to show the connection between actual results to date and the potential 'yield' of the portfolio a few years down the line, when partnerships and markets had the time to mature.

Actual results are those results that have been measured and validated. **Projections** are used to understand the anticipated changes and the scale of impact before that impact has been realised.

Actual Results indicate the actual impact that has already been measured through completed impact assessments. Each partnership has its own unique measurement plan, which determines when and how impact assessments will be conducted to measure actual results. For some

partnerships, an impact assessment is only completed one to two years after partnership activities are completed (refer to Figure 1). Therefore, full results are only known after two years. In actual fact, MDF starts measuring much earlier to get a sense of what is happening and whether improvements need to be made to an activity. MDF typically uses early field assessments and monitoring activities to do this – throughout the output, outcome and purpose levels – to capture and understand whether the changes are occurring according to the impact logic and whether adjustments need to be made to maximise the impact of the partnership. Through these activities MDF can keep track of early signs of impacts for each partnership before measuring total attributable impacts. Actual results are measured using different tools for each partnership, following best research practices. Partnership results are then aggregated to the sector level, and then to the country level – accounting for overlap between beneficiaries of different partnerships to avoid double counting.

Projected results, or projections, are based on detailed calculations per partnership to estimate the likely impacts that will occur for each existing partnership. Existing partnerships are those which are already signed and still ongoing. MDF projections are made to anticipate the total achievements of each partnership. Projections are made using well thought out assumptions based on findings from sector studies, secondary information, field observations, expert opinions, and other sources. They are made after the signing of a partnership agreement or when there is enough information to reasonably make these assumptions. Projections are reviewed every six months, and updated annually based on actual impact assessments and other research conducted by MDF that confirms or alters the assumptions made. Projections are used by MDF to help anticipate the impact of its portfolio and to see if partnerships are on track. By anticipating impacts by making realistic projections for its key quantitative indicators, MDF also stays compliant with the DCED Standard. Later in the life cycle of a partnership, these projections are updated with actual results. MDF's projections will change over time, increasing as MDF's portfolio of partnerships grows and previous assumptions are verified.

It is important to note that **projections** are based on existing partnerships and so do not provide a complete picture of what MDF will achieve. As new partnerships are signed, projections will be calculated for the new partnership and MDF's total projections will grow.

Finally, to assess the significance of these actual results and projections, a comparison can be made with MDF's **initial results estimations**. These estimations were

developed very early in the programme's life and are meant to communicate the order of magnitude of results that should be possible to achieve in each country, based

on budgets and implementation time periods. Refer to Annex 3 for an overview of these initial estimations and how they were developed.

DFAT Indicators

As MDF's results measurement system is designed to aggregate three impact indicators, MDF uses these indicators as the basis of calculation for other indicators, if required by DFAT. At the time of writing, new DFAT Aggregate Development Indicators (ADIs) have been identified in addition to the MDF impact indicators and are presented in Table 1 below.

The indicators currently included in the ADIs at the time of writing that would be considered to be of relevance to MDF include: value of additional agricultural and fisheries production (in USD); value of exports facilitated, including

new exports; number of poor women and men with increased incomes; number of poor women and men who adopt innovative agricultural and fisheries practices; and value of private sector investment leveraged. However, it is important to note that these indicators reflect only a partial picture of MDF's overall portfolio, which encompasses numerous sectors beyond agriculture (such as Tourism and the upcoming Export Processing sectors in Fiji, the Greenfield Industries in Timor-Leste and Leather in Pakistan) and thus these indicators should not be taken as complete picture of MDF's achievements.

Table 1 - DFAT Aggregate Development Indicators relevant to the MDF programme

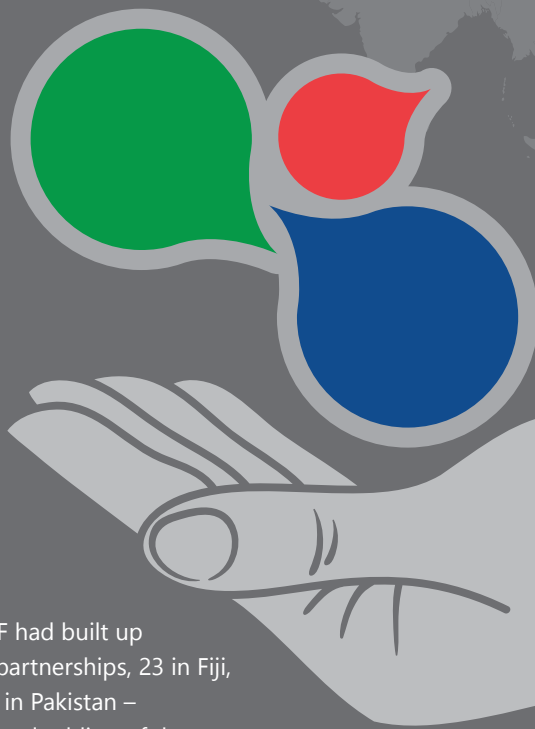
MDF contribution to DFAT's relevant Aggregate Development Indicators achieved as of 31 December 2014							
Relevant ADI	Fiji		Timor-Leste		Pakistan		Total
	Male	Female	Male	Female	Male	Female	
Number of poor women and men who adopt innovative agricultural and fisheries practices	394	394	74	39	246	216	1363
Number of poor women and men with increased incomes	500	516	256	79	246	216	1812
Value of additional agricultural and fisheries production in USD	USD 229,000		USD 18,000		USD 249,000		USD 496,000
Value of Private Sector Investment Leveraged (USD)	USD 1,552,000		USD 946,000		USD 277,000		USD 2,775,000
Value of exports facilitated, including new exports	To be determined in 2015		To be determined in 2015		To be determined in 2015		TBD

As noted above, while some indicators are the same as MDF's headline indicators, others represent only part of MDF's results. The indicators 'number of poor women and men who adopt innovative agricultural and fisheries practices' and 'value of additional agricultural and fisheries production in USD' are calculated by aggregating the relevant agricultural elements of the portfolio but exclude all non-agricultural partnerships. The indicator 'number of poor women and men with increased incomes' is taken to be the same as MDF's headline effective outreach indicator. The indicator 'value of private sector investment leveraged' is similarly taken to be the same as MDF's

Intermediary Indicator 2. Please refer to Table 1 for further details on MDF's indicators. In terms of the 'value of exports facilitated, including new exports', as these are predominantly related to new areas of work for the programme (with export representing Fiji's third sector due to come online in 2015, and with Pakistan expanding its portfolio further into exportable leather, meat, and horticulture products), this indicator will be reported later in 2015. For a deeper analysis of each of the results presented above, please refer directly to the country specific analysis in Sections 4-6.

03

The Value of the MDF Portfolio

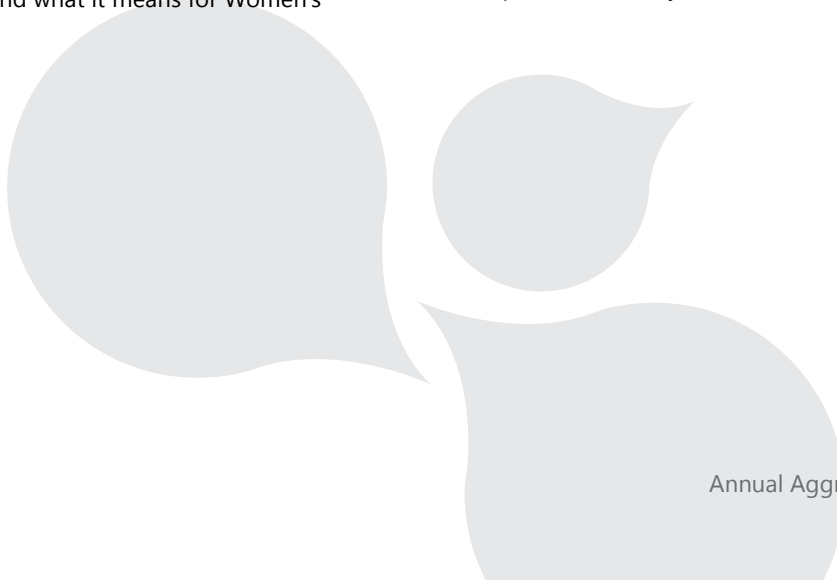


At the end of 2014, MDF had built up a portfolio of 39 active partnerships, 23 in Fiji, 10 in Timor-Leste and 6 in Pakistan – representing a more than doubling of the portfolio compared to the 15 active partnerships at the end of 2013. By the end of 2015, the portfolio is expected to have doubled again

This section will discuss the results and projections for intermediary headline indicators as well as the results and projections for the universal impact indications, and compare both these with the initial estimations made – to assess the current value of the portfolio, how it is likely shape up in time and how that compares to what MDF initially set out to do in each country. Details of partnerships, the kind of innovations and reforms that is MDF is supporting, how this will add up to creating systemic changes, and what it means for Women's

Economic Empowerment, is then discussed in the respective country sections.

As previously noted, partnership activities in the countries where MDF works often take up to twelve to eighteen months to complete, and thus while intermediary indicators can be assessed and measured during that time, high-level impact indicators take much longer to achieve and are assessed up to two years after activities are complete. This reality is reflected in the figures below.





Intermediary Headline Indicators – Results and Projections Until December 2014

Over the last year of implementation, there has been significant movement at the intermediate indicator level – number of innovations implemented, private sector investment leveraged, and additional market transactions recorded – which is an essential precursor for achieving goal level results. Table 2 shows the actual results achieved by 31 December 2014 for each country as well as the totals. Table 3 shows the projected value of the portfolio by 31 December 2014.

In Fiji, 23 active partnerships, representing 29 innovations and reforms, leveraged USD 1.5 million in private sector investment with USD 972,000 investment from MDF and achieved USD 654,000 in additional market transactions by December 2014. Projections suggest that for this existing portfolio the total value of additional market transactions will increase by approximately 20% (note that MDF calculates this for only two business cycles). In addition, with the projected increase in MDF Fiji's portfolio, we expect the value associated with this indicator to increase significantly.

In Timor-Leste, through 10 partnerships 16 innovations and reforms are being implemented, for which USD

946,000 in private sector investment were leveraged with USD 459,000 in MDF investments. This portfolio is young; it achieved USD 48,000 in additional market transactions by 31 December 2014, but is projected to increase about tenfold in the next years. In addition, MDF will continue to expand the portfolio.

Lastly, MDF Pakistan has six partnerships implementing seven innovations, for which USD 277,000 in private sector investment was leveraged with USD 327,000 investments from MDF. This resulted in USD 249,000 in additional market transactions by 31 December 2014 – the first 12 months of MDF being operational in Pakistan – and is projected to increase very significantly over the coming years.

In total, MDF supports 52 innovations and reforms – often the first of their kind in the given country. MDF investments worth USD 1.8 million leveraged USD 2.8 million in private sector investment – a healthy 1:1.58 ratio – and are projected to create additional market transactions with a value of close to USD 3 million.

Table 2 - Intermediary headline results achieved based on MDF existing partnerships as of December 2014

MDF intermediary headline results achieved as of 31 December 2014				
	Fiji	Timor-Leste	Pakistan	Total
Active partnership	23	10	6	39
Innovations	29	16	7	52
MDF Investment (USD)	USD 972,000	USD 459,000	USD 327,000	USD 1,758,000
Private Sector Investment (USD)	USD 1,552,000	USD 946,000	USD 277,000	USD 2,775,000
Leverage ratio MDF investment to private sector investment (USD)	1:1.6	1:2.06	1:0.85	1:1.58
Value of Additional Market Transaction (USD)	USD 654,000	USD 48,000	USD 249,000	USD 951,000

Table 3 – MDF intermediary headline results as projected based on the existing partnerships as per 31 December 2014

MDF intermediary headline results <u>projected</u> based on the existing portfolio as per 31 December 2014				
	Fiji	Timor-Leste	Pakistan	Total
Active partnership	23	10	6	39
Innovations	29	16	7	52
Private Sector Investment (USD)	USD 1,552,000	USD 946,000	USD 277,000	USD 2,775,000
Value of Additional Market Transaction (USD)	USD 776,000	USD 473,000	USD 1,743,000	USD 2,992,000

Whereas MDF was able to report eighteen innovations in four sectors at the end of the 2013, by the end of 2014 this has risen to 52 innovations in eight sectors. Key innovations and reforms supported in the reporting period include: the introduction of locally manufactured agricultural inputs in Fiji, Timor-Leste and Pakistan; the establishment of new agro-processing facilities in all three countries to cover products such as dried fruits, iodised salt, rice, seafood, etc.; the development of upstream connections between farmers and agro-processing industries and embedding extension services into these relations in all these countries; the introduction of new tourism products and services in Fiji and Timor-Leste and the development of more remote tourism sites; localising the manufacturing of key components for the leather export industry in Pakistan; improved policies and regulations surrounding the export processing sector in Fiji; and many more.

Details of the partnerships and the innovations supported under each partnership can be found in the country sections. Furthermore, Annex 4 provides details of all partnerships in the form of Intervention Detail Sheets, which describe the background and purpose of each partnership, its activities, and the change steps that are likely to occur in order to create additional jobs and income.

Cumulative private sector investment has risen from USD 1.5 million at the end of 2013 to USD 2.8 million by the end of December 2014. This increase of USD 1.3 million in a single year reflects the addition of Pakistan to MDF, as well as a proportionate increase in partnerships in Fiji and Timor-Leste. These investments have been utilised to set up supply chains for a range of local raw materials, the establishment of nurseries, greenhouses and milk chillers, processing machines for cocoa, milling machines for local paddy, drying equipment for fruits, factory upgrades to international standards, food safety testing facilities, developing content to tourists (print, TV and app) etc. The willingness of private sector partners to invest indicates a genuine commitment to innovate and thus close systemic market gaps.

Finally, the value of additional market transactions is a key intermediate indicator to reflect how energetically the market reacts to a new product, service or new regulations. Whereas innovation is a key reflection of a developmental and economic need (there is a 'gap'), and investment is key reflection of local ownership (the willingness to grasp the opportunity to close that gap), an increase in the value of market transactions is a key indication that business models are working and that change is likely to last. It is also a sign that the poor have

more opportunities to sell their produce or have better access to essential production inputs and services and that that these are being used.

It is also important to keep the novel nature of the market transactions in mind. For example, for the first time a commercial nursery is selling high quality seedlings at scale to horticulture farmers in Fiji, and for the first time a commercial rice milling facility in Timor-Leste has commenced purchasing paddy from local farmers who before had no prior stable outlet for selling their surplus. This is a positive sign that the partners are getting returns on investments from new business models which are, by their very nature, inherently risky.

Over the last year, as a result of investment in innovations, MDF partners have increased the value of market transactions by an additional USD 863,000 (from USD 88,000 at the end of 2013 to USD 951,000 at the end of 2014). This is a reflection of MDF's increasing portfolio and more partnership reaching the stage where they start to influence markets. In 2014, the various partners of MDF across the three countries have sold a number of new products and services, such as high quality agricultural inputs, organic fertiliser, iodised salt, high quality local rice in Timor-Leste, local fruits and vegetables into new export and tourism markets, new handicrafts and beauty products for the Fijian tourism market, mud crabs and new chocolate products for the tourism market and exports, dried fruits to export markets; and many more.

With regard to these intermediary indicators, when comparing these actual results and projections with the initial estimations for each in Annex 3, suggests that in all three countries, MDF is on its way to meet (and perhaps beat) the expectations set initially.

In addition to showing progress against figures, it is worth comparing figures between countries, as MDF is in a unique position to work in three very different economies. The gaps in the economy are nowhere bigger than in Timor-Leste, the least developed among the MDF economies, where there is a far higher chance that MDF will be working with a small local enterprise which may thus far had limited exposure in certain markets and may not be able to access business services.

This then translates into a higher number of innovations per partnership: when a partner, for example, makes an entrance into the production of fortified food from local produce, it is likely not only to be the first one in the country to start using local produce for this purpose, but is also likely to be the first player in the country to invest in a food testing facility (e.g. for aflatoxins) and will be the first player in the country to invest in modern storage

silos. Also, if a partner wants to source local rice for sale in supermarkets, it will once again be the first player in the country to do so, and also the first one who has to invest in a more sophisticated milling machine, develop a local brand, and set up a sourcing mechanism amongst rice producers so as to ensure a steady supply. This in turn translates into high private sector investments (a lot of investment is required) and a slightly slower increase in market transactions (the most complex package of changes needs to fall in place before this is feasible). Nevertheless, launching these 'first of its kind' enterprises in new markets are essential for Timor-Leste's economic fabric.

Fiji is a more sophisticated economy, with less gaps and more saturated markets, and hence the picture is more balanced: while economic diversification does need to

be supported, and while smaller enterprises do need support to enable them to invest in new markets (e.g. Adi Chocolates, Crab Company of Fiji), there also more established partners who require less investment and more technical assistance in order to open new markets (e.g. Standard Concrete Industries, Mai Life Travel).

Pakistan offers most scope for 'traditional' market development due to the size of the economy and the presence of very mature national companies. This reflects the relatively lower levels of private sector investments, a higher need for technical assistance, and potentially a much higher value for additional market transactions. Nevertheless, in the less developed provinces, MDF will most likely need to work in ways very similar to Fiji and Timor-Leste.

Box 7 - Signs of change in Fiji

Gaya Prasad and Standard Concrete Industries

Soil acidity caused by continuous land cultivation is a big problem for farmers in Fiji, causing crop yields to decline year on year. Whereas in the past it was compulsory for sugarcane farms to neutralise the soil with crushed limestone (known as Aglime), due to the lack of knowledge about its benefits, the high import prices of imported agricultural lime, and with no local alternative, this practice stopped.

In order to address this, MDF partnered with Standard Concrete Industries (SCI), a large, local manufacturer of concrete masonry blocks. SCI already had a limestone quarry in operation to supply roadwork materials including limestone. Knowing of its potential benefit for agricultural use, the company displayed an interest in supplying Aglime to Fijian farmers. However, being in the construction industry, the company had no previous experience in agriculture, and was initially hesitant about diversifying its business into this new area. MDF began working with SCI by testing the limestone's suitability as an agricultural input, by determining the potential market demand, the machinery requirements, and a suitable business model. MDF and SCI then worked together to create awareness amongst farmers of the product and its potential benefits for their soil, produced educational materials, trained government extension workers, and assisted with the recruitment and training of Aglime field promoters (in testing farmers' soil and in providing the appropriate dosage of Aglime).

SCI launched Aglime in August 2013, and it is now available in 40kg bags and in bulk to Fijian farmers at one-third of the cost of imported products. Fijian farmers are able to access Aglime through institutional bodies such as the Fiji Sugar Corporation (FSC), the Fiji Co-operative Dairy Company Ltd (FCDCL), TeiTei Taveuni (TTT) and the Ministry of Agriculture.

Gaya Prasad, 57, of Deepwater, Suvasuva Tailevu, has been involved in dairy farming for the past ten years. He started off with eight dairy cows in 2003 and currently has a herd of 200 cattle, of which 60 are milking cows. Mr. Prasad first heard about Aglime from an extension officer employed by FCDCL, who advised him to use Aglime to improve the quality of his pasture. He then ordered 50 bags of Aglime and spread it on his existing Guatemala grass, which he uses as a supplementary feed for his cattle. Mr. Prasad explained, "In the past, my pasture was not growing well and was discoloured. Now, after using Aglime, it is growing well and is green and healthy."

Mr. Prasad's annual milk production has increased from 66,000 litres in 2013 to 84,000 litres in 2014, and he plans to produce more than 100,000 litres of milk in 2015. He stated, "I have already placed an order for another 100 bags of Aglime with FCDCL. With healthy pasture, I am sure that I will be able to achieve my target of 100,000 litres in 2015." The increased revenue from the increased milk production has allowed Mr. Prasad to upgrade his milking shed, and he also plans to improve the drainage system in the pasture field.

FCDCL has about 270 dairy farmers under its cooperative which supply milk to the local milk processing facility. According to the FCDCL CEO, Mr. Sachida Nand, about 80% of these dairy farmers have already received Aglime from FCDCL in 2014 as part of its pasture improvement programme.



Gaya Prasad busy harvesting Guatemala grass for his cattle



Universal Impact Indicators – Results and Projections until December 2014

In 2014, in all three of MDF's countries, partnerships started to yield results at the universal impact levels (additional income, additional employment and effective outreach). In other words, whereas in 2013 outreach was limited to additional employment at partner level, MDF is now seeing the results of activities in terms of farmer outreach, net additional employment and net additional income in all three of the countries within the portfolio. This is most significant in Fiji, as would naturally be expected due to the longer lifespan of the programme within the country, and the resultant maturity of partnerships there. In Timor-Leste and Pakistan, MDF is beginning to generate outreach as well. The other countries are expected to follow Fiji's results trajectory in the coming years – albeit each at a different pace. Table 4 shows the actuals achieved per 31 December 2014 for each country as well as the totals. Table 5 shows the projected value of the portfolio as per 31 December 2014.

In Fiji, out of 23 active partnerships, thirteen have started to influence markets around the poor in such a manner that 1,016 poor women and men have started to benefit from better access to products and services and additional employment opportunities: 516 women earned an additional income of USD 266,000 from additional wages and sales; 500 men earned an additional income of USD 343,000 from additional wages and sales. In total, till 31 December 2014, 57 Full Time Equivalent (FTE) jobs were created, taken up by 26 women and 31 men.

This is only a fraction of the total results expected from the current 23 active partnerships. In total, close to 10,000 poor women and men are expected to benefit from these existing partnerships in the form of 650 additional FTE jobs and more than USD 5 million in additional income. In total, MDF expects to implement 50 to 60 partnerships in Fiji by June 2017.

In Timor-Leste, five out of ten active partnerships have started to influence markets around the poor in such a

manner that 335 poor women and men have started to benefit from better access to products and services and additional employment opportunities: 79 women earned an additional income of USD 5,000 from additional sales; 256 men earned additional incomes of USD 40,000 from additional sales and wages. In total, as of 31 December 2014, 11 FTE jobs had been created.

Similarly, results in Timor-Leste represent only a fraction of the results expected from the current ten partnerships. In total, more than 1,500 poor women and men are expected to benefit from these existing partnerships in the form of 50 additional FTE jobs and close to USD 700,000 in additional income. MDF is expected to implement 20 to 30 partnerships in Timor-Leste by June 2017.

In Pakistan, three out of five active partnerships have started to influence markets around the poor in such a manner that 462 poor women and men have started to benefit from better access to products and services and additional employment opportunities: 216 women earned an additional income of USD 3,000 from additional sales; 246 men earned an additional income of USD 14,000 from additional sales and wages. In total, by 31 December 2014, 15 FTE jobs were created.

The portfolio in Pakistan grew rapidly in the first year, but again this still represents only a small portion of the total portfolio of 40 partnerships MDF aims to implement in Pakistan until June 2017. The existing five partnerships are expected to create financial benefits for more than 4,500 poor women and men by creating 560 additional FTE jobs and additional income from additional sales and wages in the order of USD 7.5 million.

In total, based on its current portfolio, MDF expects to reach more than 16,000 poor women and men, creating 1,260 additional FTE jobs and an additional income of USD 14 million.

Table 4 - MDF headline results based on existing partnerships as of December 2014

MDF headline results achieved as of 31 December 2014							
	Fiji		Timor-Leste		Pakistan		Totals
	Male	Female	Male	Female	Male	Female	Male + Female
Effective Outreach including Jobs	500	516	256	79	246	216	1812
Additional Jobs (FTE)	31	26	11	0	15	0	83
Additional Income (USD)	343,000	266,000	40,000	5,000	14,000	3,000	671,000

Table 5 - Overall MDF projected Headline results based on existing partnerships as of December 2014

MDF headline results projected based on the existing portfolio as per 31 December 2014							
	Fiji		Timor-Leste		Pakistan		Totals
	Male	Female	Male	Female	Male	Female	Male + Female
Effective Outreach	5,160	4,700	1,150	500	3,490	1,200	16,200
Additional Jobs (FTE)	470	180	30	20	510	50	1,260
Additional Income (USD)	3,164,000	2,625,000	429,000	267,000	6,764,000	792,000	14,041,000

In respect to the higher-level indicators, as was true of the intermediary headline indicators, this year's Annual Aggregation Report looks very different compared to last year's report. Last year, the first few partnerships in Fiji had started to influence markets – often after a long, complex activity phase. In 2014, MDF's portfolio has matured considerably, and as indicated above, both in terms of the existing portfolio and the future growth of the portfolio, further significant increases in results are expected in the upcoming years.

Once again, as with the intermediary indicators (and for the same economic reasons), differences between countries in terms of these high level indicators are striking. Partnerships in Pakistan require relatively less investment, influence markets around the poor faster, and create a larger outreach and hence more jobs and income for the poor than partnerships in Fiji or Timor-Leste. Markets are bigger, the opportunities are also bigger, and so are the partners. In other words, compared to Fiji, there is more 'low hanging fruit' in Pakistan. In Fiji, market saturation, and the need to restructure and work with newer companies in new markets, makes progress tough at times. The same comparison can be made with Timor-Leste, where focus needs to be placed on stimulating 'first of its kind' investment in a less than friendly business environment and without any significant support services in place. However, as mentioned, the number of bigger partners in Pakistan is limited, and more work will need to be done with smaller partners to make products and services reach further and connect regional production to domestic and export demand.

MDF measures its results in terms of the number of men and women benefitting from the interventions it undertakes with its partners, and in terms of an increase in their income from a particular activity or an increase in employment (FTE). MDF's Poverty and Gender studies in Fiji and Timor-Leste indicate that women and men make joint decisions regarding the income they receive in farming households. Furthermore, employed women also tend to have relative autonomy over their own income streams. Similar preliminary findings in Pakistan also indicate a high female involvement in on-farm activities (the upcoming Poverty and Gender study in Pakistan will

seek to explore this further). Where this is the case, MDF disaggregates the beneficiaries from its activities equally (i.e. takes 50% of the beneficiaries to be male and 50% to be female) to reflect the true dynamics of the individuals it seeks to benefit. As MDF will continue to work predominantly in agricultural markets, and with sectors where women are active (e.g. Ready Made Garments in Fiji and salt production in Timor-Leste), a high proportion of MDF's beneficiaries will continue to include women. Furthermore, with the introduction of the Women's Economic Empowerment framework across all countries, deeper issues such as impact on women's workload and decision making authority over household income should be better understood in the coming years.

MDF's pipeline of potential partnerships for future years is healthy. In Fiji, the pipeline includes investments in new Export Processing activities such as Ready-Made Garments, logistics partnerships aimed at improving inter-island connectivity, better access to finance for small firms, value addition of locally sourced seafood, an agricultural television programme to promote agricultural innovation and the establishment of extensive agricultural input distribution channels. In Timor-Leste, potential partnerships will look to attract investments in introducing cashless mobile payment transfers and payments services, the establishment of a commercial animal feed mill facility, textile manufacturing, value chain financing, and large scale promotions of the appropriate use of high quality agriculture inputs. In Pakistan, MDF's private sector partners have shown interest in investment areas involving high quality animal husbandry inputs, establishment of out-grower models in sourcing high quality beef, local production of agriculture inputs such as seeds, and investments into ancillary services for the leather export sector.

Overall, in Fiji and Pakistan, MDF is clearly on track when compared to the initial estimations made at the start in each country (see Annex 3). In Timor-Leste, estimations were developed against a higher budget than currently allocated. Partnerships are more substantial than anticipated but this may not completely offset the lesser number of partnerships to be implemented.



Conclusions: One Approach – Many Economies

MDF's story is increasingly one of how an approach, if carefully applied, can be equally relevant in different economies. MDF applies one and the same systems approach, but, as explained in Section 1, to be relevant in very different economies it needed to make some adjustments. MDF broke out of the artificial walls between systemic enterprise development, systemic market development and business reform. Furthermore, it removed the limitation of carrying only one tool in its toolkit, namely technical assistance, and instead started to use a much larger variety of tools, which include investments in factory set-up, machinery and working capital finance. Finally, it is working to redefine systemic change based on a broader set of indicators.

Equipped with this approach, MDF stimulates investment in Fiji's export processing industry to capture a niche export market, helps small enterprises develop niche products and services for tourism sector in Fiji – offsetting imports – and helps turn farming in Fiji into more of a commercial business with better access to inputs and export markets. This portfolio of investments is increasingly wrapped into a second layer of cross-sectoral investments in access to finance, access to information, better logistics and in business-enabling environment reform. A third layer is contemplated: investments in infrastructure. The overarching focus is to contribute to an acceleration of Fiji's sluggish rate of investment and growth by stimulating economic diversification into new growth markets and thus create more business opportunities for Fijian small firms and farms. When MDF commenced work in Fiji in 2011, there were doubts whether an approach that had been proven in Bangladesh (the Katalyst programme) would work in a small island economy in the Pacific. Three years later, we know that it can – provided it is applied in a sensible, innovative manner.

When MDF started to work in Timor-Leste in 2012, a similar scepticism was aired: can a market-based approach work in a post-conflict economy in which markets hardly exist and in which a post-independence oil boom has resulted in distorted prices and massive imports. Again, two years into implementation the answer is that it can, but, even more than Fiji, in Timor-Leste MDF constantly needs to reassess its approach to ensure that it does what makes sense and is feasible given the nascent capacity of the private sector, the near complete absence of support services, poor infrastructure and the risk of market distortions. However, Timor-Leste is growing fast, there are investors with capital, and there is a strong demand that can be tapped into. In Timor-Leste, MDF focuses on stimulating investments in agricultural value chains

(distribution, aggregation, processing) to connect farmers to markets and reduce imports, and on investments in 'first of its kind' industries outside agriculture to create employment, reduce imports again, and possibly stimulate exports. This is again being wrapped into a second layer of cross-sectoral investments in services, information and regulatory reform. Investments in a third layer of targeted infrastructure may be considered. In Timor-Leste, the overarching focus will be on stimulating investment in commercially sustainable undertakings to strengthen the fundamentals of trade (aggregation, transport, storage, testing and specialists) while at the same time removing key service-related, regulatory or infrastructural bottlenecks so the economic fabric strengthens and volume of domestic trade increases.

In Pakistan, finally, there were also doubts whether the violence in the country would undermine investor confidence. To an extent this is true – Pakistan underachieves in terms of growth compared to other economies with large domestic markets and cheap labour. But at the same time this means there are many opportunities ready to be captured, in that, if the required investments take place rewards are relatively quick to come and will be substantial. However, with Foreign Direct Investment less prevalent than in comparable economies, the economy and the opportunities it offers may be more than what Pakistan's large domestic companies can digest. Hence MDF's focus needs to be on working with these larger companies on extending their reach into more distant regions and towards recognising smaller farmers as clients, but also to work with smaller domestic companies to broaden the pool of entrepreneurs driving economic growth, export and innovation. Similar to Fiji and Timor-Leste, in time cross-sectoral investments will surround this core focus.

Overall, MDF has gained expertise working in very weak markets, hampered by their small size, geographical isolation, limited business activity, limited scope to develop specialised support services, and challenging business enabling environments (conflict, post-conflict, low rankings on doing business and transparency indices). MDF applies this learning as it expands to new countries, but also energetically continues to adjust its approach to different, more dynamics economies, such as potentially in Sri Lanka. As more partnerships start to include markets around the poor, and as MDF's new systemic change framework and WEE framework become fully operational, a more diverse and refined picture will emerge of how MDF stimulates systemic change and reduces poverty for both women and men in these diverse economies – a strong focus of MDF's agenda for 2015-16.

04

The Pathway to Pro-Poor Growth, Jobs and Income in Fiji



In Fiji, MDF works in three key sectors with growth potential: Horticulture and Agro-Export, Tourism and related Support Services and Industries, and Export Processing.

According to the last official estimates in Fiji, 31% of the population are classified as poor, living under FJD 6.25 per adult per day. However, a significant number of the population are living just above the poverty line. For this reason, combined with the inflationary pressures faced by the Fijian economy in recent years – the average annual inflation between 2008 and 2013 period was 4.3% – this poverty line is no longer completely accurate and FJD 12.41 per adult per day may be a more relevant benchmark for ascertaining real poverty rates in the country. Using the Progress out of Poverty Index (PPI) that MDF recently assisted in developing for Fiji, MDF has found that an estimated 64% of the target beneficiaries that MDF is working with are likely to fall below the FJD 12.41 poverty line, thus making a significant proportion of the portfolio highly pro-poor, and emphasising the significance of working in the chosen sectors.

In Fiji, MDF works in three key sectors with growth potential: Horticulture and Agro-Export, Tourism and related Support Services and Industries, and Export Processing. Agriculture in Fiji is characterised by small

and largely saturated domestic markets, limited access to potentially much more rewarding export markets, limited access to and variety in agricultural inputs, and limited access to information on good agricultural practices and agricultural innovation. Horticulture and Agro-Export offer opportunities to turn farming into a more rewarding business, more specialised and returning higher yields, if access to markets, inputs and information is improved. Beyond traditional export crops, which have strong government influence, private sector driven mechanisms need development. For example, the partnerships with Standard Concrete Industries (Aglime), KK Hardware (import of more seed varieties), Labasa Farm Depo (local seed distribution and mini-packs), Devesh and Bharos Farms (seedlings), Maqere Exports and South Pacific Elixirs (private extension services), CDP and Herbex (logistics, sourcing) and Ben's Trading Ltd, Onyx Pacific and SPE (opening up new export markets) all address some of the systemic changes that are required to unlock the growth potential of Horticulture and Agro-Export, with corresponding benefits to a large number of farmers.

In Tourism and Related Support Services and Industries, the growth potential lies in a wide range of products and service for tourists and for the hospitality sector, that are currently imported at a high cost, or are simply unavailable in Fiji. The 'brick and mortar' investments in resorts are there, but support services and industries are still catching up. MDF supports Fijian SMEs to enter these markets, thus reducing imports, making the Fijian tourism experience more unique and authentic, and stimulating tourists to stay longer and spend more. The range of products and services needed is long and varied from supplying fresh or frozen foodstuffs to hotels (vegetables, fruits, fish, crab, chocolate); to beauty products made from local ingredients, locally made handicrafts, cultural shows, walking trails, home stays; to a mobile app to access more 'off the beaten track' travel information All these SMEs

employ local personnel and all tourism expenditure on local products and services has a multiplier effect on the local economy.

In 2014, MDF Fiji expanded into a third sector, Export Processing, with the aim of helping this sector increase its competitiveness, capture niche exports, and in the process create employment for the urban poor, particularly poor women. Work in this sector will focus on opening up new pathways for a wide range of products and services, such as Ready Made Garments (RMG), business process outsourcing, etc. For example, in its first partnership in this sector, MDF supports the Fiji Exports Council to create a more inclusive duty suspension scheme, which should give a boost to the whole Fijian export sector.

Box 8 - Signs of change in Fiji

Luke Koroisave and South Pacific Elixirs

South Pacific Elixirs Pty Ltd (SPE) is a Fiji based company that produces the anti-anxiety dietary supplement Taki Mai. The 88ml Taki Mai shot, which contains extracts from locally grown kava plants, comes in a variety of flavours, and is targeted at niche markets in the United States and Asia, as well as Fiji's growing tourism market.

MDF partnered with SPE to assist with the setting up of a Hazard Analysis and Critical Control Points (HACCP) certified processing facility, enabling SPE to significantly expand its production to a commercial scale and to comply with international standards. It also assisted SPE in strengthening its backward linkages through the provision of training to farmers on growing techniques and on disease prevention, through the supply of seedlings to farmers from the SPE nursery, and by purchasing kava directly at the farm gate (saving the farmers' transportation costs). Since the completion and launch of the facility in July 2014, SPE has increased its kava sourcing from farmers.

Luke Koroisave, 60, from Toki village, is one such farmer who has benefited from this growth. For Luke, who supports a family of four, Kava farming is his primary income source. He farms on communal village land about one mile away from his village. He has around 5,000 kava plants in the ground, which he would normally harvest at three to four years of age, to sell to middlemen in the local market.



Luke and Meraia Koroisave at their family residence in Toki village, Ovalau

required for SPE. He has also shared the benefits of selling to SPE with several other neighboring kava growers in his village, and these farmers have also shown an interest in supplying kava to SPE in the future.

Luke began to supply SPE in 2014 after being contacted by SPE's farmer relationship manager. Luke explains, "At my age, I find selling to SPE very convenient because I don't have to process and dry the kava, which can take one to two weeks depending on the weather. When selling to SPE, I can sell it immediately after harvesting, which is very useful when there are family emergencies or other urgent expenses." Luke also saves on transportation. "SPE picks up the kava from my home, which saves me the expense of transporting the kava to middlemen in Levuka town, which costs me about FJD20 for each trip," he explains.

Kava plants are generally harvested at three to five years of age, which means the plants are exposed to a greater risk of natural disasters and theft (which is an increasing problem on the island). SPE purchases kava plants at two years of age, which means quicker turnovers for farmers and less risk of exposure.

Since selling to SPE, Luke says that he has more time to grow other crops like dalo (taro) and vegetables for his household use, as well as for sale in the local market. This means additional income for his household once he harvests. Luke intends to further expand his kava farm on an additional piece of land closer to the village, which will grow the three varieties of kava plants required for SPE.



SPE founder Zane Yoshida at an outgrower farm in Lovoni village, Ovalau

As previously noted, partnerships in Fiji are complex, often requiring a lot of time and resources to support the growth of the enterprise before broader market

issues can be addressed. This is especially true for smaller enterprises in non-traditional sectors of the economy, and yet it is exactly these sectors that MDF believes will

be the drivers of future economic growth in Fiji. Such new sectors necessitate new products, new business models, and new entrepreneurs. However, despite the heavy initial investments in time and resources, these partnerships will pay dividends in the form of jobs and incomes in the near future.

For instance, as mentioned, MDF supports Devesh and Bharos Farms (DBF) to become Fiji's largest nursery for the commercial supply of seedlings to farmers. This has several benefits: it reduces the risk of crop failure at farm level; it also is a mechanism through which exports can stimulate the cultivation of in-demand export crops among farmers. To make this venture successful however several rounds of investment are required, in the physical infrastructure (the green house, trays, etc.), in business

management (by appointing a book keeper) and in making the use of seedlings popular amongst farmers. Thus, the relevance of this partnership is indeed systemic: it supports the cultivation of new crops, it supports exports, it helps farmers become more professional and commercial in their orientation – but it all starts with building a greenhouse more or less from scratch.

To complement the diverse range of development initiatives in Fiji, many of which are working in similar sectors, MDF continues to maintain regular contact with key development stakeholders to ensure that synergies are observed, such as: Pacific Horticultural and Agricultural Market Access (PHAMA); Australian Centre for International Agriculture Research (ACIAR); and Increasing Agriculture Commodity Trade (IACT).

Business Innovation and Regulatory Reform to Unlock Pathways to Systemic Changes in Fiji

By 31 December, MDF Fiji currently had 23 active partnerships, ten in Horticulture and Agro-Export, twelve in Tourism and Related Support Services and Industries, and one in Export Processing. These partnerships contain 29 innovations. Table 6 below describes these innovative

partnerships and shows in which areas they work to contribute to systemic changes to unlock pro-poor growth potential in a sector. More details about each partnership can be found in the Intervention Detail sheets in Annex 4.

Table 6 - MDF partnerships, innovations and their relation to pro-poor growth potential and systemic change

Pro-Poor Growth Potential and Systemic Changes Required	Partnerships and Innovations
Fiji – Horticulture and Agro-Export	
<ul style="list-style-type: none"> ▪ Pro-poor growth potential 1: There is demand for Fijian products and produce in the ethnic markets in Australia, New Zealand and America as well as globally; the 'Fiji brand' is associated with natural, unspoiled and healthy products (e.g., Fiji Water, Pure Fiji). ▪ Pro-poor benefits if markets work better: Farmers can diversify into more profitable crops, produce larger volumes for sale at higher prices. Farmers can develop a more commercial orientation. ▪ Systemic changes required: Exporters work more closely with farmers providing access to inputs and/or extension service to ensure supply of required quality and quantity of agro produce in a timely manner. 	<ul style="list-style-type: none"> ▪ With MDF support Maqere Exporters Limited, a horticulture exporter based in northern corridor of the main island, has hired a technical field agent who provides extension support to farmers. Impact assessments indicate that the process is working and farmers are benefitting. ▪ Based on the studies MDF conducted in the field, where a disconnect was found between the partner and the farmer, MDF renegotiated its agreement with SPE, an innovative exporter of Kava infused drinks, to include a farmer relationship officer that can provide extension support. He is expected to start in January 2015. ▪ In December 2014, MDF signed an agreement with Herbex, an exporter of noni products, based in the west of Fiji, to help them increase their reach to more suppliers of noni and to introduce packaging so as to reduce post-harvest loss. Noni is wildly grown, and poor villagers, mostly women, pick the fruit and supply them to Herbex. ▪ The work with Ben's Trading progressed very slowly, largely because of the partner's focus on the construction of its facility and obtaining HACCP compliance. In December, the company received HACCP compliance and is now working with MDF to hire a business manager to help it manage its expansion better. ▪ MDF also reached an agreement with Onyx Pacific Ltd to help them become one of the first commercial exporters of fresh and vacuum packed pineapple from Fiji. Unfortunately, in November 2014, a fire broke out and caused substantial damage to the company's property. Based on an insurance investigation, it is likely to resume operations in the first quarter of 2015.

<ul style="list-style-type: none"> ▪ Pro-poor growth potential 2: Limited access to affordable agricultural inputs limits the choice of crops, lowers farm yields and, ultimately, reduces revenues; there is potential to serve farmers better, especially if inputs can be bundled with demand (e.g., from exporters, the Fiji Sugar Corporation). ▪ Pro-poor benefits if markets works better: Farmers can grow more crops in a more productive and profitable manner. ▪ Systemic changes required: Agro Input providers expand their reach and/or diversify their product base to better serve the interests of small farmers in Fiji in a commercial manner. 	<ul style="list-style-type: none"> ▪ Standard Concrete Industries: With the initial support of MDF, Standard Concrete launched its Aglime product in 2013. In 2014, MDF support was more directed to the sales of Aglime, which have increased substantially; to date, they have sold over 20,000 bags, reaching to date over 1,500 farmers. ▪ Devesh and Bharos Farms: With the establishment of a nursery created with MDF support, Devesh has managed to increase his production of horticulture seedlings. Through a combination of institutional sales and direct orders, Devesh sold over 160,000 seedlings last year to more than 130 farmers. ▪ In the dry seed area, MDF has reached an agreement with an input retailer based in Vanua Levu, Labasa Farm Depo, to help increase their distribution outreach to poor, remote farmers. The inputs will be sold in mini packs to make them more affordable. ▪ To ensure that seed supply is more consistent throughout the whole year, and to introduce different varieties of seed in Fiji, MDF is supporting KK's Hardware, a retailer with branches across the country, to become Fiji's second commercial seed importer and distributor.
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MDF has also reached an agreement with Fiji's oldest and largest Logistic house, **CDP Ltd**, to help them explore the feasibility of setting up a novel commercial barge operation to help transport produce and goods within Fiji more efficiently. Once set up, it will bring down the cost of transportation substantially and will help exporters' source a greater volume of agro produce from different islands in Fiji.

Fiji – Tourism and Related Supply Industries and Services

<ul style="list-style-type: none"> ▪ Pro-poor growth potential 1: Visitor numbers would increase and travel outside of the main resorts concentrated in the West of Fiji is made more accessible and cheaper and if there is more information on where to go and what to do. ▪ Pro-poor benefits if markets works better: More tourists, traveling to less visited places, will stimulate local employment and sales in areas with few economic alternatives. ▪ Systemic changes required: Investments in information, services and transportation links that make it easier and cheaper for tourists to travel to and within Fiji; the marketing of Fiji should be less resort-centric; more competition should be allowed in the transport sector. 	<ul style="list-style-type: none"> ▪ MDF is supporting Pacific Destinations to upgrade and create new community-based tourist experiences throughout Fiji. Six community sites have been identified and more are expected to be identified in early 2015 in Vanua Levu. ▪ With Mai Life MDF is planning to provide information on the diversity of the Fiji Tourism experience using multiple channel formats (TV, print, online). The new magazine, Mai Travel, has already been launched and the same contents are being used in the Fiji Airways Inflight Magazine, which is also being undertaken by the same company. The online app and television show is expected to be launched in the first half of 2015.
<ul style="list-style-type: none"> ▪ Pro-poor growth potential 2: Visitors spend more and may stay longer if there would be more activities for tourists to do and more 'unique' Fijian products to buy. ▪ Pro-poor benefits if markets work better: Visitors staying longer and spending more, on more locally provided/produced activities and products will stimulate local employment and sales, also in areas with few economic alternatives. ▪ Systemic changes required: New entrepreneurs start up in niche markets and can compete on price and quality with imports; Fiji-made products are sufficiently distinguishable from imports. 	<ul style="list-style-type: none"> ▪ MDF is supporting the expansion of Adi Chocolates production to assist it in coming in line with HACCP guideline and in sourcing local cocoa; Adi is currently selling to resorts and tourists. In 2014, Adi has sold around FJD 300,000 worth of chocolates. Currently the sales are driven by sales to resort, but the growth potential lies in tourist retailing. The company has already started working in this area. Impact studies indicate that over 50 farmers have benefited from better prices by supplying to Adi. ▪ Namana Arts and Coconut Kids are small enterprises that serve a tourist niche with their product line. With Namana, a handicraft retailer, MDF is supporting its expansion with new products and skills; a business plan has been developed and, based on this, MDF will support its promotion and sourcing of handicraft products. With Coconut Kids, MDF is helping expand its production and promotion of its tourist driven products, including toy dolls and dresses. ▪ MDF is supporting the expansion of Talanoa Treks and Wildfire Entertainment Group, both innovative service providers aimed at providing tourists with a more Fijian-based experience. With Talanoa Treks, MDF is supporting them to work more with local communities and on the promotion of their trekking service. With Wildfire, MDF is working to help promote their Fijian cultural experience show to more cruise ship tourists. ▪ With MDF support, Essence of Fiji has recently expanded their operations, whereby they unified all their services under one roof, i.e. spa, beauty school, and retailing of their skin care product. The new facility was launched in December. They have also been able improve their sourcing of raw materials from the outer islands from poor village ladies as a result of MDF support.

- **Pro-poor growth potential 3:** Food is a major 'cost centre' in resorts; currently a portion of the food consumed in resorts (and restaurants) is imported, whereas this could be produced locally. There is scope to increase local supply by streamlining supply, increase quality, improve sorting, increase semi-processing, and start production of niche products.
- **Pro-poor benefits if markets work better:** The consumption of locally produced foods in resorts and restaurants will stimulate local employment and sales; farmers can diversify and produce larger volumes at higher prices and develop a more commercial orientation.
- **Systemic changes required:** New entrepreneurs start up in niche markets; wholesalers acquire the skill and scale to supply as per the demand from resorts and restaurants and are able to influence local supply to meet this demand; resorts adopt payment procedures more suitable for small suppliers; international chefs in resorts are more aware of local food options and alternatives and 'Pacific cuisine'.

- MDF is helping **Farmboy** establish an industrial HACCP ready kitchen to process horticultural produce for the tourism sector in Fiji. Bureaucracy has long delayed Farmboy in getting the necessary permits to construct his facility. However, by late December 2014, all hurdles had been crossed and construction is set to be complete by the second quarter of 2015. In anticipation, Farmboy has already increased sourcing of horticultural produce.
- With MDF support, **Crab Company of Fiji** has shown that commercial mud crab farming works in Fiji; their biggest clientele is the hospitality sector of Fiji. In the past year they sold 7.4 tonnes of crabs to 16 resorts and hotels, in comparison with 5 tonnes in 2013. With MDF support, they have also started work on a pilot outgrower initiative with the Serua coastal village communities.
- **Tripeak Farms** was plagued by financial difficulties, but with the customised financial support provided by MDF they have been able to overcome these problems and begin their nursery and outgrower programme. As of December 2014, ten outgrowers from neighbouring villages have been identified who would supply hydroponically grown vegetables to Tripeak Farms in order to aggregate them and sell them to resorts and hotels.
- **Southern Solutions** is a newly established company that provides premium fish cuts to the hotels and resorts. MDF is supporting the business in hiring a fishing agent and in modernising its processing facility to help increase its volumes.

MDF is also investigating the scope to work with Fiji Museum, an online booking agency and cruise ship market expansion. Based on the discussion and willingness of these organisations, these would translate to partnership in 2015.



Private Sector Investment Leveraged (USD)

Based on the two successfully completed partnerships and 23 active partnerships, MDF has been able to leverage USD 1,552,000 from its own investment of USD 972,000. This represents an increase of USD 300,000 from last year (USD 1,252,000) and a leverage ratio of 1:1.6. The increase in private sector investment over the last year implies support and commitment by MDF partners on the types of innovations and business models introduced into the chosen sectors. Furthermore, this figure acts as an endorsement of the areas of the economy, which MDF sees to be the key drivers of future growth.



Value of Additional Market Transactions (USD)

The value of additional market transactions represents sales or purchases as a result of the new products and services or new ways of doing business that were stimulated by MDF. This year the value stood at USD 654,000, up from USD 88,000 in 2013. The significantly larger value of market transaction suggests a robust response of the market actors to the new products and services available in the sectors through MDF partnerships. The higher figure also implies that a large number of potential beneficiaries are using new and improved products and services currently which will help them derive economic benefits in the near future.



Effective Outreach

To date, MDF has effective outreach of 1,016 poor women and men. This number represents the front to a larger wave of effective outreach, which will be measured and reported for 2015. The large number of beneficiaries currently using new products and services and awaiting economic benefits to be registered at the end of the current business cycle confirms this.

MDF's existing partnerships in Fiji are projected to have an impact on 9,860 small farms and firms. The majority of these beneficiaries will be rural households with benefits reaching up to 4,700 women. While most partnerships are in the activity phase, 2014 showed strong signs of conformation of MDF partnerships to adhering to the pathway to results.

Net Additional Employment

The benefits of MDF's partnerships are not just limited to small farmers. By the end of 2014, MDF and its partners will have helped to create 57 Full-Time Equivalent (FTE) jobs, which have resulted from partner expansion as well as greater intensification of farming by farmers. As partnerships mature, the net additional employment will increase. Current projections for employment, based on existing partnerships, stands at 650 jobs (FTE), which is well in line with achieving the target of 1,100 by June 2017.

Net Additional Income (USD)

Income is being created through additional employment and increased incomes from self-employment or farming activities. So far, MDF has created USD 609,000 in additional income through farmers benefitting and employment being created. Furthermore, MDF projects it will generate USD 5,789,000 in additional income for small farms, firms and employees with its current portfolio. This value is expected to grow as more beneficiaries see the benefits of using new products and services during the current business cycle. Like all the other indicators, this value is also expected to increase as MDF's portfolio grows.

Women Economic Empowerment in Fiji

Through its portfolio of partnerships, MDF aims to increase income and jobs for both men and women in Fiji. To enable it to do so properly, MDF pro-actively looks for opportunities where growth prospects lie and where there is potential to benefit poor women.

In the tourism sector, MDF is working with Namana Arts to build the capacity of ten poor women in creating better quality handicrafts for sale to tourists. Similarly, under Essence of Fiji (EOF), women from the outer Islands have been trained on how to produce better quality virgin coconut oil and seaweed powder, both essential for manufacturing EOF products. Within EOF, employment has also been generated for female workers. The story is also promising in the horticulture sector. The Poverty and Gender Study for MDF Fiji suggests that women are represented in large numbers within the facilities of exporters. Additionally, any economic benefits derived from greater farm level productivity yields benefits equally to men and women. Thus, MDF's work in improving the yields of farms through the promotion of Aglime is having a significant impact on the economic empowerment of

women as a consequence of the increased productivity of farms.

Over the last year, MDF Fiji has also started working on a third sector, Export Processing. Initial research suggests that there is high potential to address urban poverty and employment amongst women in this sector. Some of the key partnerships being explored in this sector are Ready Made Garments. Some of these areas will be converted into partnerships and are expected to lead to the economic empowerment of women in the urban areas of Fiji.

To help MDF Fiji understand and capture its impact on poor women, MDF continues to invest in studying and learning how gender works in country. To aid in this, Fiji has conducted a Full Time Equivalent (FTE) study analysing the impact of farm level intensification on the creation of jobs for women and men. Additionally, MDF is developing a Women's Economic Empowerment Framework in line with international best practice in the field of gender and market development which will help guide and capture key gender impacts within the project's activities.

Other Private and Public Sector Contributions

Following the success of the national elections in September 2014, as expected the development landscape is likely to become increasingly active in the coming years. Within this scenario, MDF does its best to ensure that there is no duplication of development efforts and that synergies are maximised. To this end, MDF maintains close contact with development partners, including relevant ministries of the government, i.e. the Ministry of Agriculture and the Ministry of Trade, Industry and Tourism. MDF acknowledges that other development partners also contributed to achieving the results presented in this report. Table 7 provides a detailed listing of all development organisations, including the private sector partners involved with MDF.

Table 7 - Other private and public sector contributions in Fiji

Type of Organisation	Organisation Name	Contribution
Private Sector Partners	Adi Chocolates	Cost-sharing in partnership activities
	Ben's Trading Ltd	Cost-sharing in partnership activities
	Crab Company of Fiji	Cost-sharing in partnership activities
	Devesh and Bharros Farms	Cost-sharing in partnership activities
	Farmboy	Cost-sharing in partnership activities
	Labasa Farm Depo	Cost-sharing in partnership activities
	Cover Stories Ltd	Cost-sharing in partnership activities
	Pacific Destinations	Cost-sharing in partnership activities
	South Pacific Elixirs	Cost-sharing in partnership activities
	Standard Concrete Industries	Cost-sharing in partnership activities
	Tripeak Farms	Cost-sharing in partnership activities
	Maqere Exports	Cost-sharing in partnership activities
	Onyx Pacific Limited	Cost-sharing in partnership activities
	KK's Hardware	Cost-sharing in partnership activities
	Herbex	Cost-sharing in partnership activities
	Courier Document Parcels	Cost-sharing in partnership activities
	Namana Arts	Cost-sharing in partnership activities
	Coconut Kids	Cost-sharing in partnership activities
	Walks and Trails	Cost-sharing in partnership activities
	Essence of Fiji	Cost-sharing in partnership activities
	Wildfire Entertainment Group	Cost-sharing in partnership activities
	Fiji Hotel and Tourism Association	Cost-sharing in partnership activities
	Southern Solutions	Cost-sharing in partnership activities
	Fiji Exports Council	Cost-sharing in partnership activities
Fijian Government Organisations	Ministry of Primary Industries (Ministry of Agriculture)	Implementing a cocoa rehabilitation programme; and contributing to exporter upgrades for achieving HACCP certification.
	Ministry of Trade, Industry and Tourism (National Export Strategy)	
Other Donors or Donor-Funded Programmes	Increasing Agricultural Commodity Trade (IACT)	Contributing to upgrades for achieving HACCP certification in select partners, in addition to contributing to the HACCP certification process; has also contributed to marketing activities with select partners.
	Pacific Agribusiness Research for Development Initiative (PARDI)	Contributed through operational studies/consultancies to improve operations for select partners.
	Pacific Horticultural and Agricultural Market Access (PHAMA)	Contributing to upgrades for achieving HACCP certification in select partners, in addition to contributing to the HACCP certification process.
	International Trade Centre (ITC)	Contributing to upgrades for achieving HACCP certification in select partners.



Lessons Learned

The lack of economic diversification, lack of alternative employment opportunities outside of declining traditional crops and business models, and the limited inclusiveness in economic activities remain the key development challenges for Fiji. In addressing these challenges, the market systems approach in Fiji is highly relevant; results seen this year meet expectations of development outcomes for MDF. There is somewhat of a lag that exists between implementation of activities and results. This lag is exacerbated by the presence of a difficult business environment and emergent private sector partners.

The results in 2014 clearly suggest that once the activities are completed, higher level results (additional market transactions, additional jobs and income) will be more easily achieved and will be close to projected values. In order to complete activities and help capacitate private sector partners, MDF needs to continue with intensive business development support to partners. To achieve resilience and sustainability within the chosen sectors for MDF in Fiji, MDF will also deepen its focus on second tier constraints (access to SME finance and transportation/logistics), which cut across all sectors and partners.

05

The Pathway to Pro-Poor Growth, Jobs and Income in Timor-Leste



In Timor-Leste, MDF works in two broad key sectors: Agribusiness, Processing and Rural Distribution and Greenfield Industries (Construction, Manufacturing and Tourism)

Nearly two-thirds of the population in Timor-Leste lives in rural areas, where poverty is most concentrated (with a rural poverty rate of 60% compared to the national rate of 41% according to the national poverty line). Of the remaining 40% of the rural population, most are clustered near the basic needs poverty line. This suggests that the vast majority of the rural population in Timor-Leste is either below the poverty line, or vulnerable to slipping back into poverty due to shocks, trends or seasonality.

A Poverty and Gender study completed in 2014 by MDF Timor-Leste provided a deeper understanding of poverty and vulnerability in the country, as well as potential pathways out of poverty. The study found that households with diversified farm related and non-farm related incomes are most likely to fall above the basic needs poverty line. In other words, increased income opportunities through more intensive farming, better connection to markets, and a more continuous flow of income through the year all contribute to improving the chances of getting out of poverty.

These outcomes are in the support of MDF's strategy to work in Timor-Leste in two broad key sectors: Agribusiness, Processing and Rural Distribution and Greenfield Industries. Agribusiness, Processing and Rural Distribution focuses on increasing the volume of local agricultural products in domestic markets through better market access and value addition. Greenfield Industries (encompassing Construction, Manufacturing, and Tourism) focuses on 'first of their kind' investments in order to diversify Timor-Leste's economy.

Both sectors are essential in establishing the foundations of domestic trade, improved connectivity between market players, economic diversification, and alternative options for jobs and income outside of agriculture. They are also highly pro-poor, with the potential to generate significant employment and income for a large number of low-income households. The work of MDF Timor-Leste thus remains focused on removing bottlenecks and creating building blocks for more domestic trade, the diversification of products, services and employment

opportunities outside of agriculture, and on efforts to address the trade imbalance by encouraging more local manufacturing and value addition.

The majority of the rural population is involved in Agribusiness, Processing and Rural Distribution as farmers and labourers. Key reasons for the prevalence of poverty in this sector include: limited access to markets; lack of access and use of inputs and cultivation information; absence of specialised agribusiness service providers (aggregators, transporters, food safety testers, storage providers); and an unfriendly business environment which makes domestic agribusiness opportunities unattractive.

Within the non-agricultural Greenfields Industries (Construction, Manufacturing and Tourism), poverty is propagated by a lack of diversification of non-agricultural products and services, the high risks associated with investment, the absence of business development support services, the dearth of necessary skills in the workforce, and poor marketing efforts and infrastructure around tourism sites.

In 2014, MDF Timor-Leste continued to work with partners on a wide range of innovations in order to address these constraints effectively. Within Agribusiness, Processing and Rural Distribution, MDF is working with FarmPro to enable horticulture farmers in Ermera to obtain access to high quality inputs and connections to end markets, helping them to increase their incomes through higher surplus sales. Through its partnership with Timor Global, MDF is helping to establish the first commercial food-testing laboratory in the country, thus enabling safe sourcing of local grains from local farmers.

Within Greenfield Industries, MDF will continue to work with smaller companies interested in setting up manufacturing and value addition facilities using local raw materials and labour. This will lead to a wide variety of locally manufactured products and services that can compete against imports while contributing to the

creation of alternative employment opportunities. For example, MDF has partnered with NPM Industries in the past year to locally manufacture iodised salt from local raw salt. This will be able to compete with imported salt in terms of quality and price, create jobs in the factory, as well as provide a consistent avenue for local suppliers to sell their produce and thus provide a steady income stream.

Implementation will continue to be challenging in Timor-Leste, with an emerging business environment where stakeholders are new in their roles and lacking necessary skills and confidence. This environment remains wanting of key support services such as credit and business development advisory services. The existing enterprises are risk averse or prone to targeting public sector contracts. New enterprises start with a basic understanding of business management, which translates into inefficient business models that are susceptible to failure in the early days. MDF fills the niche of providing business development services and is working 'one company at a time' to establish strategic market players along the path to getting the markets working more efficiently. Establishing and strengthening these key enterprises in each of the MDF market systems is essential for the rest of the market systems to work efficiently and effectively.

Implementation needs to take into account the presence of a very dominant public sector and the numerous development programmes in the country. In order to maximise synergies, MDF in Timor-Leste works closely with other development organisations such as Seeds of Life 3 (SOL3), Rural Water Supply and Sanitation Programme (BESIK) and United Nations Development Programme (UNDP). MDF has also ramped up its communication with the Ministry of Commerce Industry and Environment (MCIE), Secretariat for the Promotion of Private Sector (SEAPRI) and Ministry of Agriculture and Fisheries (MAF).



Box 9 - Signs of change in Timor-Leste

Victor Casal de Sousa and Acelda

Victor Casal de Sousa is a rice farmer in the Laleia sub-district of Manatuto who has been farming since 1985. From the one hectare land that he owns, he can harvest approximately 800 kg of rice each year, the majority of which is consumed by his family, while the rest is either kept for events and social obligations, or is given away to extended family members and neighbours. Very little is sold. Until last year, in absence of a regular buyer, Victor did not have any incentive to improve cultivation practices in terms of better input use.

Victor Casal de Sousa broadly represents the situation in Timor-Leste, where farmers struggle to find markets for their produce, and where transportation to markets is expensive and time consuming. Furthermore, despite consumers' preference for local rice, the absence of a functioning value chain, and the inability of businesses to connect demand and supply through investments in processing and packaging for eventual sale in the local market, is resulting in lost opportunities for rice farmers.

To address this, MDF supported Acelda II Unipessoal Lda, a local agribusiness company, to connect rural supply to urban demand. MDF supported Acelda by developing a paddy sourcing plan and establishing a rice milling facility in Baucau. Upon installation of the facility in September 2014, Acelda has sourced approximately 35MT of rice from over 90 farmers.

With the presence of Acelda, Victor was able to sell 100 kg of rice, the proceeds of which were used for his children's education. In addition to the opportunity to sell to a regular buyer, Victor also saves on the money to mill paddy, the cost of transportation and time spent in the market for sale. Victor explains, "I want to continue to sell to Acelda in the years to come, as Acelda buys paddy from my farm gate. If Acelda had not come, I would not be able to sell my rice, and I would not have been able to buy my children the supplies they need for their schooling."



Victor Casal de Sousa standing next to his hand tractor at his farm in Manatuto



Business Innovation and Regulatory Reform to Unlock Pathways to Systemic Changes in Timor-Leste

MDF's partnerships are designed to stimulate innovations, investments and regulatory reforms with an aim to create additional jobs and income. By December 2014, MDF partners have invested in 16 new innovations across key areas of the Agribusiness, Processing and Rural Distribution and Greenfield Industries (Construction, Manufacturing and Tourism). Detailed information on the types of innovations that are being introduced in Timor-Leste is provided below.

Table 8 describes these innovate partnerships and shows the areas in which they work to contribute to systemic changes to unlock pro-poor growth potential in a sector. More details about each partnership can be found in the Intervention Detail sheets in Annex 4.

Agribusiness, Processing and Rural Distribution

Acelda Unipessoal Lda, Cadoras Unipessoal Lda, Timor Global, Farm Pro

Four partnerships are **improving supply chain management of large-scale traders and processors**. Innovations introduced in this area are: use of cool trucks to source vegetables; buying agents to strengthen procurement from the farmers; establishing specialised storage solutions for quality grains; use of automated inventory management software (FarmForce software) to support management of smallholder farmers.

Acelda Unipessoal Lda, Cadoras Unipessoal Lda, Farm Pro

Three partnerships are supporting agribusiness companies to **establish private extension services and conduct promotional campaigns**. Innovations introduced in this area are: provision of embedded services related to cultivation and input use; supply of inputs on credit; and targeted marketing campaign and branding of locally processed rice.

Acelda Unipessoal Lda, Cadoras Unipessoal Lda, Farm Pro

Two partnerships are working with local processor and input company to **improve/introduce processing and manufacturing capacity through improved technical capacity of the local staff**. Examples of innovations in this area are: introduction of high quality processing of milled rice and improved production of organic fertiliser in the local market.

Timor Global

One partnership is working with a local agribusiness company to **introduce and establish a food-safety testing laboratory in Timor-Leste**. This partnership will enable a large food product manufacturer to test locally sourced maize for contamination and ensure quality and food safety for the final produced product.

Greenfield Industries

Balibo House Trust, Pousada Alecrim

Two partnerships are **improving tourist infrastructure and quality of services in the districts**. One is establishing a hotel at the newly renovated fort in Balibo, while another is upgrading a hotel to comfortably accommodate visitors to Mount Ramelau. Both of these partnerships will also improve the quality of services, as well as room and board options, for tourists in those locations. This will provide a base for tourists to stay longer in the districts and explore other areas, creating more off-farm income and employment opportunities for the local communities.

Balibo House Trust, Industria Timoli, NPM Industries

Three partnerships are **improving skills and capacity of local staff in the tourism and manufacturing industry**.

Key innovations in the area are: increasing capacity of hotel staff to international hospitality standard; increasing the capacity of the production plant staff involved in virgin coconut oil production and salt processing and manufacturing.

Table 8 - MDF Timor-Leste partnerships and interventions and their contribution to pro-poor growth and systemic change

Pro-Poor Growth Potential and Systemic Changes Required	Partnerships and Innovations
Timor-Leste – Agribusiness, Processing and Rural Distribution	
<ul style="list-style-type: none"> ▪ Pro-poor growth potential 1: There is a demand for food items in Dili, which is currently being met through imports because local supply chains are underdeveloped; farmers can supply more to local markets if they are able to avail the services provided by aggregators such as wholesalers and if more traders are able to purchase directly from the farm gate. ▪ Pro-poor benefits if markets work better: Farmers can produce larger volumes and sell at higher prices; farmers can develop a more commercial orientation. ▪ Systemic changes required: Wholesalers acquire the skill and scale to source, store and process local produce and influence local supply to meet urban demand. 	<ul style="list-style-type: none"> ▪ Acelda is the first company to locally source, process and market rice as per supermarket standards. Thus far the company has purchased paddy from 93 farmers in Baucau and Manatuto districts thus providing a stable alternative avenue for sales and helping them move away from the uncertainties of an erratic government buy-back program. ▪ Timor Global will be the first company in Timor-Leste to invest in a food safety testing facility allowing them to safely source local grains for processing. ▪ FarmPro is the first company to introduce a micro-franchise model for buying back produce from horticulture farmers. By using the model, FarmPro has already sourced vegetables from 20 farmers in Ermera district and is gearing up to significantly increase its outreach in the coming year.
<ul style="list-style-type: none"> ▪ Pro-poor growth potential 2: Greater productivity at the farm level to supply against a growing demand for local products. ▪ Pro-poor benefits if markets work better: Farmers can improve farm level productivity thus maximising the benefits derived from the resources at hand. ▪ Systemic changes required: Farmers invest in better quality inputs to respond to greater commercialisation; service providers introduce a wider variety of quality inputs into the markets. Public and private sector stakeholders acknowledge their roles and responsibilities on the way to developing a sustainable commercial agribusiness sector. 	<ul style="list-style-type: none"> ▪ FarmPro is the first company to utilise a micro-franchise model to sell a wide range of quality inputs to horticulture farmers alongside providing cultivation information as an embedded service. So far, 20 farmers in the Ermera area have purchased inputs spanning seeds and pesticides to micro-irrigation to assist in their commercial farms. ▪ H3R will be the first company in Timor-Leste to locally manufacture compost using organic waste. This will be the first instance of a commercial producer of a critical agricultural input in the country and hence a big step towards a more commercial agricultural sector. ▪ Seeds of Life 3 and MDF are working with the largest agriculture programme in Timor-Leste to assist MAF in implementing the National Seed Policy.
MDF is also exploring potential partnerships with specialised agriculture input shops, animal feed manufacturers, and horticulture wholesalers. It is anticipated that these discussions translate to partnerships in 2015.	
Pro-Poor Growth Potential and Systemic Changes Required	Partnerships and Innovations
Timor-Leste – Greenfield Industries (Tourism and Manufacturing):	
<ul style="list-style-type: none"> ▪ Pro-poor growth potential 1: More visitors travel to Timor-Leste and stay longer and spend more. ▪ Pro-poor benefits if markets work better: Visitors staying longer and spending more will stimulate local employment and sales, also in areas with few economic alternatives. ▪ Systemic changes required: Investments in sufficiently comfortable places to stay combined with sufficient information on what to do; marketing of attractive travel packages abroad. 	<ul style="list-style-type: none"> ▪ The Balibo House Trust has invested in a hotel and museum within an old Portuguese fort, as well as in activities around the fort/hotel. The facilities are ready to be launched, leading to local job creation. ▪ Posada Alecrim has developed the amenities at its hotel and will develop walking tours around Mount Ramelau.

- **Pro-poor growth potential 2:** Establishment of local manufacturing producing diversified products and services.
- **Pro-poor benefits if markets work better:** Poor members of the community have access to alternative non-agriculture jobs; poor households have access to markets for lesser-known raw materials thus more income earning opportunities.
- **Systemic changes required:** National and international investors (start to) invest (more) to cater to domestic demand.

- **NPM Industries** will be the first large scale commercial manufacturer of iodised salt in Timor-Leste. Once operationalised, this will impact significantly on substituting imported salt with local options as well as addressing health issues related to iodine deficiency in the country.



Private Sector investment leveraged (USD)

Private sector investment leveraged shows the amount of money invested or to be invested by partners in these innovations. Investments are made on a cost-sharing basis with MDF. In Timor-Leste, MDF has leveraged USD 946,000 from the private sector. This development is in line with what MDF considers to be an increasingly active private sector in Timor-Leste, exhibiting willingness of private sector actors to invest in innovations if provided with the right incentives and assistance. Furthermore, given the historically low contributions of private sector investment towards the GDP, this amount signifies a more confident private sector, aware of its role in the overall picture of Timor-Leste's economic growth. It is expected that, as MDF expands further with more partners, private sector investment leveraged will continue to grow.



Value of Additional Market Transactions (USD)

The value of additional market transactions shows how much business transactions (purchases and sales) are increasing as a result of MDF's partnerships, representing increased economic activity in the horticulture and tourism sectors. 2014 is the first year where partnerships in Timor-Leste are exhibiting additional market transactions. So far, three MDF partnerships in country have shown additional market transactions of USD 48,000. Overall, additional market transactions are set to increase significantly, as most of the portfolio contributes to transactions with market stakeholders in 2015.



Effective Outreach

The current portfolio of 10 interventions of MDF in Timor-Leste is projected to have an impact on 1,650 beneficiaries. This includes rural households and workers, primarily in the districts. The majority of the projected effective outreach is expected to come from Agribusiness, Processing Rural Distribution partnerships. However, although the Greenfield Industries partnerships are not projected to contribute to effective outreach at similar levels, they are significant because they create non-agriculture income opportunities in rural areas. As of December 2014, 335 people benefitted from the interventions undertaken by MDF with its partners, including 256 men and 79 women. These partnerships have provided an additional income of USD 45,000. As more partnerships conclude their activity stages, this number will grow significantly.



Net Additional Employment

MDF expects to generate 50 new jobs (FTE) from its current portfolio of 10 partnerships across the two sectors. This employment primarily comes from processing and tourism, which is a key part of MDF's strategy in developing off-farm income opportunities. These employment opportunities are especially important as they imply more stable incomes to rural households through off-farm opportunities. In agriculture, employment creation is possible to a limited extent via an increase in the cultivation area or intensity. However, due to the high cost of labour in Timor-Leste, this may not always be realised. MDF will explore the area of job creation on farms in the coming year. Thus far, MDF and partners have helped create 11 FTE jobs that resulted from partner expansion and investment in infrastructure.

Net Additional Income

MDF's current portfolio is projected to generate USD 696,000 in additional income created through additional employment and increased income from self-employment or farming activities. This value will increase as MDF's portfolio grows. Currently, a small number of partnerships have matured to yield an additional income of USD 45,000. This value will grow significantly as most partnerships in the portfolio complete activities and make products and services available for uptake by beneficiaries.

It is also important to mention that this additional income was received by households in rural Timor-Leste, which, up until now, have received limited exposure to commercial buyers. This offers a potentially stable, long-term benefit for vulnerable households. Box 10 shows some early signs of results in Timor-Leste.

Box 10 - Early signs of impact in Timor-Leste

Early signs of impact in Timor-Leste

FarmPro Unipessoal Lda: FarmPro is a local vegetable wholesaler and agriculture input supplier based in Ermera district. So far, FarmPro has worked with 20 farmers in the Gleno area of Ermera district, selling inputs and providing cultivation information. In turn, FarmPro has purchased nearly three MTs of vegetables for sales to Dili markets. This has led to an additional income increase of USD 4,689 for these farmers.

NPM Industries: NPM Industries has established Timor-Leste's first commercial facility for manufacturing iodised salt using locally sourced raw salt from Timorese salt farmers and collectors. This intervention will enable regular sales of raw salt to a large-scale commercial processor. By 2014, NPM industries had procured 600 MT of salt from 200 salt farmers and collectors in Baucau, of which 20% are women. Such sales have led to an additional income of USD 12,000 for these beneficiaries.

Women Economic Empowerment in Timor-Leste

MDF Timor-Leste's recent Poverty and Gender study provided an update of women's views today and the opportunities currently open to them. While secondary sources and conventional wisdom presents a rather bleak picture for women in Timor-Leste, the findings of this report suggested that rural households function as an economic unit, money from productive activities is pooled, and whereby much of the financial decision making is undertaken jointly by the male and female heads of the household. This implies that both male and female members of the household share any benefit in terms of additional incomes or jobs.

This does not mean that women do not have specific challenges related to their roles and responsibilities, particularly in terms of the household workload, but by sensibly applying a Women's Economic Empowerment

framework, MDF can create advances for economically, reduce their workload, and promote their position within the household and the economy. For example, by purchasing paddy directly from the farm gate, women farmers no longer have to travel the long distance (often an hour each way) to local markets to sell their produce, and no longer have to spend time milling their rice, thus reducing their overall workload. Furthermore, NPM Industries is now providing female labourers with paid employment involved in the salt packaging process. The Balibo House Trust is also providing female workers with FTE employment within the tourism and hospitality industry. MDF will continue to pursue opportunities to enhance women's economic empowerment in Timor-Leste, such as potential within the food processing and textile sectors.

Other Private and Public Sector Contributions

MDF acknowledges the contribution of other publicly funded programmes and private organisations to its activities and to achieving its universal impact indicators in Timor-Leste. Other public or private organisations can contribute to an activity, which leads to the impacts that MDF projects or reports, or can implement separate activities, which can also contribute to these same impacts.

Table 9 lists the organisations that have contributed either directly to partnership activities or have other ongoing activities, which may contribute to achieving the impacts presented in this report.

Table 9 - Other private and public sector contributions in Timor-Leste

Type of Organisation	Organisation Name	Contribution
Private Sector Partners	Acelda Unipessoal Lda.	Cost-sharing in partnership activities
	Cadoras Unipessoal Lda.	Cost-sharing in partnership activities
	Timor Global Lda.	Cost-sharing in partnership activities
	Kmanek Trading Lda.	Cost-sharing in partnership activities
	FarmPro Unipessoal Lda.	Cost-sharing in partnership activities
	H3R Unipessoal Lda.	Cost-sharing in partnership activities
	Balibo House Trust	Cost-sharing in partnership activities
	Posada Alecrim Namrau	Cost-sharing in partnership activities
	Industry Timoli	Cost-sharing in partnership activities
	NPM Industries	Cost-sharing in partnership activities
Timor-Leste Government Organisations	Ministry of Public Works (MPW)	Implementing the National Sanitation Policy (NSP) aiding in the involvement of private sector partners in water and sanitation markets
Other Donors or Donor-Funded Programmes	Seeds of Life 3	Collaborating with Ministry of Agriculture and Fisheries (MAF) on formulating and implanting the National Seed Policy through the National Seed Council (NSC). Additionally SOL 3 is the only seed varietal development and introduction programme in country thus working on providing improved crop seeds to the market in Timor-Leste.
	Rural Water Supply and Sanitation Programme (BESIK)	Working with National Directorate of Water and Sanitation (DNSB) and MPW on raising awareness about improved sanitation and water resource management.
	Increasing Agriculture Commodity Trade (IACT)	Supporting Industry Timoli in purchasing heat press VCO extraction units

Lessons Learned

MDF Timor-Leste continues to come up against an emergent and challenging operating environment. There are a limited number of partners to leverage and relatively high barriers to entry within the chosen sectors. This is caused by an intense competition from imports, high costs of doing business, as well as a lack of support services such as finance or management advisory services. As a result of such barriers, implementation of the portfolio in Timor-Leste has been slower than expected.

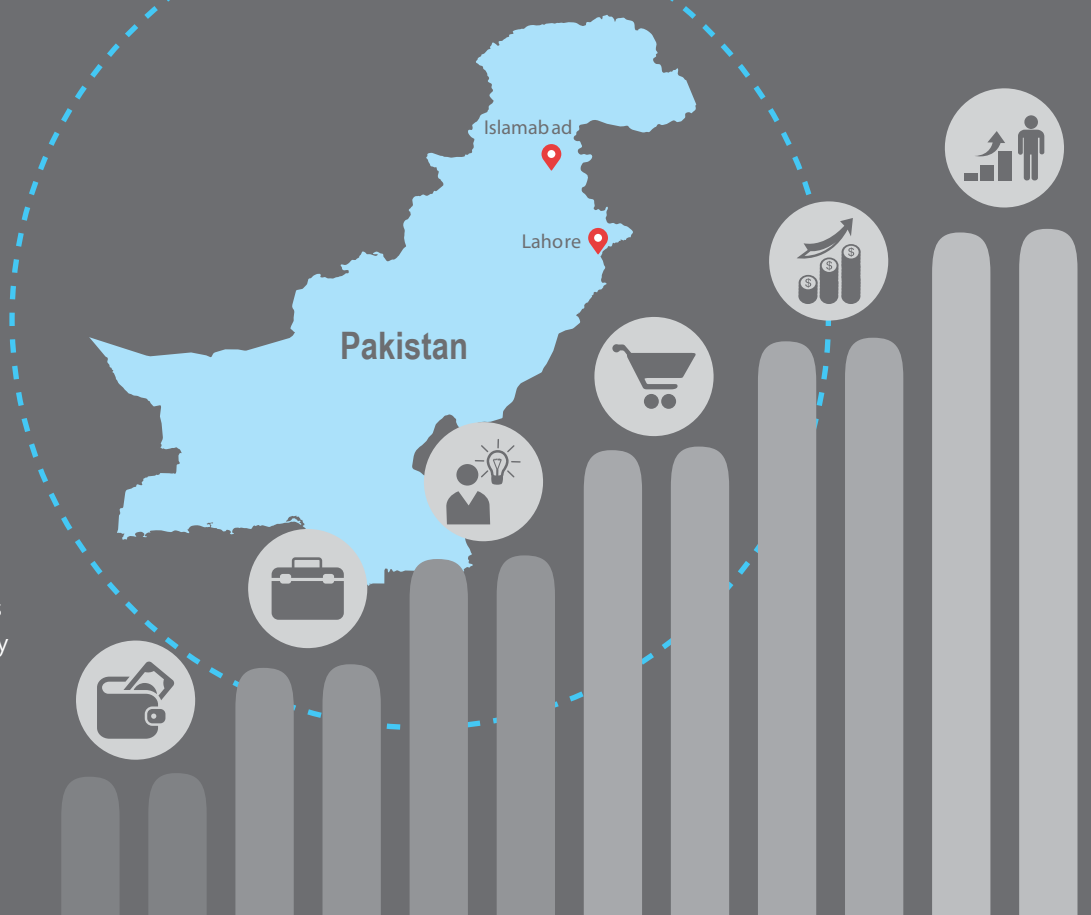
To tackle these challenges, the market systems approach remains an effective vehicle for change; MDF's partners continue to invest in new innovations, products and services, highlighting their responsiveness to the need for diversification and commercialisation. The additional

market transactions now seen across the partnerships are indicative of this responsiveness. Potential partners are showing an increasing interest in novel business models, despite the perceived high risk. This is due to MDF's presence as one of the only business development service providers in country.

MDF needs to continue its intensive support of partners, as the gradual increase in their capacity and willingness to invest in more and more novel business models is crucial for stimulating diversified and sustained economic growth. Although slower than desired, these change steps will pave the way for future entrepreneurs to elevate the current economy to more sophisticated and productive levels.

06

The Pathway to Pro-Poor Growth, Jobs and Income in Pakistan



MDF works in two agricultural sub-sectors – Horticulture and Dairy and Meat, and one manufacturing sector – Leather.

Of the estimated 193.2 million people in Pakistan, an estimated 60% live below USD 2 per day and 21% live below the extreme poverty line of USD 1.25 per day. Poverty is considerably higher and more focused in the rural areas. Despite the dominance of small farmers within agriculture, large landowners own most of the land; an estimated 80% of farmers are categorised as small, owning less than five acres of land, or no land at all.

Pakistan experienced a growth rate of 4% over the period of 2009-13, considerably less than comparable economies such as China, Bangladesh and India. Pakistan attracts less Foreign Direct Investment compared to these economies, and invests a hefty share of government revenue in security measures and in servicing its international debt. In turn, this has resulted in less investment in critical utilities and public services such as electricity, roads, ports, education, etc. The country has a negative trade balance, largely due to its heavy dependence on energy imports and limited exports. Cotton and textiles are currently its largest exports, making up 28% of the export bill.

However, this 'underachievement' represents a huge untapped potential – there are numerous opportunities ready to be captured should necessary investments be provided at a sufficient level and over a suitable timeframe. For example, rural markets require more access to production inputs, avenues to offload their produce, and thus maximise the value of the surplus that they produce. Similarly, local manufacturing initiatives need to become competitive in order to cater to domestic markets, to realise export opportunities, and to reduce the country's reliance on one or two export products.

Following initial scoping work, MDF has elected to work in two agricultural sub-sectors and one manufacturing sector in Pakistan, namely Horticulture, Dairy and Meat, and Leather. Horticulture, covering a wide geographical area across the country, makes up 12% of Pakistan's agricultural sector. Farmers are attracted to the short growing cycles, which allow for multiple harvests and multiple income earning opportunities. Furthermore, despite being labour intensive, labour costs are relatively inexpensive, and thus

the benefits outweigh the costs. There is also significant involvement of women in the sector. Yet there remains unmet potential in horticulture to supply to growing domestic markets and to export; tapping into this unmet demand would result in additional income for large numbers of smallholder farmers.

Livestock accounts for 55.4% of total agricultural value, contributing to approximately 11.9% of the country's GDP in 2014, and encompassing approximately 100 million animals; 35-40 million rural households in Pakistan depend on the dairy and meat sector. As livestock also contributes to downstream sectors such as leather, a large number of urban poor are also involved as workers in the domestic leather industry. Similar to horticulture, the meat and dairy sector is dominated by smallholder farmers, with more than 75% of livestock farmers owning one to four animals. Aside from providing meat and milk for household consumption, livestock is seen as a way of improving financial security in times of crop failure.

MDF has divided its livestock work into two sectors: Dairy and Meat, and Leather. Dairy and Meat has a high potential to supply a growing domestic market and export market; there are a large number of smallholder farmers involved at the production level, thus any improvement in the volumes and quality of supply of dairy and meat products to buyers will translate to higher incomes for these farmers. This also holds true for women, as the involvement of women is substantial in this area. Lastly, working in this sector allows MDF to capitalise on the increasingly prominent involvement of the formal private sector actors in the value chain.

Leather is a downstream sector to livestock. MDF help the sector to tap into the demand for finished leather goods in export markets. As private sector players in leather expand, they will provide additional employment to a larger number of poor urban workers, many of whom are women. Finally, Meat and Dairy and Leather are relevant to Pakistan's economic growth priorities.

Business Innovation and Regulatory Reform to Unlock Pathways to Systemic Changes in Pakistan

The latest country to join MDF, Pakistan commenced operations in 2013. There are currently six partnerships being implemented under the three sectors, with many more partnerships close to initiation. The three partnerships in the Horticulture sector cover work on: improving access to inputs and information for Kinnow (mandarin) farmers; connecting fruit farmers to dried export markets; and connecting chili farmers to lucrative export markets. Within the dairy sector, a partnership with a large dairy processor is focussing on establishing infrastructure and extension services to improve the quantity and quality of milk sourced from local farmers. Lastly, work in the leather sector is targeting the manufacturing of shoe last, a critical component in increasing the competitiveness of the Pakistani leather shoe industry. Apart from these partnerships, MDF Pakistan has signed two Memorandums of Understanding (MoUs) with Nestlé and Pioneer Pakistan Seed Limited.

The MoU with Nestlé will allow MDF to leverage their annual demand for fruit pulp and identify and develop suitable local pulp processing companies and local farmers in meeting the international standards required to meet this sizeable demand. Similarly, collaborating with Pioneer Pakistan Seed Limited will be relevant for working with local silage producers to supply quality silage, a critical component to increasing dairy productivity, to small dairy farmers across Pakistan.

Detailed information on the types of innovations that are being introduced in Pakistan is provided immediately below. Table 10 below further describes these innovative partnerships and shows in which areas they work to contribute to systemic changes to unlock pro-poor potential in a sector. For more information on these partnerships, see the Intervention Detail Sheets in Annex 4.

Horticulture

National Foods, Organo Botanica

Two partnerships are working with local companies to **locally source and commercially process and package high-quality local food for the domestic and export markets**. These partnerships will address the sourcing and processing high quality fruits for the organic dried fruits and organic fruit pulp export market. One of these partnerships will also seek to address the issue of controlling aflatoxin infestation which is constraining increased exports of dried chili. These partnerships will give local farmers a reliable and consistent market to sell their surplus, increasing incomes. Additionally, increased capacity of the partners would lead to creation of additional jobs at processing sites, particularly for women.

Ali Akbar Group

One partnership is working with a local input supplier in providing quality inputs and cultivation information to producers in order to improve yields and increase quality of harvested produce. This partnership will seek to intervene directly at the farm level to increase the access and availability of quality agriculture inputs which will have a direct positive impact on yields, thus incomes derived from additional sales. Embedding cultivation information alongside sale of inputs would ensure that inputs are used appropriately and cultivation is of high quality, thus helping farmers in accessing higher priced markets as a result of high quality production.

Dairy and Meat

Shakaraganj Food Products Limited

One partnership is working on **establishing improved infrastructure to aid local sourcing** of milk for processing. Through this partnership the service provider will improve the quality of services through provision of information and inputs as well as create an enhanced capacity to source large quantities of milk from remote areas to input into the dairy supply chain. As a result of this partnership, dairy farmers will be able to sell larger quantities of quality milk at premium prices, thus earning additional income. Through the establishment of the sourcing infrastructure, additional jobs will be created on site.

Leather

Intra Systek

One partnership is working with a local manufacturer to produce Pakistan's first locally manufactured shoe last. The local manufacturing of key industry inputs will improve the competitiveness of the Pakistan leather industry by enabling a quick turnaround of accurate shoe lasts and samples which will in turn allow the shoe industry to take on more orders meant for the export market. Through this partnership additional jobs will be created in the MDF partner's facilities as well as for downstream shoe manufacturers as they expand their operations to manufacture and supply more high quality shoes for the export market.

Table 10 - MDF's partnerships, innovations and their relation to pro-poor growth and systemic change

Pro-Poor Growth Potential and Systemic Changes Required	Partnerships and Innovations
Pakistan – Horticulture	
<ul style="list-style-type: none">▪ Pro-poor growth potential 1: There is potential to connect farmers/production in various agro-climatic zones with processors, to help processors meet market standards, and to increase their capacity to sell more in growing markets.▪ Pro-poor benefits if markets work better: Farmers can sell higher volumes and/or sell at higher prices.▪ Systemic changes required: Processors increase their outreach in areas of excess production, influence local supply by investments in extension services, and supply chain management to help farmers improve their practices.	<ul style="list-style-type: none">▪ National Foods sought MDF's assistance in establishing upstream linkages with chili farmers in Sindh with the aim of improving their yields and drying practices. This will allow the company to procure increased volumes of aflatoxin-controlled chili to serve the export market. Geo-textile sheets provide farmers with the requisite technology to dry chili according to international standards, and an extension worker assists with improving farmer practices/yields.▪ Organo Botanica is a relatively new and small company operating in Gilgit Baltistan. The company sells dried fruit. It partnered with MDF to acquire organic certification so as to be able to access this niche product market. MDF also helped the company to procure machinery needed to increase its capacity to process higher volumes of dried apricots and cherries (among other products) for the international market.

<ul style="list-style-type: none"> ▪ Pro-poor growth potential 2: With limited access to quality agricultural inputs and lack of knowledge on efficient farming practices, farmers can be served better if these are made available. ▪ Pro-poor benefits if markets works better: Farmers can grow their crops in a more productive and profitable manner. ▪ Systemic changes required: Small farmers have access to quality agricultural inputs; those who source produce from small farmers also provide them with information on better farming practices; input companies not only target large farmers, but also target small farmers; products are bundled with information. 	<ul style="list-style-type: none"> ▪ Ali Akbar Group, an agriculture inputs provider, has partnered with MDF to reach out to small farmers through a number of customised outreach activities (i.e. model farms, distribution of brochures, call centres, bundling usage information with product sales) in Bhalwa in order to improve growing practices and yields of small farmers in Kinnow.
MDF is also exploring potential partnerships with other companies currently working or interested in diversifying into input markets (such as seed, micronutrients, etc.), as well as processed fruit sales (pulp, dried and fresh fruits). It is anticipated that these discussions will be translated into partnerships in 2015.	
Pro-Poor Growth Potential and Systemic Changes Required	Partnerships and Innovations
Pakistan – Dairy and Meat	
<ul style="list-style-type: none"> ▪ Pro-poor growth potential 1: There is potential to connect dairy farmers with processors, help processors meet market standards, and increase their capacity to sell more in growing markets. ▪ Pro-poor benefits if markets work better: Dairy farmers can sell higher volumes and/or sell at higher prices. ▪ Systemic changes required: Processors purchase more from a larger area utilising improved supply chain management; support services provide essential products, information and financial services; farmers produce higher quality produce and are able to sell it for a premium price. 	<ul style="list-style-type: none"> ▪ Shakarganj sells products under a variety of dairy milk brands. It partnered with MDF to set up cooling tanks and roll out extension services in rural parts of South Punjab. The cooling tanks will allow the company to source more milk from these locations to serve the growing processed milk market. The extension arm will improve husbandry and medical practices for farmers in order to enhance animal milk yields.
MDF is also exploring potential partnerships with specialised agriculture input shops, animal feed manufacturers, and horticulture wholesalers. It is anticipated that these discussions will translate into partnerships in 2015.	
Pro-Poor Growth Potential and Systemic Changes Required	Partnerships and Innovations
Pakistan – Leather	
<ul style="list-style-type: none"> ▪ Pro-poor growth potential 1: The lack of domestic technology, ancillary and components industry for leather goods manufacturing results in low export competitiveness. There is potential to establish and expand the locally available technology, ancillaries and components industry required to serve the manufacturing sector. ▪ Pro-poor benefits if markets works better: Jobs are created in the support industry as well as in the leather footwear manufacturers. ▪ Systemic changes required: The local industry is able to provide high quality inputs (such as shoe last, moulds, reach testing) to the leather footwear manufacturing industry in a consistent, cost effective and timely manner. 	<ul style="list-style-type: none"> ▪ Intra Systek has partnered with MDF to localise the production of shoe last in the country, which is a key component in the production of leather shoes. MDF's support in helping Intra Systek to procure the machinery it requires will help the company to localise production of shoe last samples and thus its manufacturing processes. The partner will sell the shoe last to footwear manufacturers, reducing their cost and response time to serve orders to exporters. In turn, this will increase the volume of orders, creating jobs at both Intra Systek and its product buyers.
MDF is also exploring potential partnerships with ancillary services to the core shoe manufacturing industry, such as other shoe mould manufacturers and testing of leather quality. Focused on localising support services to the Pakistan shoe manufacturing industry including the localisation of leather testing for compliance suitable for exports.	



Private Sector Investment Leveraged (USD)

Private sector investment leveraged shows the amount of money invested or to be invested by partners in these innovations. Investments are made on a cost-sharing basis with MDF. In Pakistan, MDF has leveraged USD 277,000 from the private sector. The high levels of investment suggest commitment to the innovations and business models introduced by the partnerships. Additionally, this investment also shows support from local companies on MDF's strategy to deepen rural markets and improve performance at the domestic and export market fronts. MDF has itself invested USD 327,000 to leverage this investment. As MDF continues to develop new partnerships, private sector investment leveraged will continue to grow.

Value of Additional Market Transactions (USD)

The value of additional market transactions shows how much business transactions (purchases and sales) are increasing as a result of MDF's partnership, representing increased economic activity in the horticulture, meat and dairy, and leather sectors. It could represent sales or purchases as a result of the new products and services or new ways of doing business that were stimulated by MDF. In the first year of implementation, the partnerships in Pakistan have already yielded significant additional market transactions of USD 249,000. This is highly suggestive of significant uptake, by beneficiaries, of the innovative products and services introduced by MDF and partners. The robust response also highlights the high demand that exists in the market place for these products and services that bridge critical growth gaps.

Effective Outreach

In 2014, the early partnerships in MDF Pakistan have resulted in economic benefits for 462 individuals (246 men and 216 women). As other partnerships in the portfolio mature, and the portfolio itself increases, the value of effective outreach will increase. So far, MDF's six existing partnerships in Pakistan are projected to have an impact on 4,690 beneficiaries.

Net Additional Employment

MDF Pakistan's earliest partnerships have created fifteen new FTE jobs. Overall, the current portfolio of MDF expects to generate 560 new jobs from its six active partnerships, across the three sectors. These new employment opportunities would be both rural and urban in nature, and would be realised as MDF partners expand their reach into more rural markets as well as targeting fulfilling an increasing export demand.

Net Additional Income

Income will be created through additional employment and increased incomes from self-employment or farming activities. In the last year, MDF's partnerships have generated net additional income of USD 17,000. It is noted that these economic benefits are the results of preliminary responses of the market to MDF partnerships. As more partnerships mature to the highest levels (sector and poverty reduction), the volume of net additional income will also increase. Given MDF's current portfolio in Pakistan, MDF expects to generate USD 7,556,000 in additional income.

Women Economic Empowerment in Pakistan

The sectors MDF Pakistan is currently working in are by their nature highly relevant for large numbers of poor women within the country, with women engaged in agriculture across the country. Their presence can be felt in a range of areas in Horticulture such as sowing, planting, picking, sorting and grading, storing and working in cottage industries. Women also play a significant role in livestock management and are involved in activities such as fodder cutting, fodder chopping, watering and feeding animals, cleaning of sheds and making dung cakes. Significant numbers of women are

involved in the leather sector at different points along the value chain, particularly in the manufacturing of leather goods at the stitching stage.

MDF will conduct a Poverty and Gender study in Pakistan in the first half of 2015. Similar to the studies undertaken in Fiji and Timor-Leste, the purpose of this study is to further assess: who is poor and why, within a sector; the mechanisms, choices and strategies they use to move out of poverty; and what prevents this from happening. Within the chosen sectors, MDF's study will focus on

gathering information and insights into how people earn income, the decisions they make regarding income and expenditure, and it will draw conclusions on why these households are poor and what the potential pathways to move out of poverty are. With this information, MDF will evaluate its sector growth strategies and, if necessary, revise or enhance them by identifying specific opportunities to address the constraints that are keeping rural families from progressing out of poverty.

In addition, the study will analyse gender roles and controls so that MDF's strategy and impacts can better reach both men and women. MDF will assess the different roles of men and women in rural households and urban

areas and the current level of women's involvement in farming and other income earning activities. It will also identify the challenges they face in increasing economic empowerment, as well as other cultural and social limitations. The study will identify potential opportunities to enhance the economic empowerment of women in the sectors where MDF works which will be incorporated into MDF's sector growth strategies.

MDF will also collect gender-disaggregated data on its effective outreach to target beneficiaries as well as the additional income and employment opportunities generated through its interventions.

Other Private and Public Sector Contributions

MDF also acknowledges the contribution of other publicly funded programmes and private organisations to its activities and to achieving its universal impact indicators in Pakistan. Other public or private organisations can contribute to an activity that leads to the impacts that MDF projects or reports, or can implement separate

activities which can also contribute to these same impacts.

Table 11 lists the organisations that have contributed either directly to partnership activities or have other ongoing activities which may contribute to achieving the results presented in this report.

Table 11 - Other private and public sector contributions in Pakistan

Type of Organisation	Organisation Name	Contribution
Private Sector Partners	Shakarganj	Cost-sharing in partnership activities
	National Foods	Cost-sharing in partnership activities
	Organo Botanica	Cost-sharing in partnership activities
	Mountain Fruits	Cost-sharing in partnership activities
	Ali Akbar Group	Cost-sharing in partnership activities
	Intra Systek	Cost-sharing in partnership activities

Lessons Learned

MDF was able to utilise its experience in developing sector assessment methodologies and results measurement systems in its other facilities when setting up operations in Pakistan. This greatly enabled a smooth and efficient transition from the initial scoping stages onto the signing and implementation of initial partnerships.

Given that this is the first wave of partnerships that MDF has undertaken in the country, the quick responsiveness time of partners has indicated a readiness of private sector

players to expand their place in the market. The capacity of these partners to implement the new activities has also been strong. Considering the nature of the market system in Pakistan, there will be a relatively larger number of private sector partners for MDF to work with, and thus MDF will work to select the most suitable partners in terms of their ability to introduce innovations and reach a wider beneficiary base.

Table 12 - MDF's communications, engagements and synergies in 2014

MDF Communications in 2014	Facility-Wide	Fiji	Timor-Leste	Pakistan
<p>Communications:</p> <p>MDF has developed the following communications materials.</p>	<p>MDF Website:</p> <p>11,120 unique visits for 2014, of which 64.6% were new visitors and remaining 35.4% were returning visitors. MDF's website, which is currently undergoing a revamp, contains information for the public on its approach, partnerships, results and publically available sector and country specific research.</p> <p>MDF Monthly Updates:</p> <p>Regular monthly updates on implementation and management, circulated to Post and Country Advisory Groups..</p> <p>MDF Six-monthly Newsletter:</p> <p>Bi-annual editions published in March and September; with a special edition covering the Australian Foreign Minister's visit to Fiji in November 2014. Number of recipients increased from 213 (2013) to 309 (2014) around the world.</p>	<ul style="list-style-type: none"> ▪ Strategy Summary: One and five page summary on MDF's strategy in Fiji were updated. ▪ Press and Public relations: Four media releases issued which were published in five local media outlets (combined). 	<ul style="list-style-type: none"> ▪ Strategy Summary: A one and five page summary on MDF's strategy in Timor-Leste for all stakeholders. ▪ Press and Public relations: One media release issued and published in three major platforms. 	<ul style="list-style-type: none"> ▪ Strategy Summary: A one page summary on MDF's strategy in Pakistan for all stakeholders. ▪ Sector Assessment Reports and Strategies: ▪ Sector Assessment Reports and Strategies were finalised and are awaiting final editing. ▪ Briefing Note: MDF Briefing Note for the Post and the Government of Pakistan.

MDF Communications in 2014	Facility-Wide	Fiji	Timor-Leste	Pakistan
<p>Networking and Presence:</p> <p>MDF has actively participated in or presented at the following industry and development community events. MDF is regularly engaged in country-level industry meetings and events. That exhaustive list is not included here, as that is a part of day-to-day implementation. The events highlighted here include those related to the broader development community; or opportunities where MDF has presented its work and its approach to a wider group of stakeholders.</p>	<p>DCED Forum: Selected MDF staff participated in DCED forum in Bangkok, Thailand, March 2014.</p> <p>DCED Webinar: DCED in partnership with MDF, organised the first introductory webinar on the result measurement standards. Over 50 people from different organisations joined the webinar, September 2014.</p>	<ul style="list-style-type: none"> ▪ Presentation to NZ Aid on their scoping mission work in Fiji's agriculture sector, January 2014. ▪ Participation in the Child Care Policy at the Australian High Commission, organised by DFAT, February 2014. ▪ HACCP consultation training, organised by International Trade Centre (ITC), February, 2014. ▪ Evaluation Capacity Building Programme – Key Concepts Partner workshop at the Australian High Commission, organised by DFAT, March 2014. ▪ Discussions with the International Finance Cooperation (IFC) of the World Bank on MDF's role in the tourism sector, organised by the Australian High Commission, March 2014. ▪ Value Chain workshop organised by the Secretariat of the Pacific Community (SPC), June 2014. ▪ Participation in the Fiji Country Diagnostic Study co-hosted by Asian Development Bank (ADB) and the Ministry of Finance, July 2014. ▪ Participation in the team leader meeting at Australian High Commission, July 2014. ▪ Presentation to the G20 Representative at Australian High Commission on the role of MDF, August 2014. ▪ Inception workshop organised by the International Union for Conservation of Nature (IUCN) and Secretariat of the Pacific Community (SPC). The workshop focused on improving livelihoods of rural communities within Fiji by increasing economic benefits from Fiji's Kai fishery by addressing food safety issues, August 2014. ▪ Presentation to horticulture exporters and other stakeholders in a workshop organised by Investment Fiji, October 2014. 	<ul style="list-style-type: none"> ▪ Participation in the DFAT gender workshop to discuss progress in implementing the Gender Action Plan April and November 2014. ▪ Presentation to the Australian Ambassador to Timor-Leste on the overview on MDF's activities and to discuss potential areas of work, May 2014. ▪ Participation in the Private Sector Roundtable Discussion organised by USAID, March and August 2014. ▪ Participation in a Pre-Feasibility Study on the intensification of rice-based farming system, organised by DFAT, May 2014. ▪ Participation in the Leadership Group Policy meeting organised by DFAT to discuss the role of MDF and private sector development, June 2014. ▪ Participation at a presentation on the value chain analysis of selected Agro-Biodiversity products of Timor-Leste, conducted by the Ministry of Agriculture and Fisheries, June 2014. ▪ Discussion held with the First Assistant Secretary of DFAT on agriculture, economic growth and private sector development issues, July 2014. ▪ Participation in the Rural Development Briefing at DFAT to discuss the outcome of the Rural Development Concept Mission on the design of a new programme following completion of the Seeds of Life programme, August 2014. ▪ Workshop at DFAT with existing private sector partners of MDF-TL to discuss the current status, constraints and potential opportunities for private sector growth in Timor-Leste, August 2014. 	<ul style="list-style-type: none"> ▪ A presentation was made to the Australian High Commissioner and his team on the MDF programme and progress in November 2014. ▪ MDF participated in a full day workshop by Engro on Sustainability Exchange in November 2014. ▪ MDF met with the Horticulture Department of Peshawar University to understand the research they are undertaking and explore potential connections with commercial entities in September 2014. ▪ Met with Sarhad Rural Support Programme to discuss potential areas of collaboration for horticulture sector in September 2014. ▪ Met with Agriculture Department officials in Mingora, Swat District to understand their work and potential policy areas where MDF could work with Government to improve sector's efficiency in September 2014. ▪ Met with International Finance Corporation to understand how they work and explore potential areas of collaboration in September 2014. ▪ Met with Pakistan Agricultural Research Council to find out about activities related to livestock in October 2014.

MDF Communications in 2014	Facility-Wide	Fiji	Timor-Leste	Pakistan
		<ul style="list-style-type: none"> ▪ Presentation to the Ministry of Fisheries on the role of MDF and seafood processing sector, November 2014. ▪ Presentation to the Australian Foreign Affairs Minister and Fiji's Minister of Trade, Industry and Tourism during MDF's exhibition of its activities and partners, November 2014. 	<ul style="list-style-type: none"> ▪ Discussion with the Chief Executive Officer of ANZ-Timor-Leste to discuss potential opportunities around ICT, mobile banking and other innovative financial products in the country, August 2014. ▪ Participation in the Private Sector Development Initiative Workshop organised by the Asian Development Bank (ADB), September 2014. ▪ Participation in the first Carpentry Workshop organised by GIZ, September 2014. ▪ Discussions with the State Secretary for the Promotion of Private Sector (SEAPRI) on areas of collaboration to share information on private sector investment opportunities, October 2014. ▪ Presentation on the progress of MDF in Timor-Leste at a workshop organised by the DFAT Governance for Development team, October 2014. ▪ Seminar on Paddy Pilot Demonstration Results at the Ministry of Agriculture and Fisheries (MAF), November 2014. ▪ Workshop on "2014 Survey of Travellers to Timor-Leste" organised by The Asia Foundation, November 2014. 	<ul style="list-style-type: none"> ▪ Met with Competition Commission of Pakistan to find out about their policies relating to dairy and meat sector in October 2014. ▪ Met with Livestock Wing of the Ministry for National Food Security and Research to find out about their policies and activities of its subsidiary organisations such as the Livestock and Dairy Development Board and Pakistan Dairy Development Corporation in October 2014. ▪ Met with Water Management Department of Punjab Government to identify areas where water issues for farmers could be improved in October 2014. ▪ Met with Irrigation and Agriculture Department of Sindh Government to explore potential areas of collaboration in November 2014.
Development Partnerships and Synergies: MDF has developed partnerships and synergies with other development programmes	MDF develops synergies and partnerships with other development programmes on a country-level.	<ul style="list-style-type: none"> ▪ MDF was consulted by IFAD, as they are contemplating a project in partnership with the Government based on market development principles. ▪ Similarly MDF also took part of the ACIAR-PARDI mid-term review providing its opinion of complementarities between the two programmes. 	<ul style="list-style-type: none"> ▪ MoU signed with Rural Sanitation and Water Supply Programme (BESIK) for pilot collaboration on the commercial distribution and marketing of sanitation products in Timor-Leste. ▪ Scope of MoU drafted and actioned with Seeds of Life 3 (SOL-3) for the implementation of partnership on the seed policy. 	<ul style="list-style-type: none"> ▪ MoU signed with Pioneer Pakistan Seed Limited to increase the availability of quality feed for small dairy farmers by developing silage making entrepreneurs. ▪ MoU signed with Nestlé Pakistan Limited to increase market linkages for farmers and processors by opening or upgrading fruit pulp processing facilities.



ANNEX 1

Aid Quality Check (AQC) Reporting Information

Aid Quality Check (AQC) Reporting Information



Additional Commentary for AQC Reporting Criteria

This annex covers additional information to assist DFAT to complete AQC reporting – according to the seven criteria evaluated.

1. Relevance

Fiji

Despite a positive economic growth forecast strengthened by the transition to a parliamentary democracy, growth in Fiji remains restricted by the reliance on traditional sugarcane-based agriculture and resort-based tourism. True prospects for the country lie in the commercialisation of agriculture through the expansion into horticulture, the diversification of the tourism industry, and the expansion of the export-processing sector.

MDF Fiji's work in the Horticulture and Agro-Exports, Tourism and Related Support Services and Industries, and Export Processing thus remain highly relevant, focusing on economic constraints that are specific to the country's context. Furthermore, it works closely with private sector players to unlock sustainable and long-term economic growth opportunities. For these reasons, MDF also remains highly relevant to DFAT's Country Strategy under the Creating Resilience and Economic Opportunities Pillar (CREO).

In 2014, MDF continued to deepen its relationship with a wide variety of tourism product and service providers that are working towards diversifying the industry and increasing the tourism footprint across Fiji. MDF's partnerships in Horticulture and Agro-Exports have led to innovations in the local sourcing of a large variety of horticulture products, the availability of high quality agriculture inputs, and value addition of local produce for domestic and export

markets. MDF has also expanded its involvement in Export Processing to enable a significant and lasting impact on the variety of products and services that are produced by local companies for export to international destinations. The work undertaken across these sectors has resulted in 23 active partnerships, some of which have already yielded results in the form of net additional income and the creation of new jobs.

MDF maintains close communication with other public and development sector stakeholders that are also engaged in these areas of work. This enables synergies to be realised and reduces the chance of duplicating efforts, which further increases programme relevance. MDF regularly communicates with these critical stakeholders: Ministry of Primary Industry, Ministry of Trade, Tourism and Industry, PHAMA, IACT, PARDI and FCDP.

MDF is designed to ensure that partnerships lead to impact in terms of pro-poor growth and poverty reduction, and that work contributes to women's economic empowerment. In 2014 an impact assessment conducted by MDF confirmed that nearly 60% of MDF beneficiaries live below Fiji's relative basic needs poverty line. Gender studies revealed that almost half of its final beneficiaries are women. These findings indicate the relevance of MDF's chosen sectors, partnerships and results for poor women and men living in Fiji.

Timor-Leste

With an average growth rate of 11% between 2008 and 2013, and an expected growth rate of 8% in 2015,⁴ the economic outlook for Timor-Leste remains strong. However this growth is dominated by public sector expenditure. According to the 2015 National Budget

only 11% of funds come from government revenue and these are primarily from taxes. This is an unsustainable scenario in the long-term. Growth needs to be driven by a vibrant private sector that is dissociated from public sector expenditure. Domestic trade needs to increase

⁴Asian Development Bank, ADB.org

significantly and involve the use of local raw materials in manufacturing and value-addition processes. The economy requires diversity to strengthen resilience and reduce vulnerability and create employment and income opportunities outside of agriculture.

MDF's approach of working with private sector partners is relevant. It works to strengthen them to create efficiencies in the market system, remove trade bottlenecks, and promote manufacturing and value additions using local raw materials. This focus of MDF is on stimulating growth in domestic trade, creating employment opportunities outside of agriculture and promoting local manufacturing and value addition to compete against imports. MDF works through the market systems approach in two primary sectors: Agribusiness, Processing and Rural Distribution and Greenfield Industries (Construction, Manufacturing and Tourism). So far there are ten active partnerships across the two sectors. MDF has introduced innovations in the Agribusiness sector market system enabling: value addition of local agricultural products, access and availability of quality agricultural inputs, and testing facilities allowing safe procurement of local grains. In the Greenfield sector, MDF's partnerships have led to the establishment of quality tourism facilities, as well as to

manufacturing units which seek to add value to local raw materials and make them competitive with imports. Work in both of these sectors is increasing the proportion of local products available in domestic markets and creating stable and varied income and employment opportunities across Timor-Leste.

MDF's activities in agriculture, tourism and oil and gas are strongly aligned with Timor-Leste's development priorities as set out in the Strategic Development Plan 2011-2030. MDF collaborates with other relevant DFAT programmes such as SOL 3 and BESIK to maximise synergies in efforts to increase domestic trade using local materials (primary and value-added).

Timor-Leste is emerging from an era of conflict in which much capital and business knowledge was lost. It needs to be supported by a shift at the household level from self-sufficiency to commercialisation. The private sector needs to be strengthened so it can contribute more to the country's taxation revenue, provide new jobs, and build economic resilience and independence from public funds. MDF's continuing efforts are needed to support this strengthening of the Timorese economy.

Pakistan

Pakistan is a lower middle-income country with a population of 193.2 million. It is positioned at 146th of 187 countries on the Human Development Index. An estimated 60% of the population receive an income of less than US\$2 per day and 21% less than US\$1.25 per day. With a Gross Domestic Product of US\$236.6 billion in 2014, the country saw a growth rate of 4% over the period of 2009-13, which is considerably less than comparable economies such as China, Bangladesh and India. Pakistan attracts less Foreign Direct Investment compared to these other economies, and invests a hefty share of government revenue in security measures and in servicing its international debt. This has resulted in less investment in critical utilities and public services such as electricity, roads, ports, and education. The country has a negative trade balance, largely due to its heavy dependence on energy imports. Cotton and textiles are its largest exports, making up 28% of the export bill.

To address poverty in Pakistan via the development of markets, private sector companies need to be strengthened to increase their role in connecting rural populations to markets; rural markets have more access to production inputs and an avenue for offloading and maximising the value of their surpluses. Local

manufacturing initiatives need to become competitive to cater to domestic markets and to address trade imbalances so that export opportunities are realised and there is reduced reliance on one or two export products.

In line with this analysis, MDF Pakistan has selected Horticulture, Dairy and Meat, and Leather as the three sectors most suitable for bringing about sustainable and long-term economic growth. Working on these sectors is highly relevant to pro-poor economic development outcomes in the following manner: there are large numbers of rural and urban poor involved in the three sectors; there are strong growth prospects in domestic and export markets; these sectors are highly relevant to the Pakistan government's economic growth priorities; there are strong synergies with both the formal private sector and donor development priorities. MDF Pakistan is active across all of these three sectors with six partnerships focusing on improving local sourcing of raw materials, improving the quality of produce to meet lucrative export market demands, providing quality agriculture inputs to improve productivity and locally manufacturing components which are key to the growth of the leather export industry.

Pakistan enjoys strong infrastructure (relative to other MDF countries), a large domestic market and a wide variety of locally available products that can be used to meet growing demand in domestic and export markets. MDF's work in Pakistan is highly relevant to the country's economic context because it focuses on increasing the

reach of the Pakistani private sector in rural and domestic markets, as well as enabling them to increase their capacity to achieve higher growth in export markets. MDF Pakistan will continue to be relevant to the needs of the country as it strives to help the country achieve more within the chosen sectors.

2. Effectiveness

Fiji

MDF aims to stimulate investment, business innovation and regulatory reform to create additional jobs and increase the incomes of poor women and men in rural and urban areas in the countries it is engaged in. These goals are not discrete, abrupt events; they happen gradually over time. Partnership agreements developed are followed by introducing partners to innovations. This leads to additional market transactions, culminating in the application of these innovations by users. Ultimately, beneficiaries have reported increases in their income and/or new jobs as a result of these applications.

By December 2014, MDF Fiji had 23 active partnerships promoting 29 innovations, generating an additional USD 654,000 in market transactions, up from USD 88,000 reported last year from which 1,016 people have benefitted and 57 FTE jobs have been created. Additional income of USD 609,000 was generated. Of importance for women's economic empowerment USD 266,000 was generated for 516 women across the partnerships and 26 FTE jobs for women were generated. Overall, these impacts show a marked increase from 2013 and validate MDF's forecast that it takes time for innovations to have an effect with market actors. It also indicates that once innovative products and services have been accessed and used, tangible impact is likely to follow.

This trend will continue in the coming years according to projections from partnerships that show that MDF is on track to meet its target of increasing income for 12,000 households and creating 1,100 jobs by the end of the programme. The 2014 IAG review stated: "MDF's progress towards numerical impact projections is adequate and the quality of MDF's portfolio is strong given the Fiji context". The IAG review also endorsed the MDF portfolio, its strategies and its outlook towards achieving systemic change within these sectors. This endorsement included a favourable outlook for continued growth in technical capacity, skills and confidence of the MDF Fiji team.

In 2014 MDF undertook activities on access to finance and logistics; areas of constraint that impinge on a number of sectors of the economy. Businesses suffer from lack of investment financing options and poor logistics can inflate the costs of operation. MDF is partnering with banks and a logistics company to develop innovative solutions in these areas across the sectors MDF is active in.

The MDF governance structure which includes a Core Leadership Team (CLT), an Independent Advisory Group (IAG) is effective and is buoyed by frequent interactions with DFAT in Fiji and Canberra. This helps to ensure that MDF and its activities remain relevant to DFAT's development strategy

Timor-Leste

In 2014 MDF Timor-Leste saw the number of its partnerships increase from three to 10, and 16 innovations introduced across its two target sectors of Agribusiness, Processing and Rural Distribution and Greenfield Industries (Construction, Manufacturing and Tourism). Although most of the partnerships are in early activity stages, they have recorded additional market transactions of USD 48,000. This is a sign of market actors' uptake of, products and services from these innovations. Additional market transactions not only indicate a response to new business models, they also underline the acknowledgement by market actors of the demand-driven nature of the introduced innovations, products and services.

Although it remains too early to see large-scale impact on poverty reduction, some partnerships in Timor-Leste are yielding higher-level results. In the past year MDF partners and the innovations introduced led to the creation of an additional USD 45,000 in income for 335 farmers. As the portfolio matures and most of the partnerships move out of the activity phase, these intermediary and higher-level results are set to grow significantly. It is expected that the ten current partnerships in the portfolio will deliver an additional income of USD 696,000 to 1,650 farmers and create 50 jobs across both the sectors.

The 2014 IAG visit to Timor-Leste confirms this outlook. The IAG report for 2014 stated that MDF was 'effectively operationalising the principles of a market development

approach in Timor-Leste with a focus on laying the foundation for sustainable and inclusive growth over the long-term'. Along the same lines, the IAG commented on the 'pleasingly mature stage of the portfolio'. The IAG also commended the extensive investments that resulted from working with relevant in-country stakeholders via MoUs with other DFAT programmes such as SOL 3 and BESIK.

Taking into account the political economy of the country, the timeline for achieving results in Timor-Leste is long. However, through rigorous analysis, design and partner selection, sustainability is prioritised. Successful implementation will continue to be a challenge and needs to be scrutinised. The lack of capable partners and a difficult and emergent private sector business environment limits the pool of potential partnerships that can be effectively guided to address market failures. The absence of support services, particularly finance, also limits the outreach that MDF is able to achieve per partnership. For these reasons, partnerships require

intensive nurturing requiring large investments in human and financial resources. MDF needs to continue to invest in identifying, recruiting, training and mentoring business advisers and provide intensive support to partners that is considered crucial for success. These factors will continue to play an important role in achieving the results that MDF anticipates for Timor-Leste.

MDF's governance and management structure is effective in managing the delivery of results. While MDF Timor-Leste has its own country team, managers and country teams of other MDF facilities provide significant analytical and strategic support. MDF regularly interacts with the DFAT Country Post and other DFAT programmes such as Seeds of Life 3 (SoL 3) and Rural Water Supply and Sanitation Programme (BESIK), which act to enhance the understanding of MDF in the environment within which it operates. The IAG works to ensure the programme remains effective and relevant to the DFAT strategy.

Pakistan

MDF seeks to stimulate investment, business innovation and regulatory reform to create additional jobs and increase income for poor women and men in rural and urban areas in the countries in which it is engaged. MDF was first implemented in Pakistan in 2014. It is active across the three sectors of Horticulture, Dairy and Meat, and Leather with six partnerships, which have introduced seven innovations. As evidence of the market driven nature of the innovations as well as the readiness of the market actors to access and use new products and services, early partnerships have already registered additional market transactions of USD 249,000.

In Pakistan MDF has also recorded high level results (sector growth and poverty reduction) earlier than in other MDF countries. MDF analysis suggests there is a large potential domestic market, under-served rural markets and underachievement in reaching export potentials. It is expected that, with the right partnerships and appropriate innovations targeting the growth of local companies to rural markets and improving quality for export, growth could be stimulated in a robust fashion. Reflecting this analysis, MDF partnerships have yielded additional

economic benefits of USD 17,000, created 15 FTE jobs and reached 462 beneficiaries.

Over the portfolio, the six active partnerships are projected to deliver economic benefits of USD 7,556,000 to poor men and women and create 560 FTE jobs. As the portfolio expands to include more partners across the sectors, the projections will be revised upwards.

, MDF Pakistan has successfully targeted the relatively well-formed private sector players in the chosen sectors to leverage their networks and find partners that can stimulate growth. MoUs with Nestle and Pioneer Pakistan Seeds Limited are great examples of how MDF has increased its effectiveness by using MNC networks to identify and develop appropriate local partners.

As in Fiji and Timor-Leste, MDF further enhances its effectiveness through a governance structure that encompasses the Core Leadership Team (CLT), the Independent Advisory Group (IAG), and frequent interactions with DFAT in Pakistan and Canberra. This ensures that MDF and its activities remain relevant and effective to DFAT's strategy in development.

3. Efficiency

Fiji

MDF's approach is based on co-investing with market actors to implement innovations in the key growth areas of the economy. Under each partnership, MDF seeks investment from market actors. This underlines strong ownership from the partners and increases the likelihood of sustainability of the innovations introduced. At the end of 2014, MDF Fiji had invested USD 972,000 through its partnerships and leveraged USD 1,552,000 from the private sector. This high leverage ratio of 1:1.6 enhances the efficiency of a programme like MDF.

There are numerous donors and programmes active in the sectors MDF is working in, so it is necessary for MDF to carefully map all the stakeholders and to regularly interact with them to reduce duplication and distortion in the market. For this reason, MDF conducts a due diligence check that explores the nature of involvement of all relevant stakeholders and ensures that MDF is aware of any sources of support that a potential partner may be receiving. Through these actions, MDF is able to increase efficiencies and synergies.

The governance structure of MDF has enabled the programme to become more efficient. Experienced managers and staff members are made available to each country as and when required. In 2014, a business adviser from Pakistan was sent on a six month placement to MDF Fiji to provide additional support to the Fiji country team. Placements enhance the understanding of MDF and how

it operates in differing development contexts. They are a cost-effective way of promoting the capacity of MDF staff to deliver results efficiently. Key staff members are also sent to other MDF countries to aid in special assignments, such as for the poverty and gender study in Timor and market scoping missions in PNG and Sri Lanka. This has a two-fold advantage: staff capacity is improved and, compared to hiring international consultants, tasks are carried out much more efficiently. In subsequent years, MDF plans to use its internal resources more in carrying out special assignments.

Efficiencies are indicated in that budget expenditure for MDF is on track, and the program has increased its staff size to 12. Two more staff members will be hired providing MDF Fiji with a full operating team. Staff members have been assigned dedicated roles in different sectors to develop specialisation with a view to improving the quality of service.

The country steering committee (CSC) met twice and representatives were invited to the official launch and exhibition of MDF's partners. MDF is in discussion with the DFAT Fiji to explore ways of improving the performance of the CSC. With a new structure in place and the presence of key ministry representatives, it is expected MDF will be better positioned and better aligned to the interests of the country.

Timor-Leste

In Timor-Leste efficiency is a component of the MDF approach whereby MDF enters into partnerships which involve cost sharing arrangements. These partnerships stimulate broader changes in the market beyond MDF's direct partnerships. This ensures greater ownership and leverages DFAT's investment. MDF has invested USD 459,000 in Timor-Leste's economy, and leveraged USD 946,000. The strongly positive ratio of 1:2.06 for the investment gives rise to two key observations. Firstly private sector partners are keener to invest in new business models and products and services because of the presence of a co-investor that can provide business development advisory services; and secondly, private sector partners are eager to own the changes introduced and to take responsibility for the sustainability of the business. MDF is also efficient as a result of its effective collaboration with other sector stakeholders and as a result of capitalising on opportunities within its partnership portfolio.

Operationally, MDF gains efficiency through its multi-country set-up. Other country teams, as well as the MDF Team Leader and the crosscutting managers, support the Timor-Leste country team. They may support in terms of strategy design, implementation support on specialised partnerships, or on key research efforts such as poverty and gender. Capacity building of business advisers continues to be a priority for MDF, and is now showing results. Finding the right skills for an effective business adviser remains challenging, and the MDF Timor-Leste country team is experimenting with a number of human resourcing options to increase the efficiency of the team. Options explored to bolster the country team's capacity include the recruitment of an international Senior Market Development Adviser and/or placement of business advisers from other country facilities.

MDF has progressed as per the strategies set out in the sector assessment reports of the two active sectors in Timor-Leste. The number of partnerships has grown from

three in the last year to ten this year. This corresponds with the significant increase in the number of innovations introduced through these partnerships in the market systems. This has been achieved despite the challenges in implementing, particularly those related to the responsiveness of partners in following a partnership plan. There has also been a marked increase in implementation

activities' expenditure in the past year. As of December 2014, MDF Timor-Leste was on track in terms of budget expenditure. This strongly underlines the fact that activities are being implemented more efficiently and that more partnerships are in line to start producing intermediary and higher level results.

Pakistan

In Pakistan, MDF is achieving efficiencies through its effective collaboration with other sector stakeholders and through capitalising on opportunities within its partnership portfolio. As in MDF's other countries, efficiency is also directly related to MDF's approach and the way it is implemented. MDF signs partnerships with key partners, which involve cost sharing and which stimulate broader changes in the market beyond MDF's direct partnerships. This not only ensures greater ownership but also leverages DFAT's investment. At this point in time, MDF in Pakistan has invested USD 327,000 in Pakistan's economy, and leveraged USD 277,000 as a result.

MDF gains operational efficiency through its multi-country set-up, with a core team of managers (Core Leadership Team, CLT) and a country implementation team. This division allows MDF to control key areas of management and quality of implementation, while at the same time introducing flexibility to tailor-make its approach for each country's needs. The recruitment of the members of the country team has progressed satisfactorily with the current team size standing at eight business advisers and one results measurement specialist. The recruitment of a suitable Country Representative has been challenging. Nonetheless, efforts are continuing to fill this vacancy. The MDF team leader has been apportioning his time to fill the gap and ensure that country operations are progressing as per plan.

To leverage the advantage of the relatively well-developed private sector in Pakistan, MDF is also entering into MoUs with key agribusiness companies in Pakistan, such as Nestle and Pioneer Pakistan Seed Group. The MoU with Nestle is allowing MDF to work with the company to select and develop capable local partners for sourcing local fruit pulp that meets Nestle's rigorous international standards and inputs into its substantial annual demand. Working with Pioneer is helping MDF to identify key local partners in manufacturing silage, a component for improving the productivity of the meat and dairy sector, and making it available for use to numerous small holder dairy farmers across Pakistan. MDF Pakistan is also working with other DFAT programmes in the country to ensure maximum alignment with overall DFAT objectives and to avoid duplication.

MDF has consistent reporting which is matched to DFAT's reporting timelines. Each year MDF produces an Annual Strategic Plan and two Semester Reports which update progress against that plan. An Annual Aggregation of Results is also produced which focuses on the impacts to date and projected results for MDF's existing portfolio. Reports have focused on building an understanding of MDF, and will incorporate even more as partnerships begin to produce results and lessons learned.

4. Monitoring and Evaluation

MDF's results measurement system is designed to comply with the DCED standard for results measurement. It is a robust system that is used not only for capturing evidence of MDF's impact, but for management and decision-making. It is also used to capture learning throughout the life cycle of each partnership to make improvements where necessary, and maximise impact and efficiency. Results measurement is the responsibility of all MDF

team-members and so it becomes a part of day-to-day partnership management. As a tool for both learning and capturing evidence, MDF instils a spirit of honest inquiry so that the system is useful in determining what works and what doesn't, and how to make it work better. For more information on how MDF's Results Measurement (or M&E) system works, please see Section 1 of the Annual Aggregation Report.

Fiji

In Fiji, the Monitoring and Results Measurement (or MRM) system is in place, including monitoring and feedback mechanisms. Each partnership has a unique measurement strategy to monitor, learn and validate results. Six-monthly reviews are undertaken for each partnership and each sector to provide a regular time and space to evaluate progress and incorporate learning into MDF's strategies. All local Fiji staff members have been trained in MDF's MRM system and are responsible for its implementation. The Results Measurement team has grown to include two

full-time RM Specialists. The team is supported by the RM Manager. This manager oversees the implementation of MDF's MRM system and the quality of work and information it produces. Recently Fiji went through a full audit to assess compliance with the DCED standard for results measurement. MDF Fiji scored 96 in the audit indicating the robustness of the system in 'proving and improving'. The rigor of data collection and analysis has been confirmed by an independent auditor.

Timor-Leste

In Timor-Leste, the Results Measurement (or MRM) system is in place, including monitoring and feedback mechanisms. Each partnership has a unique measurement strategy to monitor, learn and validate results. Six-monthly reviews are undertaken for each partnership and each sector to provide a regular time and space to evaluate progress and incorporate learning into MDF's strategies. All local Timor-Leste staff members have been trained in MDF's MRM system and are responsible for its implementation. This effort is further strengthened by a

full-time RM Specialist. The team is also supported by the RM Manager who oversees the implementation of MDF's MRM system and the quality of work and information it produces. Recently, alongside Fiji, Timor-Leste went through a full audit to check compliance with the DCED standard for results measurement. The result of the audit was a score of 94. This high score clearly indicates the strength and robustness of the system, the rigor of the research practices used to collect data and analyse, and the quality of the results measured by such a system.

Pakistan

In Pakistan, Results Measurement is in its early stages. Most staff members have been trained in MDF's MRM system and are responsible for its implementation. The team includes one full time RM Specialist, who will be largely responsible for the day-to-day results measurement work in the country and support local

capacity development for Results Measurement in Pakistan. The team is also supported by the RM Manager who oversees the implementation of MDF's system and the quality of work and information it produces. In Pakistan, the system will go through the DCED audit process in 2016.

5. Sustainability for Fiji, Timor-Leste and Pakistan

Achieving sustainability is key to MDF's approach; MDF must take measures to achieve sustainable outcomes before entering into a partnership. MDF's flexible yet rigorous approach and its results measurement system allow it to monitor sustainability and make adjustments or develop new partnerships or activities to enhance prospects for sustainability.

MDF intervenes directly with its partners to improve their capacity and to heighten the prospects for sustainability of activities. Improving the capacity of private and public sector partners means they can continue to innovate and deliver goods and services, which will continue to help poor women and men improve their livelihoods by increasing income and employment opportunities. In this way, MDF's systems and its approach intend that its local

partners are fully owner activities, and that its partnerships are designed to be endure after MDF and DFAT's contribution has ended.

Before entering into partnerships: MDF requires that all partners co-invest in activities to demonstrate their commitment, and MDF analyses partnership activities before entering into a partnership or commencing work to determine their commercial feasibility to ensure the right commercial incentives of the partner are in place. MDF makes sure that partners lead the activity and demonstrate sufficient interest in continuing to invest in the activity so that it will continue in the long-term. Early signs show that, to date, all of MDF's partners have invested a considerable amount of time and resources and have demonstrated the right incentives and interests

in owning the activities and continuing them. Where they have not, MDF's investment has either been cancelled or the partnership adjusted.

Throughout the partnership: MDF assesses the potential for sustainability of each partnership as a part of its results measurement system. This involves quantitatively and qualitatively assessing whether the activity, the change in behaviour and resulting benefits will continue after MDF exits. If MDF identifies constraints or risks that indicate an activity might not be sustainable, it will work with the partner to revise the activity. MDF also documents these risks early on, and its flexible design and results measurement system allow it to assess and

make adjustments to the partnership so that it maximises impacts and sustainability.

Environmental sustainability is addressed through MDF's Environmental Guidelines, which were developed in accordance with Australian Government and National Environmental Regulations. These guidelines help MDF assess the potential for negative environmental risks and go through the steps to make sure they are properly mitigated and managed, so that impacts are environmentally sustainable. Criteria 7 below describes MDF's environmental guidelines in more detail and how MDF manages for environmental sustainability.

6. Gender Equality

MDF is a market development programme focused on improving income and employment opportunities for the poor. Gender outcomes are central to economic empowerment; given the socio-economic status of women relative to men and the central role that women play in household economics. MDF aims to contribute to Women's Economic Empowerment (WEE) on the understanding that this is one key pillar among a number of other key pillars needed to support the overall aim of achieving gender equality. Where MDF identifies opportunities beyond the realm of Women's Economic Empowerment, it coordinates with relevant organisations and programmes that work in these areas to take up these opportunities to further improve gender empowerment.

MDF's approach, which uses an indirect facilitation method, means that beneficiaries are not pre-identified. For this reason, MDF has limited direct control over who participates in and benefits from its activities. Nevertheless, MDF integrates gender considerations in its programme strategy to ensure that gender outcomes contribute to the empowerment of women, or at the very minimum do not leave anyone worse off. Through gender studies, MDF develops an understanding of how women can benefit from potential activities in each sector,

and considers these issues while designing activities with partners. In practice, women are actively engaged in the sectors within which MDF works in a diverse range of roles, and a significant number of women are benefiting from the programme. To clearly explain these results, MDF disaggregates its impact indicators by gender where possible.

MDF is also developing a Women's Economic Empowerment framework to be used across the facility to better design, monitor and capture the positive impact of its work on women. This will be rolled out across all countries in 2015. This will be supported by qualitative research and case studies, and all of the information and insight gained will be fed back into strengthening MDF's implementation work.

MDF ensures sufficient resources are provided to support women's economic empowerment. Each country has a gender coordinator, i.e. a country staff member that oversees gender-related issues in a given country, and external gender expertise is utilised by MDF as and when needed. All staff members are responsible for implementation of MDF partnerships against its strategy.

Fiji

MDF Fiji is working with Namana to build the capacity of ten poor women to create better quality handicrafts for sale to tourists. Under Essence of Fiji, women from the outer islands have been trained how to produce better quality raw materials for virgin coconut oil and seaweed powder. Essence of Fiji has also generated employment for female workers. Through the Fiji Poverty and Gender Study, MDF Fiji discovered that women are represented in large numbers within the facilities of exporters. This study also suggests that economic benefits derived from greater

farm level productivity yields benefit men and women equally. For this reason, MDF's work in improving the yields of farms through the promotion of Aglime is having a significant impact on women as a consequence of this increased farm productivity.

Over the last year, MDF Fiji has started working on a third sector: Export Processing. MDF's research suggests there is a high potential to address urban poverty and employment amongst women through this sector. Some

of the key partnerships being explored in this sector are the Ready Made Garments and Business Process Outsourcing. The upcoming work in this sector is expected to lead to economic empowerment for women in the urban areas of Fiji.

To help MDF Fiji understand and measure its impact on poor women, MDF continues to invest in studying and learning about gender dynamics in the country. To aid in

this, Fiji has conducted a Full Time Equivalent (FTE) study which analysed the impact of farm level intensification on the creation of jobs for women and men. Additionally, MDF Fiji will benefit from the MDF Women's Economic Empowerment Framework, which will be in line with international good practice in the field of gender and market development.

Timor-Leste

Women's Economic Empowerment (WEE) was a key aspect of MDF Timor-Leste's Poverty and Gender study (this was undertaken in the first half of 2014).

While secondary sources and background information to the study presented a rather bleak picture of gender dynamics in Timor-Leste, the Poverty and Gender study found that, in fact, rural households function as an economic unit, where money from productive activities is pooled, and many of the financial decisions are made jointly by the male and female heads of the household. This implies that male and female members of the household share the benefits of additional incomes or jobs. This does not mean that women do not have specific challenges related to their roles and responsibilities, but it can mean that the MDF programme can be instrumental in women's economic advancement, reduction of their workload, and in promoting women's positions within the household and the economy.

MDF will continue to be proactive in seeking opportunities to strengthen women's economic empowerment. To reflect this, opportunities to work with partners in food processing and textiles are being actively pursued. Additionally, MDF Timor-Leste will benefit from the MDF Women's Economic Empowerment Framework, which will be in line with international best practice in the field of gender and market development.

MDF Timor-Leste has been working closely with the Gender Working Group in DFAT. A Gender Action Plan has been developed by DFAT to improve gender equality outcomes across all programmes under its portfolio. In 2014, two workshops were held in Timor-Leste to discuss the progress of each programme. MDF was an active participant in both discussions, and DFAT was appreciative of MDF's progress against the recommendations put forth in the Gender Action Plan, particularly with MDF's efforts to prioritise and integrate gender initiatives within the programme.

Pakistan

There are high numbers of women engaged in agriculture in Pakistan so the sectors that MDF Pakistan is working in are relevant for large numbers of poor Pakistani women. Women are active in horticulture, in areas such as sowing, planting, picking, sorting and grading, storing and working in cottage industries. Women also play a significant role in livestock management and are involved in activities, such as fodder cutting, fodder chopping, watering and feeding animals, cleaning of sheds, and making dung cakes. Similarly, significant numbers of women are involved in the leather sector at different points along the value chain, particularly in the manufacturing of leather goods at the stitching stage.

MDF will conduct a Poverty and Gender study in Pakistan in the first half of 2015. Similar to the studies undertaken in Fiji and Timor-Leste, the purpose of this study is to further assess: who is poor and why within a sector; the mechanisms, choices and strategies the poor use to move out of poverty; and what factors prevent this from

happening. Within the chosen sectors, MDF's study will focus on gathering information and insights into how people earn income, the decisions they make regarding income and expenditure, and it will draw conclusions on why these households are poor and what the potential pathways to move out of poverty are. With this information, MDF will evaluate its sector growth strategies and, if necessary, revise or enhance them by identifying specific opportunities to address the constraints that are keeping rural families from progressing out of poverty.

In addition, the study will analyse gender roles and controls so that MDF's strategy and impact can better reach both men and women. MDF will assess the different roles of men and women in rural households and urban areas and the level of women's involvement in farming and other income earning activities. It will also identify the challenges they face in increasing economic empowerment, as well as other cultural and social limitations. The study will identify potential opportunities

to enhance the economic empowerment of women in MDF's chosen sectors, which will be incorporated into MDF's sector growth strategies.

7. Risk Management and Safeguards

MDF maintains an overall risk management plan for the Facility which considers strategic risks to the programme (taking into consideration factors such as natural disasters, major changes in government policy, and shortage of suitable partners). This risk management plan is reviewed and updated by the Core Leadership Team (CLT), and any resultant changes in the significance of existing risks, emergence of new risks, and mitigation actions or subsequent monitoring activities, are then reflected upon and, where necessary, actioned by either the Team Leader or the respective Country Representatives. Furthermore, in MDF countries where there are additional security risks (i.e. Pakistan and Timor-Leste), security briefings are provided to incoming staff and short term experts. In Pakistan, a full-time security expert is employed in-country to provide advice regarding changes to the security situation, including advice regarding regular field travel requirements.

The programme takes care to build in risk management into each of its partnerships; in each and every Partnership Proposal Justification (i.e. the core document that forms the basis of the design for each partnership agreement) risks are considered in terms of external risks (e.g. the knock-on effect of new legislation or an external economic shock), partnership risks (e.g. the limited capacity of a partner to fulfil its obligations), and intervention risks (e.g. the novel nature of the intervention being undertaken). These risks are then assessed and proposed activities are either adjusted to reduce the risk, or further mitigation measures are proposed. All of these Partnership Proposal Justifications are then reviewed by the Country Representatives and Team Leader prior to the approval and commencement of the given partnerships.

These inherent partnership risks (albeit reduced or mitigated) are then carried forward into the assumptions built into the programme's theory of change (in the form of results chains) within intervention programming, and are thus embedded into the ongoing Monitoring and Evaluation cycles. In this way they are not lost at the point

MDF will also collect gender-disaggregated data on the effectiveness of its outreach to targeted beneficiaries, as well as on the additional income and employment opportunities generated through its interventions.

of identification, but are regularly assessed throughout the programme's progression and assessed on a continual basis.

The programme is also audited by Cardno annually and, thus far only minor improvement measures have been proposed to strengthen the programme's financial systems. Cardno also provides strict guidance to the project in terms of its procurement regulations and practices, as well as its anti-fraud policies. The Operations Manager ensures that staff members are regularly updated on any changes to these policies and also ensures consistency of approach to financial control across the different countries, which is further supported by the Cardno Head Office.

MDF seeks to avoid negative impacts and assesses environmental sustainability for its activities. It does this through its Environmental Guidelines which were developed from the Environmental Protection and Biodiversity Conservation Act (EPBCA), the Commonwealth Environmental Guidelines, and local environmental regulations in each country. These guidelines include an environmental scan checklist for each partnership that determines whether and what environmental risks are present, and what actions need to be taken to mitigate these risks. The Guidelines then provide a map and guide for the MDF team and MDF's partners to take all necessary steps to comply with both Australian and national regulations for environmental licensing, EIAs and EMPs as necessary. MDF completes an environmental scan checklist for each partnership and then works with each partner to ensure that the necessary steps required for developing an EMP are followed. MDF then monitors all activities to make certain that the partners follow the Environmental Management Plans (when required) and monitor for any new environmental risks that may develop.

While MDF's activities do not directly involve children, MDF follows the Australian Government and Cardno's child protection policy. MDF also ensures that all staff sign and comply with DFAT's Child Protection Code of Conduct.

8. Innovations and Private Sector

The market development approach employed by MDF works on a mixed method approach of enterprise development, market development and business reform, while retaining a clearly systemic outlook and applying the development principles congruent with a systemic approach – building on local dynamics, building on local ideas and ownership, sharing responsibilities, risks and investments, and defining an exit strategy from the start. Once the required systemic changes have been identified, partners are selected and deliverables set out in individual contracting arrangements. These are based on initial cost-sharing and/or technical support with a view that the partner will take on the entire responsibility for the continuation of the activity once MDF's contribution ceases. Failure to fulfil these obligations may in extreme cases lead to cancellation of the contract and further activities with that partner. MDF's intermediary headline indicators (refer to Section 3 for further details) track the progress of investments made by MDF in relation to investments made by partners (Indicator 2) as one method of reviewing their sustainability. Further the activity that this generates within the overall market is also tracked in terms of the additional market transactions that can be attributed to these partnerships. In total, by December 2014, MDF had supported 52 innovations and reforms – often the first of their kind in the given country. MDF investments worth USD 1.8 million leveraged USD 2.8 million in private sector investment – a healthy 1:1.58 ratio – and are projected to create additional market transactions with a value of close to USD 3 million. Key innovations and reforms supported in the reporting period include: the introduction of locally manufactured agricultural inputs in Fiji, Timor-Leste and Pakistan; the

establishment of new agro-processing facilities in all three countries to cover products such as dried fruits, iodised salt, rice, and seafood; the development of upstream connections between farmers and agro-processing industries, and embedding extension services into these relations in all three countries; the introduction of new tourism products and services in Fiji and Timor-Leste and the development of more remote tourism sites; localising the manufacturing of key components for the leather export industry in Pakistan; improved policies and regulations surrounding the export processing sector in Fiji; and many more. The programme works on the basis of a pro-poor market approach, meaning that interventions are intended to impact upon large numbers of poor men and women at scale. MDF's DCED compliant Monitoring and Results Measurement (MRM) system (refer to Section 2 for further details) creates an intervention logic for each and every partnership, and thus systematically attributes the changes at the partner level through to the associated changes for poor men and women. In total, based on its current portfolio, MDF expects to reach more than 16,000 poor women and men, creating 1,260 additional FTE jobs and an additional income of USD 14 million (refer to Section 3 for country specific details).

Details of the partnerships and the innovations supported under each partnership can be found in the country sections, as well as in brief summaries provided below. Furthermore, Annex 4 provides details of all partnerships in the form of Intervention Detail Sheets, which describe the background and purpose of each partnership, its activities, and the change steps that are likely to occur in order to create additional jobs and income.

Fiji

In Fiji, 23 active partnerships, representing 29 innovations and reforms, leveraged USD 1.5 million in private sector investment with USD 972,000 investment from MDF and achieved USD 654,000 in additional market transactions by December 2014. Projections suggest that, for this portfolio, the total value of additional market transactions

will increase by approximately 20% (note that MDF calculates this for only two business cycles). In addition, with the projected increase in MDF Fiji's portfolio, we expect the value associated with this indicator to increase significantly.

Timor-Leste

In Timor-Leste, through ten partnerships, 16 innovations and reforms are being implemented for which USD 946,000 in private sector investment was leveraged with USD 459,000 in MDF investments. This portfolio is young;

it achieved USD 48,000 in additional market transactions by 31 December 2014, but is projected to increase about tenfold in the next few years. In addition, MDF will continue to expand the portfolio.

MDF Pakistan has six partnerships implementing seven innovations, for which USD 277,000 in private sector investment was leveraged with USD 327,000 investments from MDF. This resulted in USD 249,000 in additional

market transactions by 31 December 2014 – the first 12 months of MDF being operational in Pakistan – and is projected to increase significantly over the coming years.

9. Other Considerations Relevant for the AQC in Fiji, Timor-Leste and Pakistan

MDF's goal is to increase income and livelihood opportunities for poor women and men throughout Fiji. The poor and vulnerable are often excluded from market systems and have limited access to employment and income earning opportunities. To better support its goal, MDF conducts studies not only to identify who is poor, but also to understand the reasons why they are poor. The study has already been conducted in Fiji and Timor-Leste and is upcoming in mid-2015 in Pakistan. With a detailed understanding of who is poor and why, MDF re-evaluates its strategy to make sure that it targets its activities to reduce the constraints faced by the poor, allowing them access to jobs and livelihood opportunities to increase their incomes.

MDF has designated Vanua Levu, the island in the Northern Division, as a special attention area for improved outcomes in remote areas. One sixteenth of Fiji's population resides here, and yet there is a noticeable lack of business activity. MDF had partnered with one of the horticulture exporters in Vanua Levu, but had to close the partnership due to a lack of commitment from the partners. Despite this, MDF is still seeking market opportunities in the area. For example, with Standard Concrete Industries, cane farmers in the North are now applying agricultural lime and are expected to increase their yields and income. MDF is also working with an input dealer to help it expand its distribution reach and make it more affordable to remote farmers in the North. In the tourism sector MDF is helping to place and emphasis on tourism in the North through its community-based tourist activities and a partnership with a travel magazine.

In Timor-Leste the special areas under Agribusiness, Processing and Rural Distribution are: (1) improving food and nutrition security by addressing problems around productivity and variety; and (2) improving market access to remote districts. Under the Greenfield Industries sector strategy, the special area identified is: developing synergies with development partners. This special area is focused on collaborating to create commercial opportunities for products and services developed by other development partners, especially those under the DFAT portfolio.

In Pakistan, areas included as points of focus include: improving the use of chemical inputs so as to reduce the tendency to apply them on a trial and error basis and thus helping to reduce a trend of land deterioration that results from improper dosages. MDF will work with partners where possible to promote the use of pesticides only when needed, and matching fertiliser supply with plant demand and efficient water management. These will have a positive long-term influence on the environment.

There are no direct activities related to disability, although, MDF monitors activities and updates its strategies as needed. When positive outcomes for people with a disability are observed, they will be recorded, and opportunities to improve the economic outcomes of people with disabilities will be incorporated into MDF's strategy as they are identified.



Source of Data and Degree of Confidence in MDF Data Quality for ACQ Reporting

MDF's results measurement system estimates results using high quality information. When measuring actual results, MDF uses a significant amount of primary data that is collected according to international best practices. MDF uses a combination of primary and secondary sources of information. Primary research is predominantly undertaken in-house to ensure quality, using a mix of research tools that are customised to each partnership.

When external resources for data collection and analysis are used, they are closely monitored by MDF to ensure quality. MDF uses secondary data where reliable sources exist and where data is relevant to the research being conducted. If secondary sources are used, MDF ensures that the data comes from a reliable source and is of good quality.

In adhering to the Standard for Measuring Results in Private Sector Development established by the DCED, MDF applies international best practices for research. MDF's results measurement system has been audited by DCED

approved auditors. These audits provide an external and objective assessment of the results measurement system, which ensures that the system is credible and adheres to the various elements of the Standard.



The Australian Government's Contribution to MDF's Results for ACQ Reporting

The implementation of MDF is entirely funded by the Australian Government in each country where it operates. In each country section, MDF acknowledges

the contribution of other private and public sector agencies that may have implemented activities which can contribute to the same results.



ANNEX 2

MDF's Impact Logic, Hierarchy of Objectives and Menu of Indicators

MDF's Impact Logic, Hierarchy of Objectives and Menu of Indicators



MDF's Impact Logic

MDF's Impact Logic explains how the Facility contributes to poverty alleviation – beginning with its analysis of sectors up to the creation of additional income and employment. Work in each country entails:

- A. **Developing a deep insight into the functioning of selected economic sectors for each MDF country through comprehensive assessments.** These assessments identify constraints restricting economic growth and potential private and public partnerships in 'support systems' around growth sectors required for the development of innovative, commercially sustainable and 'constraint reducing' solutions. Deep insight into what works, what does not, and why, is an essential precondition for the Facility's core business. It is only on this basis that the right strategic partners can be identified to work on innovative and commercially sustainable solutions, and address constraints, that generate the most pro-poor growth. This 'insight' is translated into sector growth strategies. These strategies outline how the Facility will increase the competitiveness of key rural and urban sectors — measured by increased productivity, sales, market share, and innovation of target beneficiaries or enterprises (see Figure 3 below).
- B. **Designing partnerships with strategic partners based on comprehensive agreements and action plans to create commercially sustainable innovations and trigger systemic change.** Sector competitiveness is shaped by the extent enterprises have sufficient access to production inputs, services, information, skills, infrastructure, and regulatory environment. Where these support systems (i.e. government, banks, education, and supply chains) do not reach enterprises or fail to be relevant for them, competitiveness suffers and growth slows. Innovative solutions are intended to trigger lasting improvements in the volume, quality, and innovative nature of interaction between target enterprises and relevant support systems, with the purpose of making

them more productive and competitive. This relates to improvements in business models, marketing strategies, supply chain management, technical capacities, regulatory procedures, research capacities, etc. The **outcomes** of systemic change — the 'uptake' by target enterprises — are also the outcomes the Facility should generate:

Improved service delivery of relevant support systems—measured in terms of better access to production inputs, services, information, skills, infrastructure, or more appropriate rules and regulations—to target enterprises in key rural and urban sectors.

Outcomes are translated into measurable increases in competitiveness (as measured within enterprises). Thus, the Facility **outputs** can be defined as:

Increased capacity of strategic private and public sector players in relevant support systems to service target enterprises in key rural and urban sectors.

- C. **Establish a near real-time results measurement system to assess the sustainability and pro-poor results and report on these results in a timely manner.** Results are essential for demonstrating the value of the Facility, continuous learning, and updating sector growth strategies. MDF measures three universal impact indicators across countries to demonstrate its pro-poor results:

Employment: measured as net additional employment⁵ created.

Additional income: measured as net additional income generated.

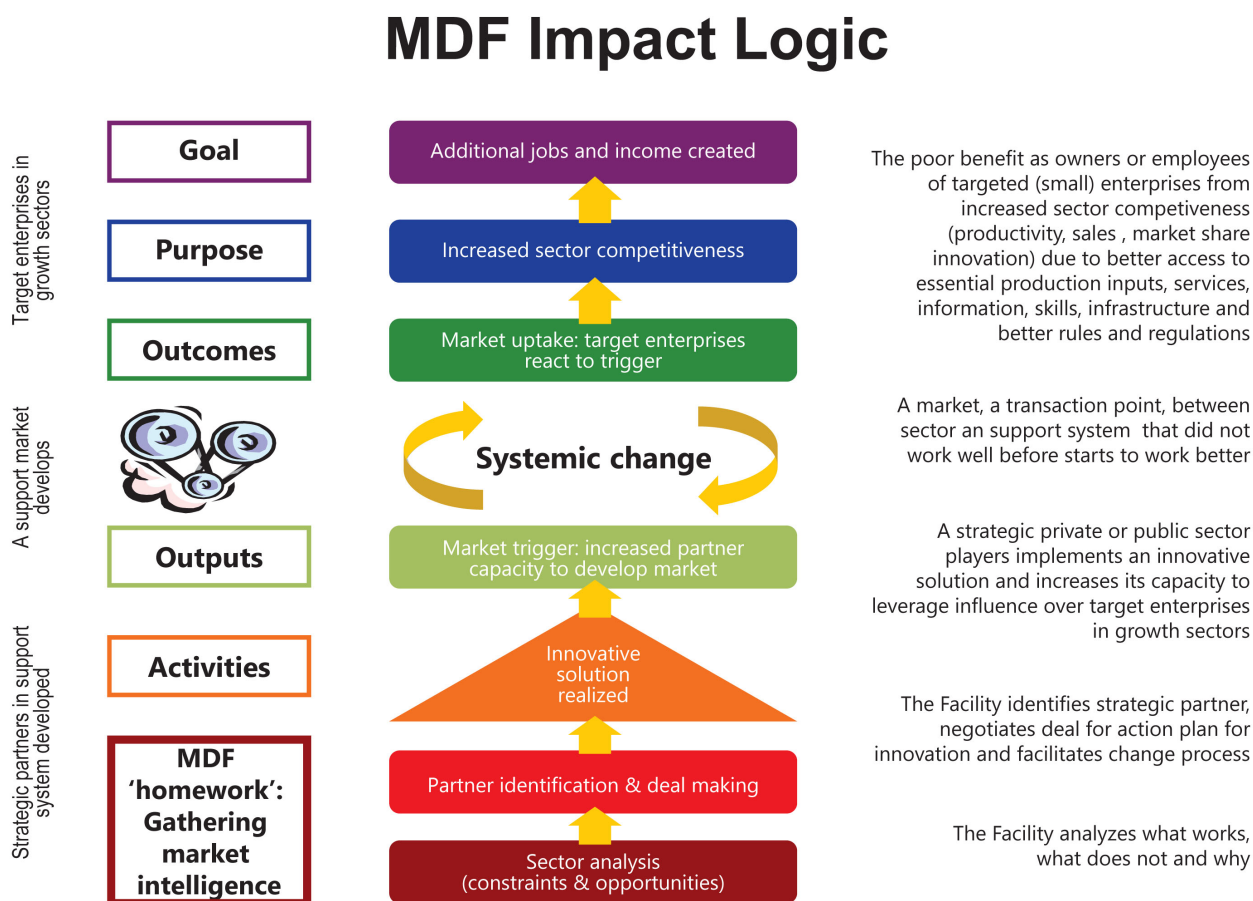
Effective Outreach: measured as the total number of beneficiaries that benefit financially from the Facility's partnerships.

⁵Measured as full-time equivalent (FTE).

- D. **Developing a portfolio of sectors and inventions that will yield results.** MDF's approach emphasises tailor-made partnerships with a large variety of partners to ensure sustainability, effectiveness, efficiency, and neutrality in development assistance. See Figure 3 below. Although each partnership is

unique, it will follow this basic impact logic. This logic is complemented by MDF's Hierarchy of Objectives which translates this logic into measurable information. The Hierarchy further details what changes MDF expects to see and how MDF will measure those changes at each level, from Outputs to Goal level.

Figure 3 - The Facility's impact logic



MDF's Hierarchy of Objectives

To fully understand how MDF activities achieve impacts, it is not only necessary to understand the overall logic and process involved, but to relate this strategic direction to specific and measurable indicators for each partnership. This can only be achieved by using clear indicators that show progress at each level of a partnership towards MDF's goal level indicators of income and employment. MDF has developed a Hierarchy of Objectives with general indicators that measure progress at each level. The Hierarchy of Objectives follows MDF's Impact Logic as outlined in Figure 1.

MDF has four strategic levels: Output, Outcome, Purpose and Goal. Each strategic level has a defined objective and its own set of indicators. Table 13 below outlines those objectives and indicators measured at each level.

All partnerships should, if successful, generate a change in at least one of the indicators at each level. The indicators below are broad level indicators and will be broken down further and presented in more detail for each partnership. How they will be measured, when, by whom, and using which method will be provided in detail within each Partnership Guide in the Measurement Plan

Table 13 - MDF's hierarchy of objectives

Level	Definition/Objectives	Menu of Indicators	Means of verification
Goal	To create additional employment and income opportunities for poor women and men in rural and urban areas through sustainable and broad-based pro-poor growth.	Net additional attributable income Net additional attributable full-time equivalent (FTE) employment Additional attributable non-cash benefits	Results Measurement System as per DCED guidelines External reports, if any
Purpose	To increase the competitiveness of rural and urban growth sectors.	Effective outreach Attributable increase in productivity Net additional attributable sales Additional attributable market share Attributable innovative and/or environmentally and socially responsible business practices Signs of wider systemic change: copying	Results Measurement System as per DCED guidelines External reports, if any
Outcomes	Improved service delivery of relevant support systems to rural and urban growth sectors.	Additional attributable transaction value, usage or awareness (in relation to product, service, and information etc) for both private and public providers Number of target beneficiaries who benefit from changes in the business environment. Signs of wider systemic change: crowding-in	Results Measurement System as per DCED guidelines External reports, if any
Outputs	Increased capacity of strategic private and public sector players in relevant support systems to service rural and urban growth sectors.	Capacity of players in relevant support systems. Number of attributable innovative and commercially sustainable business solutions and regulatory reforms Additional attributable investment in relevant service delivery	Results Measurement System as per DCED guidelines

Outputs

Outputs relate to the increased capacity of the strategic private and public sector players, with whom MDF partners, to improve their provision of goods and/or services to target enterprises. Players at this level are those that the MDF Facility partners with to increase or improve their 'support' or 'service' to enterprises within a sector in a manner that addresses the key constraints of the sector. What is measured here is support market output impact.

Indicators

Key indicators here are 'increased capacity of players in relevant support systems'; 'number of innovative solutions adopted to address particular constraints' and 'investments made by partners to produce and implement the innovative solution(s)'. This information will contribute to an understanding of whether the capacity of support market players to cater to the needs of enterprises in the sector does increase because of MDF activities. So it

will provide a measure of whether partners have better capacity, are able to implement new innovative solutions, and invest in implementing such solutions.

Measurement

Information at this level will be collected from the partners with which MDF works, or from MDF itself. The collection will be done while activities are being implemented or immediately after they have ended. Collecting this information early on will help monitor if the partnership is resulting in improved capacity of the support market player and if they see any value in the improved capacity. It can also help MDF adjust the support it is providing to the player and improve the effectiveness of its partnership.

The Facility will keep records of the old practices of the partners and comparable private and public sector players, and will compare these against any new practices

adopted by the partners to make the support market work better. The Facility will also keep records of the additional investments leveraged in the production of the innovative

solution. Additional investment leveraged from partners in partnerships could be a sign of 'commitment' to change serving as a proxy indicator to sustainability.

Outcomes

Outcomes relate to how the enterprises in the sector respond to the improved service delivery or introduction of the innovative, commercially sustainable solution triggered by the partnerships. This is dependent on whether the solution is appropriate (affordable, timely and user-friendly) and whether it really addresses a critical constraint and provides improvements so good that target enterprises are willing to respond to it, invest resources in it, and see the commercial benefit in using it. Impacts at this level reflect the responses of enterprises to the new or improved solution within the sector and so are support market outcome impacts.

Indicators

The indicators measured at this point relate to the responses of target enterprises. They can be reflected by increased knowledge among target enterprises about better ways of doing things and/or an increase in the demand for particular services. At this level the Facility will also monitor wider systemic change occurring in the form of crowding in. This is an indirect impact attributable

to the Facility's work and will be included in the results chains.

Measurement

Measurement at this level will take place after the enterprises in the targeted growth sectors have received the new product/service/knowledge. In some cases, information collection on this level may be pushed back to when the target enterprises have had the opportunity to use the new product/service/knowledge so as to be able to also assess their satisfaction. In addition, MDF will also check for instances of other support market players starting to offer the new product, service, or knowledge; and instances of other target enterprises accessing the product, service or knowledge through the crowding-in of other support market players. There is a time lag between initial changes in outputs and the wider systemic changes, which should be considered for measurement. This lag is likely to be at least one business cycle or one cultivation season, often more, before other service providers change their behaviour.

Purpose

At the purpose level the Facility aims to achieve and measure improved performance and competitiveness of target level enterprises or target beneficiaries in each sector. Achievements at the purpose level are measured through the benefits that these enterprises receive as a result of their response to the new product or services. This is the sector level impact. If the enterprises within a sector become more competitive, the sector becomes more competitive.

Indicators

This increased competitiveness of enterprises can be measured using different indicators depending on how the growth stimulated by MDF is best captured. If enterprises are generally unproductive or inefficient or need to switch to a new product, new service, or a different value proposition – then productivity is a good way to measure improvements in their competitiveness. If companies need to invest in their capacity rather than a change in production – then sales or market share are more appropriate. If enterprises depend on rapid product development or changes in product mix, then innovativeness could be considered an indicator.

To understand attribution, the Facility will check to see if the improved performance of the enterprise is due to the innovation instigated by MDF in the support market. The Facility will also monitor another form of wider systemic change at this level: the copying of best practices by other enterprises or beneficiaries in the sector not directly reached through the partnership. This is a form of indirect impact attributable to the Facility's work and hence will be included in the results chains in the Facility aggregate-level reporting. Just like crowding in, this phenomenon also comes after a period of time, for example one business cycle or one cultivation season

Measurement

Measurement at this level will be carried out at the end of the first business cycle of the target beneficiaries after they have received a particular output. Measurement is done through a sample study of the target beneficiaries to assess if the target beneficiaries get any benefits, how much benefit they get and, if appropriate, if they would recommend use of the output to others. A counterfactual is also measured here to assess the actual attributable impacts experienced by the target beneficiaries.

Goal

The ultimate goal level impact of the Facility is its impact on poverty. The objective at this level is additional income for poor business-owners or labourers and additional employment for poor labourers. For measuring purposes, this is termed poverty level impact..

Indicators

Additional income is defined as additional net income i.e. additional revenues minus additional costs. This takes into account additional investments or costs that were needed to earn this additional income or loss of other income sources in order to focus on earning this additional income. Additional employment will be measured as additional net employment, and is calculated in man-days aggregated into FTEs.

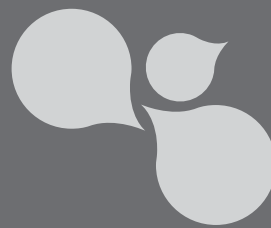
Critical pieces of information for this indicator are the number of enterprises and support market players experiencing a change in the targeted sector, and additional income earned. Data on additional income and jobs is collected and calculated at the same time that information on improved performance is collected and is also done via a sample study of target beneficiaries.

Measurement

For this level, MDF measures additional income and employment. MDF uses calculations based on supporting research conducted at all levels, to determine the relationship between productivity increases and additional income, and between changes in production and additional labour needs. For MDF's two goal level indicators:

- Additional income is measured as additional net income, taking into account additional investments that were needed to earn this additional income or loss of other income sources in order to focus on earning this additional income.
- Additional employment is measured as additional net employment. For MDF, sustainable employment will be counted, not temporary or short-lived jobs. Employment created is calculated into FTEs so that it can be aggregated across partnerships. For MDF, a person employed full-time is a person who works an aggregate of 240⁶ days in a year and eight hours each day. Thus all employment generated will be measured in number of days actually worked and then divided by 240 to get the full time equivalent employment created. Here measurements may be based on actual counting, or calculated based on labour elasticity and multiplier effects.

⁶This is estimated as 5 workdays per week for 52 weeks a year minus 20 days when work may not be done due to national holidays, off time, etc. This also follows the DCED Standard for Results Measurement definition.



ANNEX 3

MDF Results Estimations for Four Countries

MDF Results Estimations for Four Countries



Market Development Facility Results Estimations Results Estimations for Four Countries

MDF stimulates investment, business innovation and regulatory reform to create additional jobs and increase the income of poor women and men in rural and urban areas around the world. For this MDF enters into partnerships with strategic players in the private and public sector in each country in which it is active. Each partnership contains a tailor-made package of activities (an 'intervention') – implemented and cost shared by the partner – which enables the partner to innovate, invest and/or execute regulatory reform. The number of partnerships is dependent on the implementation

period. MDF measures the effect of the innovation, investment and reform it helped to unlock in terms of the additional jobs and income this generated. Together this forms the effective outreach of the Facility. This results in the following results estimations (also referred to at times as targets) for four countries for the respective implementation period per country (see Table 14).

MDF is set to expand to PNG and Sri Lanka. Estimations will be updated for five countries once MDF commences implementation in these countries.

Table 14 - MDF results estimations for four countries (based on a four to six year implementation period)

	Fiji	Timor-Leste	Pakistan	Country No. 4**	TOTAL
Effective outreach	14,200	10,600	84,000	30,000	138,800
Number of self-employed small farmers and businesses with increased income	12,000	9,000	72,000	24,000	117,000
Number of new jobs created	1,100	800	6,000	3,000	10,900
Investment leveraged (AUD)	4.5M	2M	3M	2M	11.5M
Effective partnerships resulting in business innovation, investment and/or regulatory reform	85	60	40	40	225
Implementation window	2011-2017 (6 years)	2012-2017 (5 years)	2013-2017 (4 years)	2013-2017 (4 years)	

These results estimations are based on the scale that can be achieved according to original budget allocations. These estimations may be revised to account for the actual scale of implementation that can be achieved as a result of revised budget allocations.

* The figures presented are based from the calculations shown below

** Sri Lanka was used as a fictive model for the estimations for Country 4 (if MDF would focus on the post-conflict north-east). Estimates for Sri Lanka will be updated based on the outcomes of the scoping mission conducted in November 2014 and the budget that DFAT consequently decides to allocate for MDF in Sri Lanka.

It should be emphasised that these are early estimations based on what is knowable at this stage for each country and given past experience. MDF results estimations will be reviewed and revised periodically, as more becomes known about the different factors influencing the volume of results that can be achieved.

The factors influencing the volume of results and the variations between countries are briefly explained in the next section of this paper. The section after that explains the indicators and calculations used for the results estimations in Table 14. If more countries joined MDF, estimations would be increased following the basic logic explained below.



Factors Influencing the Volume of Results and Variations between Countries

The MDF approach can be applied in virtually every country, because it is based on an analysis, which allows it, in each country, to identify where it should work (pockets of pro-poor growth), what it should focus on (opportunities to unlock that growth) and with whom it should partner for this (the strategic players mentioned above). Following this approach, every intervention is shaped by the context in which it should work and tailor-made as per partner needs and ambitions. But this does not mean that the volume of results is the same across countries. The volume of results is influenced by the following factors:

Drivers of economic growth: Timor-Leste enjoys strong economic growth fuelled by investments in the oil industry, public spending and, to an extent, strong population growth. Pakistan achieves only about half of its economic growth potential when compared to other South Asian economies, caused by a number of factors, security being only one of them, Domestic demand, in particular urban demand, is strong. Fiji struggles with the need to restructure its economy and build up an economic infrastructure in new export products.

Where demand is strong and there is capital circulating for investment, growth will find it easier to take root.

Size of the economy and population density: Fiji has around 65,000 farming households whereas Pakistan has tens of millions. Product markets (e.g. for seeds) are much smaller in Fiji than comparable markets in Pakistan; services (e.g. market price information received via mobile phones) are likely to reach many more people in Pakistan than are alive in the whole of Fiji.

This means that interventions in a large and, in parts, reasonably densely populated country such as Pakistan are likely to have, on average, a much larger effective outreach than in small countries like Fiji or Timor-Leste.

Maturity and diversity of the private sector, capacity of the public sector: In Timor-Leste businesses are few and predominantly small, young, local and to a degree dependent on government contracts – the picture of a young nation finding its feet after years of conflict. In Fiji the scenario is more mixed, with smaller, younger and mostly local businesses leading the way in diversifying the economy, but also with some larger local business playing a role and a diaspora providing investment capital. Pakistan's economy is as diverse as the country itself.

This means that, in a country like Timor-Leste, interventions are likely to be with smaller, newer business, with more time and resources going into 'making these businesses work' and with less effective outreach per business; in Fiji there will be a mix of smaller and larger interventions; and Pakistan will likely gravitate towards larger interventions with more established companies, with more energy going into 'making markets work' (and thus a bigger effective outreach to small farmers and entrepreneurs).

A similar argument can be made in relation to the capacity of the public sector.

Factors influencing job creation: Labour costs, labour laws, their implementation (or not), the availability of (under) utilised family labour and the overall make-up of the economy all influence the extent to which growth creates employment or is in fact 'job less growth'. In Fiji, labour is several times more expensive than in Pakistan. In Pakistan the increase in agricultural production is likely to create much additional employment, in Fiji it could speed up mechanisation.

This means that, in a country like Pakistan, each intervention is likely to create substantially more jobs than in Fiji or Timor-Leste (which is compounded by the small size of businesses and smaller outreach as mentioned above).

Factors impeding economic activity: Conflict, political instability, legal insecurity, security risks, environmental risks, adverse trade and taxation regimes, and the absence of infrastructure and utilities all negatively influence the pace of business.

All countries in the MDF portfolio struggle with some of these issues because a) they are small island economies facing high transportation costs and strict quarantine measures, b) they are emerging out of conflict, or c) they are struggling due to political instability. Pakistan and Timor-Leste are probably in a slightly more disadvantageous position than Fiji.

Implementation window: Finally, results are not produced evenly over the duration of a program, but are concentrated in the latter half of the programme (at Year 3 and beyond), because interventions need to be researched and negotiated and need time to mature.

This means that a longer implementation window is relatively more efficient and generates relatively more interventions.

Table 15 below summarises how the different countries in the emerging MDF portfolio compare against the factors listed here.

Table 15 – Countries in the MDF portfolio compared against results factors

	Fiji	Timor-Leste	Pakistan	Country No. 4*
Drivers of economic growth	*	***	**	**
Size of the economy and population density	*	*	****	***
Maturity and diversity of the private sector	**	*	***	**
Job creation	*	*	***	**
Factors impeding economic activity	**	***	****	**
Implementation window	****	***	**	**

* Sri Lanka was used as a fictive model for the estimations for Country No.4 (if MDF would focus on the post-conflict north-east)

NB: The maximum 'score' is five stars (****), the minimum score is one star (*)

The MDF Indicators and Estimations Explained

Number of effective partnerships resulting in business innovation, investment and/or regulatory reform

Each effective partnership between MDF and a partner in the private or public sector will result in business innovation or regulatory reform relevant for triggering sustainable and broad-based growth in a given country – this is the justification for entering into the partnership. As explained, because of its flexible, context-driven way of working, MDF can work effectively in different countries – but the nature of partners and the content of the partnership agreements will differ from one country to the next.

This means that for estimating the number of partnerships per country the main determining factors are: (1) the length of the implementation window; and, to a lesser extent, (2) the maturity and diversity of potential partners. In some countries MDF is likely to resort to more and smaller interventions and, in other countries, to fewer and bigger ones related to the amount of change partners can handle and what they want or need to go through. This in turn could influence the average number of interventions to be implemented as shown in Table 3 below. Factors impeding economic activity also play a role in this, but are not expected to be significant.

The number of partnerships is not evenly distributed between years: the first year is spent on analysing the economy, building up the capacity of the country team, building up a network of potential partners and early negotiations, resulting in the first signed 'deals'; in the second year the programme takes off; and from the third year onwards it reaches a mature level of implementation. Thus, because of its longer implementation window, Fiji reaps relatively most benefits from the initial investments in research and organisational development. Table 16 shows the approximate number of effective partnership agreements in countries and the distribution between years.

This approximate numbers of Partnership Agreements are based on the scale that can be achieved according to the original budget allocations. These approximate numbers may be revised to account for the actual scale of implementation which can be achieved as a result of revised budget allocations.

Table 16 – Approximate number of partnership agreements in countries and distribution between years

Country	2011-2012	2012- 2013	2013-2014	2014-2015	2015-2016	2016-2017*	Total
Fiji	1	12	24	24	24	0	85
Timor-Leste	-	1	10	24	25	0	60
Pakistan	-	-	4	12	24	0	40
Country No.4**	-	-	4	12	24	0	40

* The last year serves as a spill-over year to meet targets; new interventions will be planned once there is clarity on the contract beyond 2017

** Sri Lanka was used as a fictive model for the estimations for Country No.4 (if MDF would focus on the post-conflict north-east)

Investment leveraged

Each partnership agreement contains an intervention plan in which both the partner and MDF invest. 'Investments leveraged' are the contributions from the partners – mostly in cash – to these action plans

The investment volume per partnership agreement is predominantly influenced by: (1) the partner's size and maturity (it is not sustainable to 'overinvest' in a small partner) and related to this (2) the scope of the intervention (big partners in big countries can handle bigger interventions); and (3) the type of investment needed (investments in market development depend more on relatively cheaper technical assistance; investments in enterprise development depend more on relatively more expensive investments in hardware). Other factors are not expected to play a significant role: in each country, with each partner, MDF negotiates a sustainable cost-sharing arrangement regardless of economic conditions.

As mentioned above, in Fiji MDF will work with a mix of larger and smaller partners and a mix of activities, some geared toward market development, some also toward the enterprise development that sometimes must precede market development. In Timor-Leste the partners are expected to be smaller, with more efforts going into setting up and growing small businesses. In Pakistan the expectation is that there is more scope to strike bigger deals with bigger partners in addition to working with smaller partners. Table 17 shows the estimated average investment expected to be leveraged per partner per country. **It should be noted that agreements and leverage could differ substantially from one partner to the next.**

Table 17 – Estimated investment leveraged per country (AUD)

	No. Partnerships	Type of partnerships expected	Average estimated Investment per partner	Total Investment Leveraged
Fiji	85	Market development and enterprise development with a mix of partners	53,000*	85 * 53,000
Timor-Leste	60	Enterprise development and market development with predominantly small partners	33,000	60 * 33,000
Pakistan	40	Predominantly market development with a mix of partners	75,000	40 * 75,000
Country No.4**	40	Market development and enterprise development with a mix of partners	50,000	40 * 50,000

* Based on the figures of the first partnerships, when estimations for investment leveraged for all countries were developed.

** Sri Lanka was used as a fictive model for the estimations for Country No. 4 (if MDF would focus on the post-conflict north-east).

Number of jobs created

MDF will measure the net additional employment created as a result of the investment, business innovation and regulatory reform unlocked by the MDF-supported partnership. MDF defines job creation as the number of net additional FTE jobs created, with 240 days of paid labour equalling one FTE. Two part-time jobs, each for 120 paid days per year, together are one FTE.

The number of jobs created is expected to be primarily influenced by: (1) size of the economy, (2) the size and maturity of the partner, and (3) factors impeding economic activity (as these three together influence the scope/outreach of the intervention; and (4) the cost of labour in a given economy. The other factors mentioned above do play a role as well but, for estimating a result, these four are deemed most influential.

Fiji is expected to show a scenario in which a limited number of mostly full-time jobs are created as a result of businesses investing in expansion. Seasonal work is expected to be less significant. In Timor-Leste the number of full-time jobs in expanding businesses will be less (the businesses are smaller), but there is expected to be more scope in other jobs around agriculture (service providers and distribution). Pakistan is again different, with much more scope for employment creation in and around agriculture, seasonal and full-time. **It should be noted that, especially in Pakistan, job creation could be higher if there was more certainty that political instability and security risks would not impede outreach.** Table 18 shows the estimated average job creation per partnership per country. .

Table 18 – Estimated job creation per partnership per country (FTE)

	No. Partnerships	Factors expected to influence Job creation	Average estimated FTE Jobs created Per partnership	Total FTE jobs created***
Fiji	85	Mix of partners, labour relatively more expensive, relatively less scope of much rural job creation	13*	85 * 13
Timor-Leste	60	Smaller partners, lack of skilled workers (cheap skilled labour brought in from outside), good scope for rural job creation	13	60 * 13
Pakistan	40	Bigger partners, bigger interventions, labour cheap	150	40 * 150
Country No.4**	40	Mix of partners, labour relatively cheap	75	40 * 75

* Based on projections for the first partnerships, when estimations for job creation for all countries were developed

** Sri Lanka was used as a fictive model for the estimations for Country 4 (if MDF would focus on the post-conflict north-east)

*** These projected figures are then rounded.

Number of self-employed small farmers and businesses with increased income

MDF will measure the net additional income that small farmers and business enjoy as a result of the investment, business innovation and regulatory reform unlocked by the MDF-supported partnership

The number of self-employed farmers and small businesses reached is expected to be primarily influenced by: (1) the size of the economy and population density, (2) the size and maturity of the partner, and (3) factors impeding economic activity (as these three together influence the scope/outreach of the intervention). .

Fiji and Timor-Leste are expected to have interventions with a relatively smaller outreach. Pakistan on the other hand is expected to show a substantially larger outreach. **It should be noted that, especially in Pakistan, this outreach could be higher if there was more certainty that political instability and security risks would not impede this outreach.** Table 19 shows the estimated outreach to small farmers and businesses per country.

Table 19 – Estimated average small farmers and firms reached per country

	No. Partnerships	Factors expected to Influence income Generation	Average estimated No. of farmers and Businesses reached Per partnership	Total no. of Farmers and Businesses Reached***
Fiji	85	Mix of partners in a small economy; many interventions with a focus on supply chains (typically smaller interventions)	140*	85 * 131
Timor-Leste	60	Relatively smaller partners in a small economy yet with likely more interventions focusing on inputs (typically interventions with higher outreach)	150	60 * 150
Pakistan	40	Bigger partners in a bigger economy	1,800	40 * 1,800
Country No.4**	40	A mix of partners in a medium-sized economy	600	40 * 600

* Based on projections for the first partnerships, when estimations for outreach for small farms and firms for all countries were developed.

**Sri Lanka was used as a fictive model for the estimations for Country No.4 (if MDF would focus on the post-conflict north-east)

*** These projected figures are then rounded.

Effective outreach

Effective outreach refers to the number of individuals – farmers, small business owners, workers – who experience a real and tangible change in income. The number of individuals ‘touched’ e.g. those who were exposed to a new technology but did not use it to their advantage, will be much higher. Also the total number of individuals benefiting in more indirect ways e.g. as a result of more money being available for household expenditure will be much higher.

The formula for estimating total effective outreach used here is equal to (total number of small farmers and business owners who experienced an increase in income) plus (all FTE jobs multiplied by two). This assumes that only two individuals benefitted from each FTE job created. In reality this is likely to be more, especially in countries such as Pakistan where labour is relatively cheap.

Thus, the formula used here is conservative; effective outreach is likely to be higher than estimated. Table 20 shows the total estimated effective outreach per country.

Table 20 – Estimated total effective outreach

	Estimated FTE jobs created	Estimated effective outreach through FTE job creation	Estimated effective outreach to farmers and businesses	Total effective outreach (inclusive of outreach from FTE jobs)
Fiji	1,100	2,200	12,000	14,200
Timor-Leste	800	1,600	9,000	10,600
Pakistan	6,000	12,000	72,000	84,000
Country No.4	3,000	6,000	24,000	30,000
				138,800



ANNEX 4

Intervention Detail Sheets



Partner:	Easy in (Fiji) Limited trading as Adi Chocolates Fiji
Title:	Expanding the production capacity of a local chocolate manufacturer and developing backward linkages with cocoa farmers to increase the sourcing of local cocoa
Intervention Number:	FJ/TO/12
Start Date:	June 2012
Intervention Managers:	Florence Nand and Marilyn Vilisoni
Intervention Area:	Tourism and Related Support Industries: This intervention will contribute to more diversified shopping, entertainment and activities for tourists and increase access to year-round fresh and processed (HACCP certified) produce and food stuff.



Background Information

Although cocoa has been traditionally grown in Fiji, fluctuations in world prices have resulted in a decline in cocoa production and many trees and plantations have been neglected. Without stable and consistent demand and competitive prices, cocoa growers in Fiji are reluctant to invest in improving their cocoa farms and rely on other sources of income. Adi Chocolates is the only domestic processor of quality chocolate with a distinctly Fijian brand and has established relationships with cocoa growers across Fiji. The company is expanding its production to supply

more chocolate products to the tourist industry and to increase exports of its Fijian chocolate. Expansion will also increase its need for more cocoa beans. Sourcing these cocoa beans locally helps Adi Chocolates maintain its unique Fijian brand. For cocoa growers, Adi Chocolates will become a stable and consistent buyer that can offer competitive prices. Adi Chocolates will work with growers to revitalise existing cocoa plantations and introduce new techniques to growers to increase the quantity and improve the quality of Fijian grown cocoa.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> As a result of selling more cocoa beans at a higher price, growers' incomes will increase. 	Outreach and Employment: Estimated outreach to 76 cocoa farmers and expected full-time employment created of 8 workers. Innovation: Adi Chocolates is the only commercial producer of high-quality chocolate for the tourist market in Fiji and offers private extension services to its supplying cocoa growers. The company will also develop and introduce new techniques for improving the quality of Fijian-grown cocoa
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> As more cocoa growers implement revitalisation efforts and use new fermentation techniques, they will begin to harvest and sell more high-quality cocoa beans. Growers will also receive a more competitive price for high-quality and fermented beans. With increased chocolate production and a ready supply of quality cocoa beans, Adi Chocolates will increase its production of chocolate products for the tourism sector in Fiji. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Adi Chocolates will work with cocoa growers, teaching methods for revitalising neglected cocoa trees which can increase the amount of cocoa beans a tree can produce. A programme for cocoa bean fermentation, which improves the quality of cocoa beans will also be provided to dedicated farmers. Adi Chocolates new production capacity will increase its need for local cocoa beans, giving growers an incentive to harvest more cocoa. As a result more cocoa growers in Fiji will revitalise their trees and use modern fermentation techniques to produce high-quality cocoa beans. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Adi Chocolates will open a new chocolate manufacturing facility capable of processing 30 tons of cocoa beans into chocolate products each year. This will increase its demand for cocoa beans. The facility will also be on track for HACCP certification in the future. Adi Chocolates will also have an established extension services programme and dedicated staff to work with growers on revitalizing cocoa farms and cocoa bean fermentation. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> Adi Chocolates is opening a new chocolate manufacturing facility to expand its production from 2 tons to 30 tons of chocolate per year. MDF is co-investing in this new, expanded chocolate manufacturing facility and is supporting Adi Chocolates to prepare for HACCP certification. MDF is supporting Adi Chocolates to develop a cocoa tree revitalisation programme for cocoa growers in Fiji. Through this program, Adi Chocolates will work with cocoa growers to revitalise cocoa trees and improve the quality of cocoa beans grown in Fiji. 	

Partner:	Ben's Trading Limited
Title:	Expansion of the processing facility, become HACCP compliant and develop better backward linkages and private extension services to expand the quality and volume of exports of root crops.
Intervention Number:	FJ/HO/I5
Start Date:	August 2013
Intervention Managers:	Semesa Sikivou, Andrew Reddy
Intervention Area:	Horticulture and Agro-Exports: This intervention will provide access to more diversified and new end markets, and improve backward linkages and establish private extension services.



Background Information

Ben's Trading Ltd (BTL) is a root-crop exporter that has been in operation since 2006. The company has grown significantly and is now the largest taro exporter and most influential player in the taro industry in Fiji. BTL primarily exports root-crops such as taro and cassava. BTL sources these from all over Fiji with an extensive network of farmers, primarily from Taveuni (60% of its current exports) in addition to other islands around Fiji. BTL exports to markets in Australia, NZ, and the USA, and is looking to continue expanding by gaining access to new markets in Australia and NZ. A critical prerequisite to this is achieving HACCP certification. Some assistance towards HACCP compliance has been provided by other development partners, and MDF is also contributing

to this effort. HACCP compliance will lead to increased export customers and orders and therefore a greater demand for taro in Fiji. As one of the largest buyers, BTL is well placed to work with them to improve the quality and increase quantity of the taro they produce, leading to greater sales volumes and income. To support this, MDF is contributing towards improving BTL's business and sourcing management to handle the expansion of the business once sales volumes and demand increase. MDF is helping BTL to establish private extension services, to ensure that BTL is able to source increased volumes of improved quality taro in line with international requirements.

Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> As a result of selling increased volumes of higher grade export produce to BTL, farmers' incomes increase. As root-crop farmers use additional labour for planting and harvesting, additional employment is created on farms. Additional employment is also created within BTL as factory processing expands to meet increased export volumes. 	Outreach and Employment: Estimated outreach to 643 root crop farmers and expected full-time employment created of 65 workers. Innovation: Accessing more diverse markets to supply more quality Fiji root crops to large supermarket chains overseas; and establishing backward linkages through private extension services.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Farmers increase yields and quality by implementing the advice from private extension officers (PEOs). Farmers sell more export-quality root-crops to BTL. BTL processes increased volumes to meet increased demand of new export markets. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Farmers are more knowledgeable and improve their cultivation and post-harvest handling techniques, planting according to PEO advice. BTL works through its existing sourcing network to source more taro from farmers throughout Fiji. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Through HACCP certification BTL gains access to more export markets, receives increased orders for root-crops and has the capacity to process greater volumes of root-crops for export. BTL has improved management systems to better coordinate this expansion and manage sourcing from farmers to match new demand. PEOs monitor farmer activities and planting schedules and provide tailored advice, thereby making farmers more knowledgeable on improved cultivation techniques and BTL sourcing requirements. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> Upgrading of BTL processing facility in line with requirements for HACCP certification. Hiring of a Business Development Manager to establish and implement better management practices to coordinate demand from new markets and source produce from farmers. PEOs hired and trained to educate BTL farmers on better farming practices and improved post-harvest handling techniques. 	



Partner:	CDP Services Limited
Title:	Establishing a new barge service(s) for industries and exporters to source additional volumes of raw materials and end products from outer islands
Intervention Number:	FJHOI13
Start Date:	December 2014
Intervention Managers:	Dharmendar Chand and Rajnil Prasad
Intervention Area:	Horticulture and Agro-Exports: This intervention will provide farmers with access to more diversified end markets via the improved efficiency of sea transportation services.



Background Information

CDP is one of the country's longest serving logistics companies within the Fiji islands. It provides courier services to all households, government organisations, banks and major business houses by delivering documents and parcels. Due to the unique distribution of outer islands in Fiji, the inter-island transport system is a big challenge for the distribution of products within Fiji. If producers in any location have a competitive advantage in growing certain products, they find it difficult to transport surplus volumes to other regions. Hence surplus volumes are supplied in the same market which brings down the price to an almost non-profitable level. Inter-island logistical problems also affect large industries which require large volumes of raw materials and end products to be transported among islands and find it very difficult through existing commercial ferry services or the limited chartered barge

service. Barge services, are cheaper and can haul high volume of goods, and operate in shallow water. However they are not easily available as there is no commercial barge service providers in Fiji. MDF is working closely with a private courier company - CDP Services Limited which intends to enter into the domestic sea freight business by introducing small to medium barge services to optimise its logistics operation. Exporters, wholesalers and large industries will be able to haul high volumes of goods at a cheaper rate than that of the commercial ferry service and chartered barge service. MDF is supporting CDP to hire a logistics expert to conduct a market feasibility study and determine its viability to inter-link outer islands' transport systems via sea freight business as Phase 1. Following the outcomes of Phase 1, MDF and CDP will determine plans for Phase 2.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> To be determined by the outcome of the feasibility study and implementation of Phase 2 interventions. 	Outreach and Employment: To be determined by the outcome of the feasibility study. Innovation: To provide a cheaper and regular inter-island transport system.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> To regularly inter-link outer islands via cheaper sea freight transport systems and enable traders and entrepreneurs access to end markets. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Following the success of Phase 1, recommendations by the consultant will be considered for investment into a suitably sized sea-freight logistics business as key to providing a regular transport system linked to the outer islands. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Based on the outcome of Phase 1, the consultant will complete a needs analysis highlighting a clear pathway for future investment for CDP to provide cheaper sea freight transport system. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> MDF is supporting CDP to hire a consultant to conduct a market feasibility study to assess viability of providing barge service in Fiji. 	

Partner:	Coconut Kids (Fiji)
Title:	Scaling-up production capacity and improving in-house skill-sets for better marketing and improving quality of products for tourist kids market.
Intervention Number:	FJ/TO/110
Start Date:	March 2014
Intervention Managers:	Sangita Kumar and Andrew Reddy
Intervention Area:	Tourism and Related Support Industries: This intervention will enable tourists to access more diversified shopping and entertainment activities.



Background Information

Coconut Kids (Fiji) is a Nadi based small business which specialises in value addition and production of a range of items targeted for the tourist kids market. Coconut Kids Fiji is also the product brand name. These products are a substitute to imported handicraft items which gives tourist kids a better choice when it comes to buying handicrafts, toys and clothing that are uniquely Fijian. Future plans for Coconut Kids are to double sales and production. It faces limitations with insufficient finance for further investment and inadequate human resources to make Coconut Kids more visible and grow in production and quality. The objective of the intervention is to support Coconut Kids' growth strategy to reach sufficient scale and profitability

and acquire the necessary professional skills to set the company on a path of sustained growth. Activities under this intervention entail leveraging investments to procure machinery to support increased production; and the provision of salary support for a marketing executive and quality control personnel. With Coconut Kids (Fiji)'s growth, tourists will have more access to Fijian made items targeted at kids. This should lead to a higher turnover for the company which in turn will not only improve its business performance, but contribute to additional employment at the factory and additional income for workers in the community who supply accessories and materials to Coconut Kids (Fiji).

Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> • Employment at Coconut Kids' factory increases. • Suppliers of traditionally made accessories to Coconut Kids earn additional income. 	Outreach and Employment: Estimated outreach to 5 women and expected full-time employment created of 3 workers. Innovation: This intervention will enable the partner to boost production capacity and promote itself better to the tourist market to improve access to locally made items for the tourist kids market.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> • Coconut Kids' sales increase. • Coconut Kids is able to better market itself locally. • Tourists get access to and buy more products made by Coconut Kids. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> • Coconut Kids sells a larger volume of locally made items to existing and new markets. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> • Coconut Kids' production increases. • Coconut Kids' products are promoted in diversified markets. • Production process is made more efficient. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> • MDF is assisting Coconut Kids (Fiji) to improve production through procurement of required machinery. • MDF is supporting Coconut Kids through engagement of a Marketing Executive to promote Coconut Kids products in new markets. • MDF is supporting through engagement of a Quality Control/Supervisor/cutter to oversee production and carry out quality checks during the production process. 	



Partner:	The Crab Company of (Fiji) Limited
Title:	Establishing local mud crab cultivation with controlled hatchery, nursery and outgrower stages to supply mud crabs to the hospitality sector and export markets.
Intervention Number:	FJ/TO/I4/1
Start Date:	September 2012 – April 2015
Intervention Managers:	Marilyn Vilisoni and Troy Simpson
Intervention Area:	Tourism and Related Support Industries: This intervention will increase access to year-round fresh and processed (HACCP certified) produce and food stuff.



Background Information

The tourism sector in Fiji is growing steadily and it offers opportunities for local companies to supply products and services to the sector which provides hotel and resorts a consistent supply of quality goods. The current supply of crabs in Fiji is made up mostly of wildy caught crabs which vary in quality and consistency, and therefore their use in local resorts and hotels is limited. Chefs would use more crabs on the menu if they could secure a consistent and quality supply of sustainably farmed crabs. The Crab Company of (Fiji) Limited

(CCF) is developing an integrated process for the environmentally sustainable production of local crabs for the tourism industry and export markets that includes hatching, nursing and outgrowing facilities. This will be the first privately owned hatchery in Fiji. The company will also establish an outgrower program, providing technical assistance to crab-farmers and offering income-generating opportunities in coastal villages, particularly for women. This will establish a year-round supply of high-quality crabs.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> Outgrowers in coastal villages engage in new income-generating activities and increase their income by selling sustainably farmed crabs on a year-round basis. 	<p>Outreach and Employment:</p> <p>Estimated outreach to 13 farmers and expected full-time employment of 8 workers.</p> <p>Innovation:</p> <p>This intervention will result in establishing a supply chain for high-quality and environmentally-friendly farmed crabs for the tourism and export markets. This is the only privately owned hatchery in Fiji. It also establishes an outgrower scheme whereby crabs can reach maturity in mangrove pens managed by outgrowers.</p>
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Outgrowers will produce and sell more crabs through Crab Company of Fiji to the hotels and resorts in Fiji. The company will supply high-quality crabs to the tourism industry and local markets and can potentially move into exports. This establishes stronger links between local producers and the tourism industry and increases local food sourcing. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> With established mangrove pens, increased knowledge and the required inputs, outgrowers will produce up to 28,000 crabs annually in an environmentally friendly and sustainable way, selling them directly back to CCF. The number of outgrowers is expected to reach 13, the majority of which are women. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> CCF will increase its capacity to supply ponds and individually-managed outgrower pens with crablets for growing and harvesting. An established hatchery and nursery operating at full scale will produce over 200,000 crablets annually. An initial outgrower scheme will be established as a pilot, including 3 crab farmers. CCF will provide training, extension services and access to finance for outgrowers to manage sustainable crab farming. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> The company is investing in the expansion of hatchery production, nursery ponds, and outgrowing capacity to produce more environmentally sustainable crabs. MDF will support CCF in the expansion of the nursery and outgrower pens in mangroves which will expand production capacity. An Environmental Impact Assessment has been carried out for activities in the mangroves and necessary steps will be taken to comply with Fijian and Australian laws and standards. CCF will develop a pilot outgrower scheme for outgrowers in coastal villages that will be scaled up over time. This will include training, technical assistance, input supplies and access to finance. MDF could also support additional research for expanding into exports. 	

Partner:	Devesh and Bharos Farms
Title:	Establishing a greenhouse nursery facility for the production of in-demand, high quality seedlings on a year-round basis
Intervention Number:	FJ/HO/17
Start Date:	May 2013
Intervention Managers:	Sangita Kumar and Dharmandar Chand
Intervention Area:	Horticulture and Agro-exports: This intervention will provide access to quality production inputs and equipment.



Background Information

MDF is partnering with the Devesh and Bharos Farms (DBF) to help set up an expanded commercial seedling nursery to help farmers improve production and enable them to deliver fresh and processed produce year round for the export market and tourism sector. As a result, local farmers will be able to produce high-quality produce in the off-season and be better connected to exporters and tourism buyers with the right products at the right time. DBF operates a small scale commercial nursery on Votualevu, Nadi. It supplies high quality seedlings and other crops suitable for export to local farmers. Its customers include individual farmers and enterprises such as exporters and associations who recommend and supply inputs

such as seedlings and seeds to their farmer networks. With this intervention, the farmers will have access to good quality seedlings which can produce higher yields and new varieties of crops throughout the year. This will enable them to plant produce during off-season periods. With the use of these new inputs, growers will also be able to save production time. As farmers produce more and better quality produce, they will increase sales to exporters and the tourism sector and increase their income. Along with the increase in yield of growers, this will result in a consistent supply of fresh produce into horticulture export and tourism markets.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> As a result of access to better quality seedlings and newer varieties, farmers increased sales result in additional income. Additional jobs will be created within DBF for its commercial nursery operation. 	Outreach and Employment: Estimated outreach to 225 fruits and vegetable farmers and expected full-time employment created of 14 workers. Innovation: This intervention will contribute to production of produce on a year round basis. This also means a new farming method used by the farmers of using raised seedlings and transplanting compared to open field growing method. This will not only reduce their production cycle but increase their yield and income.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Use of these inputs helps farmers to increase yields and produce the right types of high-quality produce. They sell more to exporters and wholesalers/middlemen – who supply the tourism and local markets. Farmers continue to plant newer varieties of produce which are in-demand by the tourism sector, export and local markets. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> With the increase in availability of a wide-variety of seedlings from DBF, farmers plant better quality seedlings and increase the variety of produce and its availability all year round. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> DBF starts selling high quality and new varieties of seedlings and seeds on a year round basis to growers and other entities such as exporters and associations. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> MDF is supporting DBF to increase its capacity to produce bigger volumes and increased varieties of seedlings using a greenhouse system. MDF is assisting DBF by engaging a nursery expert to provide on-site training and developing a booklet educating farmers on how to plant such seedlings. This will boost DBF's capacity and competency to operate a commercial seedling nursery. 	



Partner:	Opulent Investments Limited t/a Essence of Fiji
Title:	Scaling-up production capacity, increasing the market presence of a local cosmetics and spa products manufacturer and improving the quality of locally sourced raw materials for these products.
Intervention Number:	FJ/TO/112
Start Date:	April 2014
Intervention Managers:	Reshika Kumar and Sangita Kumar
Intervention Area:	Tourism and Related Support Industries: This intervention relates to improving access to more diversified shopping, entertainment and activities for tourists.



Background Information

The growing tourism sector in Fiji provides a great opportunity for local businesses to provide goods and services. This sector has mostly been reliant on imported products, even for items such as beauty products, handicrafts and fresh and processed food. MDF partnered with Essence of Fiji as it is one of the few companies in Fiji which specialises in producing beauty products for its own spas in Fiji and also for retail sales. For skin care products in Fiji, there are around three-four major players and a few emerging ones. The uniqueness of Essence of Fiji is that it has its own training school and spas in the form of Senikai Spas, which allows it to control the quality of services provided. In addition, it mostly uses locally supplied raw materials for final products, has its own products at the spas and sells its products through online and retail outlets. Essence of Fiji products, while being fragranced, focus primarily on healing properties compared to other beauty products in the market.

Through Essence of Fiji's growth, it would be able to compete domestically with locally manufactured skin care products and with international brands. MDF is supporting Essence of Fiji to improve its production capacity and the quality of locally sourced raw materials by providing training to local suppliers; expanding marketing and promotions through an improved website, posters, video and brochures and advertising in Air New Zealand holiday brochure; and to renovate its new facility. With Essence of Fiji's growth, tourists will have access to more Fijian made products from outlets such as the new Rejuvenation Centre, Senikai Spas (in around 10 resorts), Jacks of Fiji retail stores, and online outlets leading to increased sales to tourists. This should lead to a higher turnover for Essence of Fiji, an increase in its business performance, and increased incomes for staff and the village women who supply raw materials for production.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> Additional new jobs will be created at Essence of Fiji's production facility. Village women and men earn additional income. 	Outreach and Employment: Estimated outreach to 16 raw material suppliers and expected full-time employment created of 4 workers. Innovation: This intervention will enable the partner to boost production capacity and promote itself better to the tourist market to improve access of quality spa/beauty products. This will lead to a better shopping experience for tourists.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Essence of Fiji's production performance improves leading to more spa/beauty products. Essence of Fiji's sales increase. More villagers supply raw materials to Essence of Fiji. Other villagers copy and harvest/process raw materials for other beauty product producers. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Tourists have access to, and buy more locally made spa/beauty products items. Crowding in is envisaged to take place at this stage as similar spa/body care product producers increase the supply of their produce and diversify sales through additional means such as exports. This change will be achieved by training raw material suppliers on handling and processing of raw materials to meet the desired quality on a consistent basis. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Suppliers of raw materials (village women) will become more knowledgeable about, and better equipped in, the handling and processing of raw materials. Essence of Fiji will be able to promote its products better. Essence of Fiji will introduce new products. Essence of Fiji will be able to increase its production capacity. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> MDF is supporting Essence of Fiji hire two training specialists to conduct training for the raw material suppliers. MDF is supporting Essence of Fiji upgrade its website and develop marketing materials. MDF is supporting Essence of Fiji with fit out of the new facility. MDF is supporting Essence of Fiji with production equipment. 	

Partner:	Prasad's Agricultural Services Limited trading as Farmboy
Title:	Establishing an Industrial HACCP-certified kitchen for the processing of horticultural produce for the hospitality sector.
Intervention Number:	FJ/TO/I3
Start Date:	August 2012
Intervention Managers:	Florence Nand and Sangita Kumar
Intervention Area:	Tourism and Related Support Industries: This intervention increases access to year-round fresh and processed (HACCP-certified) produce and local food stuff.



Background Information

The tourism sector in Fiji is growing steadily and offers opportunities for local companies to supply products and services to hotels and resorts which can then offer a consistent supply of quality goods to their customers. Hotels and resorts import a large amount of fresh and processed foods because of difficulties sourcing the needed quantity and quality locally on a consistent basis. Farmboy is a specialised wholesaler that supplies the hotels and resorts in Fiji with local agricultural produce year-round. The company will expand with a new industrial kitchen to supply more fresh and processed items, such as juice, pulp and frozen fruits to the tourism industry. With an increased capacity to process and store more fruits and vegetables, Farmboy will be able to source more produce from

farmers, and process and sell in the off-season when particular crops are not in ready supply. Farmboy will also be able to process fruits and vegetables that would normally be rejected under the high-quality standards of the tourism industry. For these reasons, Farmboy can offer a competitive price to farmers. Farmboy will offer farmers advice on what to grow, when to plant, how to manage diseases, post-harvest handling, and grading for the hotel industry. The company will also help farmers access the necessary seedlings for crops in demand. As a wholesaler, Farmboy will support diversification in agriculture, encouraging the cultivation of other horticultural crops outside of traditional cash-crops and establish a stronger link between the tourism industry and farmers in Fiji.

Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> As a result of selling more fruits and vegetables, growers' income will increase. Increased cultivation and processing will create new employment on and off farms. 	Outreach and Employment: Estimated outreach to 308 farmers and expected full-time employment created of 6 workers. Innovation: This intervention will improve year-round supply of horticulture produce to hotels and resorts in Fiji. Growers will improve and diversify cultivation through the advice provided by Farmboy.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Farmers will cultivate more produce and, by selling through Farmboy, will have access to the growing tourism market with fewer rejections. This improves the links between farmers and hotels and resorts. A consistent supply of quality produce for hotels and resorts contributes to the use of locally sourced foods within the industry, decreasing the need for imports. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Farmers will benefit from increased sourcing and extension services provided by Farmboy. Knowledge of what to grow, quality standards, volumes required, and grading will allow farmers to cultivate crops which meet the demand and requirements of the local tourism industry. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> With a new industrial kitchen and storage facility, Farmboy will be able to process and sell three times more fruits and vegetables for the tourism industry. Farmboy will buy more fruits and vegetables from existing farmers, and will increase the number of supplying farmers to 308. Farmboy will also work closely with farmers so that they get the advice and inputs they need to grow the right quantity and quality of fruits and vegetables that are in demand. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> Farmboy is setting up Fiji's first industrial HACCP-ready kitchen supplying the tourism sector with processed produce. Increasing its capacity to handle fruits and vegetables, especially for processing and value-added commodities will allow it to buy more produce from a larger number of growers. MDF is assisting Farmboy establish the industrial kitchen which will be HACCP-ready, and which will increase the amount of fresh produce that Farmboy can buy, process and store to supply resorts and hotels year-round. MDF is also supporting Farmboy to improve backward linkages with farmers to increase quantity and improve the quality of supply, and to diversify into crops that are in demand from the tourism industry. 	



Partner:	Fiji Export Council
Title:	Building capacity of the Fiji Export Council to develop and implement better policy instruments that encourage the growth of exports in Fiji.
Intervention Number:	FJ/EP/I01
Start Date:	June 2014
Intervention Managers:	Sangita Kumar and Romit Prakash
Intervention Area:	Export Processing: Improving public-private dialogue in the export processing sector around policies and regulations.



Background Information

Adequate policy support is a prerequisite for a sector to grow. Equally important are the mechanisms in the market system which ensure that the relevant voices are being heard. To that end, Fiji's subsectors that are focused on export processing could do well if voices within the industry are first listened to and then channeled to the appropriate public bodies, to ensure the proper policy support needed to address regulatory barriers is secured.

To do this MDF partnered with the Fiji Exports Council (FEC). The primary aim of the intervention is to strengthen FEC's ability to lobby effectively with the Government of Fiji to bring about lasting changes around export policy and rules, with a particular focus on review of the duty suspension scheme. Secondly the intervention aims to strengthen FEC's institutional capacity to administer the new scheme so that effective and efficient services are provided to Fiji exporters. The MDF and FEC partnership is looking at engaging a trade policy expert. This expert will work with FEC to review the Duty Suspension

Scheme (DSS) and related Inward Processing Relief schemes to recommend best practice policies to create an impetus for exporters to realise export opportunities. The review will be done through consultations with relevant private and public sector stakeholders. FEC will present the position to the government through the Fiji Revenue and Customs Authority and subsequently through the Ministry of Finance.

As a Business Membership Organisation (BMO) represented by leading private sector bodies, FEC is best placed to bring about necessary policy and regulatory changes to help expand Fiji's export base. Once the policy changes are made, this will form a conducive platform for the private sector to increase investment considering such initiatives will contribute to reducing their costs of doing business. New exporters will join the DSS, and benefit from this will eventually translate into business expansion, better margins and employment creation for men and women in the various sectors in Fiji.



Partnership Summary

Outcome: Markets around the poor work better	<ul style="list-style-type: none"> • More exporters are aware of the new policy. New exporters register and join the DSS. • New and existing members benefit from the DSS. 	<p>Outreach and Employment:</p> <p>It is difficult for MDF to quantify/attribute increases in employment or income from this interventions that seek to improve business enabling environments</p> <p>Innovation:</p> <p>Improved policies and regulations around the export processing sector via effective public-private dialogue.</p>
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> • The government approves the new policy and regulatory changes are made. • FEC staff are better informed of the new policy and better positioned to educate industry players. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> • MDF is supporting FEC through engagement of a trade policy expert to review the existing DSS. A position paper is to be formulated which will highlight necessary policy changes to be made. • MDF is supporting FEC in strengthening its institutional capacity through a better software system to administer the revised scheme to provide effective services to the Fiji exporters. • MDF is supporting FEC through engagement of a trainer to train FEC staff to educate the industry players on the new scheme. 	

Partner:	Fiji Hotel and Tourism Association (FHTA)
Title:	Enabling local suppliers to the tourism sector to attend the HOTEK trade show to expand their business.
Intervention Number:	FJ/TO/115
Start Date:	September 2014
Intervention Managers:	Marilyn Vilisoni and Paul Valemei
Intervention Area:	Tourism and Related Support Services. This intervention seeks to address access to more diversified and better quality input supplies to the tourism sector



Background Information

The Fiji Hotel and Tourism Association (FHTA) is the major tourism body in Fiji representing hotels and resorts and other key private sector stakeholders. One of the key constraints that MDF is targeting in its tourism sector interventions is the increased demand for locally grown foodstuff by hotels and resorts. FHTA represents a strategic leveraging point to influence industry thinking and behavior. It is largely an independent body that relies on revenue from membership fees, sponsorships and corporate events.

One such event is the annual HOTEK trade show which links hotels and resorts buyers with industry support service suppliers. In previous HOTEK events FHTA has focused on promotions that target the participation of its hoteliers. Through this partnership, MDF has emphasised promotions targeting both the

booth participants (buyers and sellers) and the hoteliers. Both international and local buyers and sellers present at the show. In previous years marketing for the event was targeted at attracting hotel and resort participants who represent the 'buyer' side of the market. Sellers and booth holders were mainly informed through their tourism networks, with foreign and local suppliers treated equally on a first-come, first-served basis. FHTA and MDF seek to increase the level of local suppliers' involvement in the expo, especially businesses that are relatively unknown in the tourism sector. The HOTEK trade show allows these businesses to showcase their products and/or services at one time to multiple buyers which is a more effective means of marketing than approaching hotel and resort buyers individually.

Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> Target beneficiaries are the employees of local suppliers, and local individuals who may supply them with raw materials. Outreach, additional income and employment will be recorded in other interventions that may result from this intervention. 	<p>Outreach and Employment:</p> <p>No sector or poverty level projections or measurements will be made for this intervention. This is a supporting intervention and thus impacts will be measured and monitored in other tourism sector interventions that may arise from this intervention.</p> <p>Innovation:</p> <p>To increase local suppliers involvement in tourism trade shows like HOTEK and give them a platform to showcase their products and services to a multitude of Tourism sector buyers from the hotel and resort industry, under one roof. To assist in their participation costs, MDF supported FHTA in setting up a subsidised allotment of booths for a selected number of local suppliers.</p>
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> This is a supporting intervention and thus impacts will be measured and monitored in other tourism sector interventions that may arise from this intervention. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Increase the promotion of new local suppliers of products and services to hotel and resort buyers. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> FHTA holding the HOTEK trade show allows businesses to showcase their products and/or services at one time to multiple buyers (hotels and resorts) which is more effective than approaching hotel and resort buyers individually. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> MDF is supporting with marketing activities to raise awareness among local suppliers through advertisement in the two local newspapers. MDF is supporting three local suppliers to participate in the HOTEK event. 	



Partner:	Herbex Limited
Title:	Expansion of production by improving sourcing capabilities, providing better information on cultivation techniques to suppliers and reducing post-harvest losses.
Intervention Number:	FJHOI12
Start Date:	December 2014
Intervention Managers:	Dharmendar Chand and Rajnil Prasad
Intervention Area:	Horticulture and Agro-Exports: This intervention will provide farmers access to more diversified and new end markets



Background Information

Herbex Ltd's core business is the production and export of noni fruit-based products. The company has diversified its production to include noni juice, noni capsules, noni soap, noni face cream and body lotion to cater to a growing overseas market. Herbex is the only HACCP and organic certified noni producing company in Fiji. Its product is classified under the Australian Certified Organic (ACO) and Canadian Organic certification which enables it to access more export markets. Herbex exports noni pulp to China, Canada, Australia, Taiwan, Korea and South Africa. Herbex sources the majority of its commodities from the Ra to Lautoka corridor.

Noni is a widely grown fruit, abundant in supply and generally picked by women who bring them on public transport or hired carriers to the processing facility where they are graded and processed. The fruit has a delicate nature, similar to strawberry with a very soft skin. Unfortunately it has a short shelf life and has to be processed quickly after picking. Supply is often

hindered by cost and/or absence of transport and suppliers see this as a key constraint for consistent supply especially when the collected volume is low and anticipated income barely covers transportation costs. Further, about 15% of the collected fruits are rejected due to mishandling during transportation. MDF is partnering with Herbex to enable them to achieve farm-gate pickups allowing the company to have a consistent supply for the growing market. In addition, MDF will provide plastic crates to assist in reducing post-harvest losses during transportation. Herbex has agreed to train two staff in post-harvest handling and educate the fruit pickers on grading and sorting of fruits as per quality requirements. Through the above assistance, suppliers will save transportation costs from farm-gate pick-ups. Suppliers will also reduce handling losses with the use of appropriate plastic crates and increase their income for good quality fruits. As a result suppliers will be incentivised to increase sourcing more noni fruits for commercial purposes.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> Farmers' incomes increase as they sell more high-quality noni fruits. As a result of Herbex's growth and expansion, more jobs are created in its processing facility. 	Outreach and Employment: Estimated outreach to 80 farmers and expected full-time employment created of 17 workers. Innovation: Producing noni pulp and freeze drying it noni capsule production for export.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Herbex is able to produce more noni pulp and noni juice (production capacity increased). Herbex is able to source additional volume from farmers (better quality). 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Fruit pickers are able to pick better quality noni fruits. Reject rate is reduced through the use of plastic crates during transportation. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Herbex's new truck will pick up fruit from farm gates at existing and new locations. The fruit pickers, through the driver and assistant, are more knowledgeable and practice sorting and grading of quality fruits. Herbex provides plastic crates to pack noni fruits. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> MDF is supporting Herbex to procure a 2 tonne truck to enable farm gate pickups and Herbex will hire a driver and assistant who will train the fruit pickers on grading and sorting of fruits as per quality requirements. MDF is supporting Herbex to procure plastic crates to reducing post-harvest losses during transportation. 	

Partner:	KK's Hardware Limited
Title:	Establishing a supply chain of seed importers for Fiji farmers.
Intervention Number:	FJ/HO/I10
Start Date:	September 2014
Intervention Managers:	Dharmendar Chand and Romit Prakash
Intervention Area:	Horticulture and Agro-exports: This intervention will provide access for farmers to quality imported seeds.



Background Information

KK's Hardware Ltd specialises in supplying general hardware goods and construction materials. The business was established in 1987 with one store, and after 27 years, KK's Hardware has expanded to three branches in Nadi. The company is expected to expand further into other parts of Fiji. MDF is partnering with the KK's Hardware to develop its capacity to become a commercial seed importer targeting the Fiji market and helping KK's Hardware distribute and market seed to farmers in Fiji. MDF will assist KK's Hardware to strengthen its relations with the Biosecurity Authority of Fiji (BAF), develop knowledge of international seed importing, identify new seed exporters to supply the required seeds, meet Fiji's compliance requirements by attending trade events (Asian Seed Congress), obtain valid seed import permits, and develop distribution and marketing

channels for seeds. As a result, farmers will have access to a wide range of seed varieties from KK's Hardware, instead of the previously available limited range of seeds. This will create competition in the seed market and ensure a sufficient supply of seeds are available all year round for horticulture farmers. KK's Hardware sells seeds, fertilisers, farm tools and chemicals to farmers. With this intervention the farmers will have access to good quality seeds, sufficient seed varieties and stocks of seeds throughout the planting seasons. This will enable them to plant produce during off-season periods. With the use of these new, high quality and greater variety of seeds, farmers will save production time. As farmers produce more and better quality produce, they will increase planting, production, yields and eventually sales and income.

Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> As a result of having access to good quality seeds, greater seed varieties and seed stocks throughout the planting seasons, there will be increased production in off-seasons, saving of production time, better quality produce and farmers will generate additional income. 	Outreach and Employment: Estimated outreach to 1,000 farmers. Innovation: This intervention is expected to incentivise farmers to cultivate crops more intensively and target off-season crops, so that farmers can increase productivity and generate higher profits. This will lengthen the production cycle, and increase yields and income.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Use of good quality and a sufficient variety of seeds helps farmers produce the right types of high-quality produce throughout the planting seasons and increase production during off-season periods. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> With the increase in availability of a wide-variety of seeds from KK's Hardware, farmers plant better quality seeds and increase variety of produce all year round. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> KK's Hardware understands the seed import compliance requirements of BAF. KK'S Hardware develops its capacity in identifying potential seed exporters. KK'S Hardware understands the requirements of getting a seed import permit from BAF. KK's Hardware starts selling high quality and new varieties of seeds on a year round basis, and establishes a good relationship with BAF. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> MDF is supporting KK's Hardware to develop its capacity as a commercial seed importer targeting the Fiji market. MDF is assisting KK's Hardware to distribute and market seeds to farmers in Fiji. 	



Partner:	Cover Story Limited trading as Mai Life Travel
Title:	Providing better Information on the diverse Fiji tourism experience through multiple channels (print, TV, online) to increase the number of tourists and spread tourism to more parts of the country.
Intervention Number:	FJ/TO/I14
Start Date:	May 2014
Intervention Managers:	Andrew Reddy and Florence Nand
Intervention Area:	Tourism and Related Support Industries: This intervention will enable tourists to access more travel information (circuits) and bookings.



Background Information

Cover Story Limited (CSL) is the publisher of Mai Life Magazines. Mai Life spans interest categories such as lifestyle, society, fashion, travel, food, sports, health and business. The magazine has the highest readership in the magazine market in Fiji and CSL plans to expand to create another business arm Mai Life Travel magazine. Mai Life Travel (MLT) is produced via an experience-based approach to storytelling with a focus on the overseas market – especially inbound travelers to Fiji predominantly from Australia, New Zealand, Asia and Europe. To meet its ambition to market and extend MLT reach beyond print, CSL intends to: 1) upgrade its website to include tourism news, events and developments in the industry; and 2) develop a mobile/tablet application which allows users to download the magazines onto their devices. In addition to promoting MLT, CSL intends

to produce a television series that will highlight unique and interesting features at particular destinations around Fiji and which would also feature in MLT's quarterly issues. For this MLT project, CSL has approached MDF for assistance in product development and technical expertise to train local in-house writers in travel writing; and in creative direction to improve magazine layout and photography. CSL is one of the leading players in print media in Fiji with established networks in the industry. The business is in a position to influence the coverage and flow of information in the tourism market and has the ability to provide a voice for segments in the tourism industry that have been neglected. CSL has some financial backing which it is committing to the project making them eligible to partner with MDF, and it is strategically positioned in the economy.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> The employees of SMEs in the tourism industry could earn additional income as a result of being employed for longer hours or SMEs could employ additional staff as a result of increase in scale of operations. 	Outreach and Employment: It is difficult for MDF to quantify increases in employment or income at this point. Innovation: This intervention will provide tourists with a wider variety of choices when planning trips to Fiji, and smaller entrepreneurs may be able to gain a bigger share of the tourism dollar.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> SMEs are expected to record increases in operations as a result of more tourists using their products or services. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Tourists are expected to plan more comprehensive trips thus buying more products or using more SME services. Policy makers in the tourism industry are expected to develop and roll out policies that address issues highlighted in the television series. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> CSL will be able to provide tourists with more information which they can use to plan more comprehensive trips to Fiji. Policy makers are expected to be made aware of areas in the tourism sector that need their attention. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> MDF is assisting CSL to recruit a travel editor and train him/her to mentor local writers on travel writing, marketing and editorial strategy. In addition, a creative specialist will be recruited to guide magazine design, graphics, content and layout. MDF is supporting CSL with product development i.e. a mobile and tablet app that will be used by tourists to download information. MDF is assisting CSL with production (filming and editing) of a television series which will promote tourists attractions in Fiji. 	

Partner:	Maqere Exports Co Ltd
Title:	Expansion of the processing facility and developing better backward linkages and private extension services to meet expanding demand in export markets for fresh and processed vegetables and root crops.
Intervention Number:	FJ/HO/I6
Start Date:	January 2014
Intervention Managers:	Dharmendar Chand and Semesa Sikivou
Intervention Area:	Horticulture and Agro-Exports: This intervention will improve backward linkages by establishing private extension services.



Background Information

Maqere Exports Ltd is an agricultural export business which sources most of its commodities from the Ra-Lautoka corridor. Maqere's export commodities include rootcrops, seafood, kava and coconuts. Maqere exports all its commodities to Auckland. Maqere has noted increasing demand over the last few years which they have been unable to meet because of insufficient volumes of commodities, and insufficient space for processing and processing capacity. MDF is partnering with Maqere to help it utilise its expanded processing facility and improve the sourcing of produce from farmers. MDF's primary activity is in contributing to private extension services for Maqere which will equip nearby farmers with advice on better farming, crop care and post-harvest practices. Maqere is strategically placed as the

only exporter of horticultural crops operating within the vicinity. This is beneficial to farmers along the Ra-Lautoka corridor in that they do not have to incur high transportation costs to send produce to other markets. Maqere is a good candidate for providing private extension services in the area. Farmers will have access to services and advice necessary to increase their yields, as well as guidance on how to meet the volumes needed by Maqere, thereby increasing their sales. MDF is supporting Maqere to utilise its expanded processing facility which will enable Maqere to process increased volumes. This will ensure that Maqere is able to meet expanding demand from its target markets, and expand its sourcing in a sustainable manner from farmers in the area.

Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> • Farmers' incomes increase as they sell more high-quality fruits and vegetables. • As a result of Maqere's growth and expansion, more jobs are created in its processing facility. • As a result of farmers increasing their cultivation, farmers increase the numbers of farm labour hired. 	Outreach and Employment: Estimated outreach to 110 farmers and expected full-time employment created of 24 workers. Innovation: Maqere is the only exporter operating in the vicinity regularly sourcing from farmers. It is implementing private extension services that are expected to lead to increased quantity and quality of produce from farmers.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> • Farmers implementing TFA advice experience improved yields and are able to improve the quality of their produce. • Farmers sell more of the quality produce to Maqere. • Maqere increases its exports to New Zealand and continues to expand. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> • Farmers practice improved farming and post-harvest techniques. • Maqere processes larger volumes of produce, and is therefore able to buy more produce from farmers. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> • Maqere, through its technical field agent (TFA), provides advice to farmers on better farming, post-harvest techniques, and export requirements. • Maqere's expanded facility is fully operational and can operate all equipment with increased storage and processing capacity. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> • MDF is supporting Maqere to hire a TFA to provide extension services to supplying farmers. • MDF is supporting Maqere to purchase and install a 3-phase switchboard so that it can begin using its new expanded processing facility and machinery without interruption. • MDF is supporting Maqere to purchase and install a walk-in-chiller, expanding its capacity for storing fresh, locally purchased produce. 	



Partner:	Namana Arts (Fiji) Limited
Title:	Supporting strategic expansion of a local handicraft retailer targeting the tourist market by promoting and introducing new products and improving the skills of handicraft producers.
Intervention Number:	FJ/TO/19
Start Date:	January 2014
Intervention Managers:	Troy Simpson and Andrew Reddy
Intervention Area:	Tourism and Related Support Industries: This intervention relates to improving access to more diversified shopping for tourists.



Background Information

The growing tourism sector in Fiji provides a great opportunity for local businesses to provide goods and services. This sector has mostly been reliant on imported products, even for items such as handicrafts and fresh and processed food. While there is a variety of traditional handicrafts produced and sold in Fiji, the quality can be inconsistent, and tourists are seeking a greater variety of items. MDF partnered with Namana Arts (Fiji) Limited which is one of the few companies in Fiji which specialises in handicrafts for tourists which they design, produce and retail. MDF is supporting Namana Arts to increase its capacity to produce a more diversified range of handicraft items made from natural materials. Namana Arts sources raw materials from

local villages, and MDF will assist Namana Arts to strengthen its supply chain by working with the village women to improve their ability to handle and process raw materials, which will result in better quality materials and better quality end-products – as well the village women will have the opportunity to earn additional income. MDF will also support Namana to increase its market presence so that it can reach more tourists and expand its product line. This intervention will provide a greater variety of high-quality Fijian-made handicrafts leading to more purchases and more money injected back into the community. Namana can serve as a role model for local handicrafts producers in terms of design, quality and local sourcing.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> Additional jobs will be created at Namana Arts' production workshop. Village-based women earn additional income through sale of raw materials. 	Outreach and Employment: Research will be conducted to measure the outreach and employment generated by this intervention. Innovation: Developing new locally made handicrafts for tourists and strengthening local supply chain of raw materials.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Villagers sell more raw materials to Namana Arts. Other villagers see the benefits and start planting/processing raw materials for other handicraft producers. Tourists have access to, and buy more, locally made and functional handicraft items from Namana Arts. Namana Arts sells more products to tourists and expands to produce more functional and diversified handcrafted items. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Village women produce and sell better quality raw materials for Namana Arts. Namana Arts produces a higher quality and wider range of handicrafts for tourists. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Village women are trained in handling and processing raw materials for better quality. Namana Arts staff members develop and produce a new and diversified range of products. Namana Arts has a strong promotional and business development strategy to promote its products better to tourists. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> MDF supports Namana Arts through a craft specialist and local trainers to improve the knowledge of the women who supply raw materials to Namana Arts. MDF assists Namana Arts to develop a business strategy for expansion. As Namana Arts develops new products, MDF supports Namana Arts to market its new product range through a website/online catalogue, a new exhibition unit, and launch of a brand design. 	

Partner:	Onyx Pacific Limited
Title:	Facilitating trial shipments of a new export commodity, Fiji pineapple, to the New Zealand market by applying new packing and preservation techniques.
Intervention Number:	FJ/HO/I9
Start Date:	June 2014
Intervention Managers:	Andrew Reddy and Reshika Kumar
Intervention Area:	Horticulture and Agro-Export: Accessing more diversified end markets through new preservation methods.



Background Information

Onyx Pacific Limited (OPL) is a locally-owned export business based in Nausori that exports frozen root crops, fruits and vegetables to the New Zealand market. Operating as an export business for over 13 years has provided Onyx with the necessary experience in the agriculture export industry and now they would like to diversify into exporting fresh, vacuum-packed fruits and vegetables, commencing with Fiji pineapples. Although Fiji is well-known for its abundance of tropical fruits, businesses are unable to export fresh pineapple for the following reasons: 1) high air-freight costs; 2) lack of technical expertise in terms of preservation; 3) no formal quarantine pathway for the commodity to be exported to New Zealand; and 4) Import restrictions on fresh fruits by New Zealand. With New Zealand relaxing its restrictions on pineapple imports in 2012 and

the Biosecurity Authority of Fiji developing a formal 'Systems Approach Pathway' for the commodity, pineapple exporters now have the opportunity to tap into this market. In addition, if exporters acquire the proper techniques to increase the shelf-life for fresh fruits and vegetables, then sea freight can become a viable option and allow them to compete with countries such as the Philippines. Onyx has requested MDF assistance in the area of food preservation via recruitment of a food technologist and quality control officers, as well as assistance with the promotion and marketing of Fiji pineapples into New Zealand. Once this knowledge is acquired and awareness is created in the New Zealand market, Onyx plans to export trial consignments of vacuum packed pineapples to an established buyer in Auckland.

Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> Farmers either employ additional farm labour for farming or employ farm labour for longer hours. Increase in income for farmers from selling higher volumes of pineapple. 	Outreach and Employment: Estimated outreach to 45 farmers and expected full-time employment created of 9 workers. Innovation: This intervention will open up the export of fresh, vacuum-packed pineapples from Fiji. If successful, we expect another market to be created for pineapples and other exporters to crowd into the fresh export market.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Onyx purchases increased volumes of pineapple from farmers. Farmers cultivate greater areas of land for pineapple farming and as such employ more farm labour. Onyx processes and exports increased volume of vacuum-packed pineapples to NZ. Onyx employs more staff at the processing facility – in the vacuum packing line. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Onyx is expected to receive increased orders for vacuum packed pineapples as a result of increasing demand from consumers. Onyx exports vacuum packed pineapples to NZ. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Onyx is expected to create awareness of Fiji pineapples in NZ through promotion and marketing of fresh pineapples. Through the food technologists training, Onyx staff are expected to be knowledgeable on food preservation. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> MDF will be assisting Onyx with the recruitment of a food technologist who will disseminate knowledge on food preservation and vacuum packing to the quality control officers and operations staff. MDF will be assisting Onyx in the recruitment of two quality control officers who will be trained by the food technologist and who will continue to be employed by Onyx in the vacuum packing line. To mitigate Onyx's risk in terms of innovation and investment (purchase of A-grade pineapple, transportation and labour), MDF assist Onyx by cost sharing air-freight expenses for fresh pineapple in the first phase of the project and designing and printing of posters for promotion of Fiji pineapples (to create demand for sea-freight vacuum-packed pineapples in bulk later on). 	



Partner:	Travel Arrangements Fiji Ltd trading as Pacific Destinations
Title:	Upgrading and creating new community-based activities throughout Fiji to diversity the Fiji tourism experience and spread tourism to more parts of the country
Intervention Number:	FJ/TO/I7
Start Date:	December 2013
Intervention Managers:	Marilyn Vilisoni and Troy Simpson
Intervention Area:	Tourism and Support Related Industries: This intervention will enable tourists to access more diversified shopping and entertainment activities and for tourists to access more convenient, better coordinated and less costly transport linkages.



Background Information

Pacific Destinations is a major inbound tour operator that offers transport services to the tourist market. The company serves both corporate and individual clients and offers day tours to a number of activity providers, such as village-tours, cultural excursions and adventure activities, around Viti Levu Island. Most activity providers (especially the village-based operations) are located in remote areas with unreliable and infrequent local transport linkages. Furthermore they often lack the marketing and reservation systems to adequately tap into the tourism market on their own. Working with inbound tour operators like Pacific Destinations allows these activity providers to make it on to the tourist map. MDF is partnering with Pacific Destinations to expand into more activity sites, particularly in less visited areas

such as Vanua Levu, which will be offered through the company on its tours. The company will hire a relationship manager to work with activity providers to improve their services and their physical capacity for hosting tourists, and support the marketing of these new activity providers. Pacific Destinations will also offer convenient and reliable transportation services to the activity sites, as well as market the activity providers through their extensive network of local and international travel agents. As the local and village-based activity providers receive more tourists, their income will grow. Growth of Pacific Destinations, and especially their activity tour portfolio, will aid the development of the tourism entertainment and activity market in Fiji.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> The employees of the activity providers and village-based men and women will earn additional income from hosting more tourists at these sites. 	Outreach and Employment: Following the finalisation of the activity sites, a baseline study will be conducted on which to base projections for outreach and additional employment. Innovation: This intervention will provide tourists with a wider variety and better access to tourist activities while building the capacity of local villages, communities, and activity providers to host tours.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Activity providers also receive increased bookings from other tour operators and continue to expand. Pacific Destinations is able to sell better and more consistent tours to these activity sites across Fiji. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Activity providers have improved quality of service, better knowledge of managing tourist products, and are marketed widely, leading to an increased number of tourists visiting. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Pacific Destinations works with the local activity providers and improves their ability to provide better and more consistent experiences/services to their guests. Further support provided by the relationship manager will involve quality checks and ongoing advice. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> MDF is supporting Pacific Destinations to hire a relationship manager to work directly with activity providers to raise their level of service and physical capacity for hosting future tours. MDF is also assisting Pacific Destinations in marketing new activity providers. 	

Partner:	South Pacific Elixirs (Taki Mai)
Title:	Establishing a supply chain for yaqona (kava) as a new 'relaxation drink' for export markets.
Intervention Number:	FJ/HO/I2
Start Date:	December 2012
Intervention Managers:	Semesa Sikivou and Dharmandar Chand
Intervention Area:	Horticulture and Agro-Export: This intervention will provide access to more diversified and new end markets, information on cultivation techniques and input use, and access to quality production inputs.



Background Information

South Pacific Elixirs (SPE) Ltd is an Australian based company that has recently established itself locally to produce a fruit-flavored kava infused beverage targeting the growing relaxation market in the United States and other export markets. SPE has developed a unique way of processing kava to produce six naturally fruit-flavored kava drinks, branded as 'Taki Mai'. The drinks use Fijian grown kava which is sourced and processed in its facility on Ovalau Island. The Taki Mai product is a unique opportunity for Fijian kava farmers to access export markets through the processing a local crop, which is a major and traditional source of income, to meet international tastes.

To meet its projected demand for TakiMai, three specific varieties of kava are required. To ensure that farmers are planting enough

of these varieties, SPE is establishing a supply system to create a consistent volume and standardised quality. This includes a mixed system of a company-run nucleus farm, an outgrowers scheme, and nurseries to reproduce and supply farmers with the selected varieties for planting. The outgrowers scheme will help farmers to plant the right varieties and help them to improve their farming practices, and increase their yields, turnover and income.

SPE has taken steps to become HACCP compliant to gain greater market access internationally which could lead to SPE sourcing from an even larger number of kava farmers throughout Fiji. As the Taki Mai brand expands, SPE will begin to source kava from other areas around Fiji, improving Fijian kava farmers' access to export markets.

Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> As a result of selling more kava plants on a consistent basis, farmers' incomes will increase and will result in one additional job at the facility. 	Outreach and Employment: Estimated outreach to 52 farmers and expected full-time employment created of 8 workers. Innovation: The first local commercial producer of kavalactones from fresh green kava roots, targeting export markets. SPE will process kava at its factory in Levuka and will be establishing a nucleus farm and providing support for outgrowers. Processing kavalactones for kava-infused products that will be exported.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Using the skills, techniques and seedlings provided by SPE, farmers increase their kava production and yields and harvest and sell more high-quality kava plants to SPE for processing for export. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Through SPE's program, kava farmers learn and use improved techniques for: pest and disease management, soil management, replanting, and harvesting and post-harvest handling. Farmers also have access to the needed varieties of kava plants which are in-demand by SPE and plant more of these three varieties. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Through its sourcing and outgrower scheme, SPE produces seedlings for the required varieties of kava and provides cultivation training and nursery seedlings to kava outgrowers in Ovalau. SPE processes the kava at its Ovalau facility, which is HACCP certified. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> SPE is setting up its processing facility on Ovalau island where it will purchase kava plants directly from farmers. The factory will process green kava plants for use in the Taki Mai beverage. MDF is supporting SPE to expand its processing facility, reach HACCP certification and develop a Good Manufacturing Plan (GMP) for increasing growth into export markets. MDF is also supporting SPE to implement its plan for increasing its kava supply through a nursery for kava seedling production and by providing extension services to farmers through an outgrower scheme. 	



Partner:	Standard Concrete Industries
Title:	Establishing a supply chain of locally mined lime (SCI Partnership 1) and increasing the usage of Aglime among farmers in Fiji (SCI Partnership 2).
Intervention Number:	FJ/HO/11 and I8
Start Date:	July 2012 and March 2014
Intervention Managers:	Semesa Sikivou and Andrew Reddy
Intervention Area:	Horticulture and Agro-Export: This intervention will provide access to quality production inputs and equipment.



Background Information

Agricultural lime is imported in Fiji and so it is expensive and rarely used. As a result, areas under intensive cultivation face acidic soil conditions which limit the uptake of nutrients from the soil and decrease farmers' yields. Standard Concrete Industries (SCI) is the largest manufacturer of concrete masonry blocks in Fiji and has an established lime quarry in Tailevu and other licences elsewhere. The lime extracted is used for construction purposes and has not yet been utilised for agricultural or horticultural practices in Fiji. SCI seeks to diversify its operations into the production and distribution of quality agricultural

lime. MDF is working with SCI to first determine potential demand for agricultural lime and then invest in its production and distribution. Because it is a new product in Fiji, significant promotion and educational activities will be needed to spread awareness of the benefits and proper use of lime. Establishing a local supply of agricultural lime will provide a low cost solution for farmers; while also providing farmers with knowledge of the importance of lime to maintain soil structure and fertility. Improved access to and knowledge of agricultural lime can help to improve soil pH, improve yields and increase incomes.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> Increased cultivation, harvests and sales will lead to increased incomes for farmers and new employment on farms. 	Outreach and Employment: Estimated outreach to 8,375 farmers and expected full-time employment created of 753 workers. Innovation: The new product being introduced by this intervention is agricultural lime which will be locally mined and commercially produced for the first time in Fiji.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Farmers' use of lime will reduce the acidity of soils and increase the yield and quality of their crops. Farmers will be able to harvest more from their land and can expand cultivation, which will allow them to sell more throughout the year. A consistent supply of affordable lime will encourage farmers to engage in better soil management practices. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> As more farmers in Fiji become aware of the benefits of agricultural lime and use it correctly, and locally produced agricultural lime is available at an affordable cost, farmers will use lime to improve their soil conditions. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Once the market feasibility study is complete, SCI will invest in the required machinery and begin producing agricultural grade lime from its quarries in Fiji. The marketing and distribution plan will be in place ensuring that the product is readily available to retailers and farmers. SCI will engage in educational and promotional activities to educate farmers on the benefits and correct use of agricultural lime. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> A market feasibility study carried out with the support of MDF will provide information on the potential demand for agricultural lime in Fiji. Based on this information, SCI will seek Board approval to invest in the appropriate machinery required to manufacture agricultural grade lime. The study will also produce a soil map of Fiji that illustrates the current soil conditions and crops per area. This map will be utilised for promotional and educational activities. Soil testing services were examined, and soil testing was integrated into the second intervention. MDF will also support the initial move into the production of agricultural lime and the development of a plan for marketing and distribution to ensure key marketing channels are identified and consumers educated on the use and application of lime. This plan will include promotional activities such as demonstration plots and awareness campaigns. 	

Partner:	Tripeak Farms
Title:	Expanding hydroponics cultivation of horticultural specialty produce for year-round supply to the tourism and hospitality sector.
Intervention Number:	FJ/TO/I6
Start Date:	August 2013
Intervention Managers:	Marilyn Vilisoni and Troy Simpson
Intervention Area:	Tourism and Related Support Industries: This intervention relates to increasing hotel and resorts' access to year-round fresh and processed (HACCP certified) produce and foodstuff.



Background Information

A recent study by MDF found that a considerable proportion of fruits and vegetables used by the Tourism industry is imported when these items cannot be sourced locally. Many fruit and vegetables in Fiji are grown seasonally, typically only six months during the year. If the period of production was to be extended, there is a strong potential for greater purchases of locally grown produce by the Tourism industry. As weather patterns are the major factor disrupting farmers from growing year-round, especially in the rainy season, introducing protected cropping techniques such as hydroponics is one solution that could go some way in addressing this constraint. As part of MDF's strategy to increase the availability of quality fresh produce to resorts year-round, MDF has partnered with Tripeak Farms, one of the leading companies in Fiji with considerable experience

in growing fruits and vegetables utilising hydroponic growing methods. Tripeak Farms works closely with hotel and resort customers to identify, experiment and commercially supply exotic varieties of lettuce and herbs demanded by its restaurant kitchens. MDF is working with Tripeak Farms to upgrade its production capacity to produce new varieties, as well as assist in the setup of low-cost hydroponic systems among village and individual outgrowers. Bringing low-cost hydroponic systems to rural farmers will allow them produce year-round and access the high-value tourism market which would increase their incomes. By increasing the supply of produce from specialist local growers like Tripeak Farms and its network of outgrowers, the tourism sector is presented with viable locally grown alternatives to purchasing imported produce.

Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> Outgrowers earn additional income from selling more lettuce year-round and employment opportunities are increased within the facility. 	Outreach and Employment: Estimated outreach to 10 outgrowers and expected full-time employment of 2 workers. Innovation: This intervention seeks to increase the year round supply of fresh produce to the tourism sector using low cost hydroponic systems that enable intensive continuous growing throughout the year.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Outgrowers harvest lettuce and sell it year-round through Tripeak Farms to the tourism industry. Tripeak Farms sells more produce from its own production facility as well as outgrowers to its tourist hotel, resort and restaurant clients all year round. The tourism industry uses an increased volume of locally grown hydroponic produce, subsequently replacing imports during the off-season; and increasing demand for local produce. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Tripeak Farms produces greater volumes and varieties of lettuce, herbs and vegetables from their expanded production facility. Outgrowers are fully knowledgeable about growing lettuce, apply correct techniques and have access to hydroponic supplies for maximum year-round production. Tripeak Farms will also supply hydroponic equipment and supplies to new outgrowers interested in hydroponic growing. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Tripeak Farms has the physical and technical capacity to increase its production of in-demand and exotic varieties of vegetables for year-round supply to hotels and resorts. Tripeak Farms provides training to outgrowers on growing lettuce using its new low-cost systems. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> MDF will support Tripeak Farms by expanding its production facility and improving its technical ability with technical assistance. MDF will also support the partner in setting up low-cost lettuce hydroponic systems among a select group of village and rural based outgrowers. 	



Partner:	Walks & Trails trading as Talanoa Treks
Title:	Market Fiji to the growing international 'walking market' and work with local communities to improve service standards and accommodation in order to diversify the Fiji tourism experience and spread tourism to more parts of the country.
Intervention Number:	FJ/TO/I11
Start Date:	March 2014
Intervention Managers:	Florence Nand and Andrew Reddy
Intervention Area:	Tourism and Support Related Industries: This intervention will enable tourists to access more diversified shopping and entertainment activities and for tourists to access more convenient, better coordinated and less costly transport linkages.



Background Information

Talanoa Treks is said to be the only dedicated hiking tour company in Fiji which offers guided multi-day group walks through Viti Levu's rural areas, working in partnership with local communities. Talanoa Treks works with four communities and two locally-owned lodges. It supports them by providing quality guides, accommodation and food and helps them connect to the market through marketing, managing bookings, trip management, logistics and quality control. Most of the communities are remote and with no banks, and do not have access to much capital to be able to invest in upgrading their facilities (such as washroom facilities) without co-financing. Talanoa Treks have in place Memoranda of Understanding (MOUs) with these communities and intends to support them by co-financing the initial capital costs with the communities paying some portion of the costs so that they take ownership

of these facilities. Working with Talanoa Treks allows these communities to be better equipped to meet overseas standards and tourist requirements and to be better able to host tourists in their communities. The company will hire a community business development officer (CBDO) to work with the four communities to raise their technical service capacity for hosting future hiking tours. With Talanoa Treks' growth, tourists will have greater access to experiences of the natural side of Fiji and Fijian hospitality at the community level. This should lead to a higher turnover and increased business performance of the company and also the communities that host tourists. Additional people will be employed within the company, and by the company in the communities to cater for the increased demand. It is expected that income and number of communities hosting Talanoa Treks will increase as the demand for 'walking adventures' increases.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> Community members will earn additional income from hosting more tourists. Communities will earn income through the sale of handicrafts and waterfall access to tourists. Additional employment within Talanoa Treks will increase when there is an increase in demand for services by walking tourists. 	Outreach and Employment: A baseline study is yet to be conducted to measure the outreach and employment generated by this intervention. The results indicate an additional outreach of 30 beneficiaries and 3 additional FTE jobs.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Communities receive increased bookings from other similar activity providers and continue to expand. Talanoa Treks is able to better market itself internationally and locally and bring more tourists to these communities. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Communities (guides and service providers) are trained on service delivery and managing a business, and have better knowledge of how to meet overseas standards and requirements in hosting tourists, leading to an increased number of tourists visiting. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Talanoa Treks works with communities and improves their ability to provide better and more consistent experiences/services to tourists. Further support provided by the CBDO will involve continuous training on financial and food hygiene. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> MDF is assisting Talanoa Treks to increase its market presence through a website and promotional tools. MDF is supporting Talanoa Treks to invest in infrastructure within communities to raise standards to meet the overseas market's requirements. MDF is assisting Talanoa Treks in increasing the capacity of community guides. MDF is supporting Talanoa Treks with the hiring a CBDO to train communities. 	
		Innovation: This intervention will allow tourists to better access and experience a unique side of Fiji and Fijian hospitality while building the capacity of local communities to raise standards to meet the overseas market's requirements and to host tourists better.

Partner:	Wildfire Bar & Grille trading as Wildfire Entertainment Group
Title:	Increasing market presence and providing quality services to cruise ship tourists.
Intervention Number:	FJ/TO/I13
Start Date:	April 2014
Intervention Managers:	Reshika Kumar and Florence Nand
Intervention Area:	Tourism and Related Support Industries: This intervention relates to improving access to more diversified shopping, entertainment and activities for tourists.



Background Information

The growing tourism sector in Fiji provides a great opportunity for local businesses to provide goods and services. This sector has mostly been reliant on imported products, and limited activities have been available for cruise ship tourists. MDF is partnering with Wildfire Entertainment Group (WEG) which offers an entertainment service to Suva cruise ship tourists which has been untapped by other service or activity providers. MDF is supporting WEG to increase its capacity to host more tourists and improve WEG's marketing presence. WEG provides tourists with a range of activities with particular attention to showcasing

Fijian culture. With WEG's expansion, additional employment will be created along with income generating opportunities for men and women. MDF will assist WEG get a greater share of the cruise ship tourists and guide the business growth and enable WEG to continue to employ performers. With WEG's growth, tourists will have more access to Fijian cultural activities which other activity providers have ignored. This should lead to a higher turnover for WEG which in turn will not only improve its business performance, but also the work opportunities and incomes of those women/men that it employs.

Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> Additional new jobs will be created within WEG. Additional performers will be hired. Men and women (performers and handicraft sellers) earn additional income. 	Outreach and Employment: A baseline study will be conducted to ascertain the basis for outreach and employment generated from this intervention. Innovation: This intervention will offer a service to Suva cruise ship tourists which has been untapped by other service or activity providers.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Increase in cruise ship tourists attending WEG shows. WEG holds more shows. Handicraft sellers sell more handicraft items to tourists. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Increase in tourist awareness of WEG shows. Handicraft sellers sell handicraft items to tourists at WEG performance site. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> WEG website completed. ATS Pacific promotes WEG activities to cruise ship tourists. WEG has increased capacity to host a higher number of tourists. Handicraft sellers hire carts and are ready to sell handicrafts to the cruise ship tourists. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> MDF is supporting WEG with marketing its website; design & printing of brochures and posters and advertising on Shores Tours & Trips' (NZ) website. MDF is supporting WEG with the procurement of equipment and makeshift carts. 	



Partner:	Acelda II Unipessoal Lda
Title:	Assisting in sourcing, processing and marketing of local products to local markets.
Intervention Number:	TL/AB/11
Start Date:	November 2013
Intervention Managers:	Antonio Gusmao/ Maria de Araujo dos Reis
Intervention Area:	Agribusiness, Processing and Rural Distribution: Introducing more reliable and less costly access to end markets through more traders buying at the farm gate, more frequent and efficient transportation, more market information and storage support.



Background Information

Introducing more reliable and less costly access to end markets through more traders and improvements in transport, storage and market information forms a key intervention area for MDF in the Agribusiness, Processing and Rural Distribution sector strategy. The partnership with Acelda II Unipessoal Lda fits well within the strategy and is expected to improve the connection between producers of local products and the diverse markets seen in Timor-Leste. Acelda boasts Candlenut sourcing and processing as its primary business. Through this intervention MDF expects to assist Acelda in expanding into other local

products such as rice. The objective of the intervention is to aid Acelda in adding value to local products through processing and marketing such that local, high quality, processed agriculture products are available in markets in the districts and in Dili which can effectively compete against prevalent imported products. The increased capacity of Acelda to source large quantities of commodities consistently, provides local producers with a stable and recurring market in which to sell their surplus products. Through the sale of surplus products, farmers are expected to earn additional income.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> As a result of selling more products more consistently, incomes of local producers will increase. 	<p>Outreach and Employment:</p> <p>This intervention is expected to reach approximately 329 farmers by 2016. Through the set-up of a new processing plant for rice and other products as well as increased transport and logistics needs, new jobs are expected to be created in Acelda in rice milling, packaging, and supply chain management.</p> <p>Innovation:</p> <p>Development of an effective sourcing plan for local products; value addition to local products through processing and packaging; development and implementation of a targeted marketing and branding campaign.</p>
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Local producers sell raw materials to processors more consistently. Local producers cultivate more land to capitalise on increasing demand for local raw materials. Wholesalers and retailers serving district and Dili markets carry increased volumes of local products. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Acelda purchases larger volumes of raw materials from local producers to cope with increasing demand from local markets in the districts and in Dili. Acelda supplies more local rice to wholesalers and retailers in district and Dili markets. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Increased capacity of Acelda to design and implement a sourcing plan for paddy from farmers. Ability to process, package and store high quality local rice through a fully operational rice milling and storage facility. Improved capacity to design and implement a focused marketing campaign to introduce local rice to district and Dili markets. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> Enable sourcing of local rice paddy through development and implementation of an effective sourcing plan. Assist in adding value to local rice paddy through high quality processing into milled rice. Assist in the design and implementation of an effective marketing and branding campaign. 	

Partner:	Balibo House Trust
Title:	Establishment of a well-managed tourist facility in Balibo.
Intervention Number:	TL/GF/I1
Start Date:	July 2013
Intervention Managers:	Antonio Gusmao/Joaninha Lu
Intervention Area:	Greenfield Industries (Tourism): Introducing access to affordable skills training through (accredited) in-house training modules or training service providers; stimulate investments in infrastructure bottlenecks.



Background Information

Supporting Balibo House Trust in this tourism related venture fits within MDF's strategy in Timor-Leste to help diversify the predominantly agricultural economy. One of the principal constraints in the tourism industry is the lack of properly managed board and lodging facilities in tourist destinations outside of Dili. The Trust is an optimal partner to help in addressing this constraint because of its long history of engagement with the community in Balibo as well as its plans to invest in the construction of an international standard hotel within the premises of a famous Portuguese era fort in Balibo. The Balibo Fort hotel will attract more tourists to visit the area and provide them with the option of staying overnight or staying longer and enjoying the services and activities offered

by the town of Balibo as well as other tourist sites en route to Balibo. Key factors which are expected to contribute to the success of this intervention are: a shortage of well managed accommodation in regional areas west of Dili, the establishment of a commercially viable eco-friendly heritage hotel, as well as Balibo's name recognition in the Australian tourism market (the major target market for this site). More tourists coming to the area for longer durations allow for greater income generating opportunities through transactions of goods and services such as food, souvenirs and tour guides. The hotel and associated enterprises allow for alternative avenues for employment, and locals are not wholly reliant on agriculture which is a vulnerable sector.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> Creation of direct, non-agriculture jobs due to the hotel being established at the Balibo Fort premises. As a result of more tourists visiting Balibo and spending more time in the area, local small businesses and food producers earn more income through increased transactions around goods and services. 	Outreach and Employment: The intervention is expected to create 29 jobs for the construction and operation of the hotel. In addition, the intervention is expected to benefit approximately 64 SMEs such as tour guides, arts and crafts sellers and local food producers who supply or provide support services to the guesthouse and visitors.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Visitors to Balibo spend more money on purchasing tourist services such as tour guides, bicycle rentals etc. Visitors spend more money on local food products, either through the hotel or through other restaurants established in response to increased tourist volumes. Local small businesses, focusing on foods, local products and services sell more to visiting tourists. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> More visitors to Timor-Leste are aware of Balibo as a tourist destination Visitor numbers and average number of days spent in Balibo increases Balibo Fort Hotel emerges as a key buyer of local food products, as well as a driver for the growth of local service enterprises. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Launch of a fully operational tourist facility in Balibo complete with hotel, café/restaurant, museum and renovated fort grounds. Improved capacity of hotel staff to provide international standard heritage tourism services. Improved ability of hotel operator and Balibo House Trust to organise tourism related information and mount a focused marketing campaign to raise awareness about Balibo. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> Selection of operator and an efficient and effective operating model for the fort hotel. Effective recruitment and training of appropriate hospitality service personnel. Facilitate installation of a dedicated water system for the accommodation facility. Effective marketing of the hotel and Balibo as a key tourist destination in Timor-Leste. 	
		Innovation: Establishment of an international standard tourist facility with well trained staff and a customised marketing plan.



Partner:	Timor Global (TL) Lda.
Title:	Establishment of appropriate infrastructure to enable safe local sourcing of maize and soy.
Intervention Number:	TL/AB/13
Start Date:	July 2014
Intervention Managers:	Luisa Cardoso/Inacia Santos
Intervention Area:	Agribusiness, Processing and Rural Distribution: establish specialised infrastructure techniques and services around local sourcing such as quality testing, specialised transport and storage and establish backward linkages to production centres.



Background Information

Establishing specialised infrastructure techniques and services around local sourcing such as quality testing, specialised transport and storage and establish backward linkages to production centres are key intervention areas for MDF in the Agribusiness, Processing and Rural Distribution sector strategy. The partnership with Timor Global Lda fits well within the strategy and is expected to develop a local testing facility to monitor quality of selected crops and to improve the connection with local producers in Timor-Leste. Timor Global is a local agribusiness company mainly engaged in exporting coffee. It owns Timor Vita, a subsidiary which produces fortified corn and soy blend (CSB) products for young children and lactating

mothers. As part of this partnership MDF will assist Timor Global in establishing the country's first commercial food safety testing laboratory to test for aflatoxin and other contaminants, and a state of the art storage facility in support of production of CSB products with locally sourced raw materials. It is expected that, with the laboratory and storage facility in place, it would now be possible for local companies to source and use local raw materials in their production process without the risk of harmful contaminants. These two additions open up new opportunities in producing consumer food products with local raw materials, which has hitherto been too risky to attempt.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> As a result of selling more products more consistently, incomes of local producers will increase and additional jobs will be created at the facility. 	Outreach and Employment: This intervention is expected to reach approximately 700 farmers who will benefit from selling surplus production by 2017. In addition, approximately 6 jobs will be created directly in the lab and storage site. Innovation: Introduction and establishment of a food safety testing laboratory in Timor-Leste and the establishment of specialised storage solutions for grains.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Poor producers benefit from selling surplus harvest to an able and consistent buyer. More poor producers are able to be part of the supply chain due to partners' increased capacity to aggregate supplies. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Timor Global purchases maize from local farmers. Farmers get information from field supervisors and field officers on harvest and post-harvest handling. Farmers use information received from field supervisors and field officers. Farmers sell maize to Timor Global as per required quality and quantity. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Capable of operating contaminant testing laboratory and modern grain storage. Ability to assess quality of local commodity before purchase. Ability to establish a local supply chain for grains i.e. maize and soy. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> Establish a contaminant and grain quality testing laboratory. Establish a modern grain storage silo on site. Develop sourcing plan to connect demand to supply. 	

Partner:	Kmanek Trading
Title:	A feasibility study for the establishment of an industrial scale chicken and fish feed mill in Timor-Leste.
Intervention Number:	TL/AB/I4
Start Date:	July 2014
Intervention Managers:	Inacia Santos/ Maria de Araujo dos Reis
Intervention Area:	Agribusiness, Processing and Rural Distribution: access to yield increasing inputs (seeds, fertiliser, pesticides and herbicides), equipment and information on cultivation techniques, input use, and good post-harvest handling.



Background Information

Facilitating access to yield increasing inputs (seeds, fertiliser, pesticides, and herbicides), equipment and information on cultivation techniques, input use, and good post-harvest handling are key intervention areas for MDF in the Agribusiness, Processing and Rural Distribution sector strategy. The partnership with Kmanek Trading fits within the strategy and is expected to guide the establishment of an optimal industrial-scale chicken and fish feed industry in Timor-Leste. Kmanek Trading is a local trading company which imports, sells wholesale

and retails a number of food and consumer products. Kmanek has partnerships with local mud crab and fish farms and has started experimenting with its own small fish feed machine. As part of this agreement, a professional feasibility study will be conducted on the viability of establishing a fish and poultry feed manufacturing facility in Timor-Leste. The outcomes of the study are expected to guide Kmanek Trading and MDF in establishing the country's first animal feed milling facility.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> This particular intervention will not have a direct impact on poverty reduction. Any poverty reduction impact will follow the establishment of a feed mill operation in Timor-Leste. Such impacts will be estimated following the establishment of a feed mill. 	Outreach and Employment: No sector or poverty level projections or measurements will be made for this intervention. This is a supporting or pre-condition intervention and thus impacts will be measured and monitored if a feed mill facility is established following this intervention. Innovation: Use of a professional feasibility study to guide establishment of a fish and chicken feed factory in Timor-Leste. Use of such a tool to guide commercial decisions is expected to have an impact on the overall professionalisation of the private sector in Timor-Leste.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Assuming feasibility, fish and chicken farmers will have access to high quality feed products available locally at affordable prices. The sector level impact of such a result will be detailed in a future proposal on the establishment of a feed mill. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Using the study findings Kmanek will initiate and establish an industrial scale feed mill operation in Timor-Leste. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> A thorough and extensive feasibility study covering all topics relevant to the establishment of a feed mill and a feed mill business in the country. Increased capacity of Kmanek to manage technical consultants and specialists needed to answer specific questions on the feed mill business. Increased familiarity of the management and staff of Kmanek with feasibility studies and ability to analyse the findings of the study into practical solutions. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> Establish a contaminant and grain quality testing laboratory. Establish a modern grain storage silo on site. Develop sourcing plan to connect demand to supply. 	



Partner:	FarmPro Unipessoal LDA
Title:	Assisting in establishing a local district based agriculture input and output marketing business.
Intervention Number:	TL/AB/15
Start Date:	August 2014
Intervention Managers:	Maria dos Reis/ Luisa Cardoso
Intervention Area:	Agribusiness, Processing and Rural Distribution: Introducing more reliable and less costly access to end markets through more traders buying at the farm gate; establishing backward linkages to production centres; improving access to yield-increasing inputs (seeds, fertiliser, pesticides, and herbicides) and equipment; improving access to information on cultivation techniques, input use, and good post-harvest handling, and establishing specialised transport services around local sourcing.



Background Information

Introducing reliable and less costly access to end markets through more traders buying at the farm gate, establishing backward linkages to production centers, improving access to yield-increasing inputs, improving access to information on cultivation techniques, input use and good post-harvest handling and establishing specialised transport services are key intervention areas for MDF in the Agribusiness, Processing and Rural Distribution sector strategy. The partnership with FarmPro Unipessoal LDA fits well within the strategy and is expected to improve both quality input usage and quality output purchase from the vegetable farmers in Timor-Leste. With support from MDF, FarmPro will set up an outgrower business model where FarmPro will sell seeds, fertiliser, pesticides, and herbicides and provide technical and extension support to its client/farmers on

vegetable cultivation. It will then and buy-back the horticulture produce to sort, grade, pack and sell in Dili and district markets. It is expected that, through mentoring support from FarmPro, the lead farmers would graduate into farm business advisors in the long term performing as agents for FarmPro to sell inputs to other farmers and influence better cultivation techniques. Access to market information, cultivation practices, inputs and production schedules will help reduce oversupply of certain vegetables at certain times and the distress selling associated with this. In addition, access to a regular buyer will give farmers a source of stable income and the incentive to invest in improved cultivation practices. The partnership is also expected to enable provision of information on input usage to farmers and as a result incentivise its commercial sales and distribution.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> As a result of selling more products more consistently, incomes of local producers will increase. 	Outreach and Employment: This intervention is expected to reach approximately 100 farmers by 2016. New jobs are expected to be created in FarmPro input sales and technical extension service provision for farmers. Innovation: Implementation of a specialised micro-franchise model for input distribution and output purchase; use of automated inventory management software to support management of smallholder farmers.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Local producers sell vegetables and soybeans consistently to the wholesaler. Local producers cultivate more land to capitalise on increasing demand for local vegetable and soybean. Wholesaler sells vegetables and soybean to the local market on a regular basis. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> FarmPro sells inputs and provides agricultural information to farmers through shops and farm business advisers. Farmers use inputs and information to produce vegetables and soybean at desired quantity and quality standard. FarmPro buys vegetables and soybeans from farmers on a regular basis. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> FarmPro has appropriate facilities to source, transport, and grade and store vegetables and soybeans safely for distribution in the end market. FarmPro is able to organise farmer field days and demo plots with support from agribusiness advisers. Farm Pro is able to manage the input-output business model and provide inputs and information to the farmers. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> Assist in establishing necessary infrastructure for buying vegetables and selling inputs. Assist in improving the capacity of FarmPro core staff and commission agents for buying and selling inputs. Support FarmPro to pilot a soybean outgrower model. 	

Partner:	H3R
Title:	Optimising production facility and designing an active marketing campaign for compost manufacturing.
Intervention Number:	TL/AB/17
Start Date:	September 2014
Intervention Managers:	Maria dos Reis/Luisa Cardoso
Intervention Area:	Agribusiness, Processing and Rural Distribution: Improving access to yield-increasing inputs (fertiliser) information on cultivation techniques and fertiliser use.



Background Information

Improving access to yield-increasing inputs (fertiliser) and cultivation techniques and input usage form key intervention areas for MDF in the Agribusiness, Processing and Rural Distribution sector strategy. The partnership with H3R fits within the strategy. H3R will develop and promote organic fertilisers which farmers prefer to chemical fertilisers. Through this

intervention, MDF aims to work with H3R to develop a business model for producing quality compost and promoting this to horticulture farmers. The improved compost product is expected to fill a gap in the market in Timor-Leste and provide access to quality inputs for farmers resulting in improved yields and therefore sales.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> Increased income of local producers through regular sales of horticulture produce. 	Outreach and Employment: This intervention is expected to benefit vegetable farmers and create new jobs within H3R. The projections for outreach and employment are being determined. Innovation: Introduction of first locally produced, commercial grade organic fertiliser targeting horticulture farming and implementation of an active marketing campaign to popularise compost using market days, field days and demonstration plots.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Local producers' yield of horticulture crops increases due to increased use of compost. Local producers sell higher volumes of horticulture crops to the market. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> H3R sells high quality and consistent batches of compost to horticulture farmers. Horticulture farmers buy and use H3R compost in more volumes. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Improved storage capacity to store compost as per requirement. Improved capacity of factory staffs to produce quality compost. Improved capacity to design and implement a focused marketing campaign to popularise compost as an organic fertiliser. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> Support H3R in establishing a basic storage facility. Assist H3R in improving compost production process. Support H3R in developing and implementing effective marketing campaign. 	



Partner:	Pousada Alecrim Namrau Lda
Title:	Establishment of a well-managed tourist accommodation and development of tourist support services in Hatubuilico, Ainaro.
Intervention Number:	TL/GF/I2
Start Date:	December 2013
Intervention Managers:	Inacia Santos/ Carlos Alves
Intervention Area:	Greenfield Industries (Tourism): Stimulate business investment in diverse and high quality technical support services and infrastructure bottlenecks.



Background Information

One of the principal constraints in the tourism industry is the lack of properly managed board and lodging facilities in the districts which discourage tourists from staying overnight or extending their visits to tourism sites across Timor-Leste. Stimulating business investment in hospitality services as well as tourism infrastructure bottlenecks are key intervention areas for MDF in the Greenfield Industries sector. Through working with Posada Alecrim Namrau, the largest guesthouse near the popular tourist site of Mount Ramelau, to improve its services it would attract

a larger proportion of tourists into the community near Mount Ramelau. This will be done through investments in upgrading the guesthouse amenities and improving customer service. These improvements are expected to attract more tourists and encourage them to spend more time in the area to enjoy other activities and sites on offer in Hatubuilico. Tourists who stay longer spend more money leading to increased income earning opportunities for the guesthouse and the community and inject more cash into the local economy.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> As a result of more tourists visiting and staying in Hatubuilico, and a larger proportion of visitors staying longer in the area, local small businesses and food producers earn more income through increased transactions of goods and services. 	Outreach and Employment: Approximately 19 producers and tourism service providers will be benefited in total by 2016. Innovation: Investment in improving facilities and service quality to improve guest experience; and organisation and presentation of tourist information and activities to stimulate longer stays.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Visitors to Hatubuilico spend more money on purchasing tourist services such as tour guides. Visitors spend more money on local food products through the guesthouse. Local small businesses, focusing on foods and services, sell more to visitors. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> More visitors to Mount Ramelau are incentivised to stay in Hatubuilico due to the presence of good quality facilities. More visitors stay longer to enjoy additional activities and visit nearby sites New visitors are encouraged to come and visit the area. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Launch of an improved accommodation facility able to provide more amenities to visiting tourists. Increased capacity of guesthouse staff to provide higher quality hospitality services to visitors. Improved ability to organise and present tourism information highlighting additional sites and activities. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> Improvement in the quality of hospitality and tourism services in the guesthouse. Improvement in the amenities provided by the guesthouse. Organisation and effective presentation of tourism information (sites and activities) to target market. 	

Partner:	NPM Industries Unipessoal Lda.
Title:	Technical advisory support for the establishment of a high quality salt refinery operation and sourcing model for producing iodised salt.
Intervention Number:	TL/GF/I4
Start Date:	December 2014
Intervention Managers:	Manuel Soares/Antonio Gusmao
Intervention Area:	Stimulate Business investment in, and the diversification and quality of, technical support services and introduce access to affordable skills training through (accredited) in-house training modules or training service providers.



Background Information

The manufacturing sector is characterised by businesses which are primarily small and informal in nature with limited capacity to manage business processes as well as to invest. A lack of skilled labour and the high risk perception of these businesses discourage investments. Stimulating business investment in, and the diversification and quality of, technical support services and introducing access to affordable skills training are key intervention areas for MDF in the Greenfield Industries sector. Through the partnership with NPM Industries, MDF aims to facilitate the operationalisation and promotion of Timor-Leste's first commercial facility for manufacturing iodised salt using

locally sourced raw salt from Timorese salt farmers and collectors. This involves engaging technical experts to train local NPM staff on operating the testing and refinery facility; introducing modern farming technology for improved raw salt procurement; and promoting the first ever locally produced iodised salt in the country. This intervention will enable regular sales of raw salt to a large scale commercial processor providing a stable source of income for the farmers and collectors. With increased demand for raw salt the partnership is expected to create job opportunities in salt collection, processing and packaging.

Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> Income of local salt farmers and collectors will increase as a result of consistent sales of raw salt to a regular buyer. As demand for raw salt increases, there may be a positive impact in terms of additional work created in salt collection, processing and packaging. 	Outreach and Employment: This intervention is expected to benefit approximately 500 farmers and collectors and create 23 jobs in NPM Industries for salt collection, processing and packaging. Innovation: Introduction of locally produced and packaged iodized salt for the first time in Timor-Leste; facility to test the quality of raw salt and the level of iodisation; introduction of new salt collection technology to improve efficiency in salt collection.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Local salt farmers and collectors are able to sell raw salt on a regular basis to NPM Industries. NPM Industries sells iodised salt in the local market that can effectively compete with imports. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> NPM Industries purchases larger volumes of raw salt from local farmers and collectors on a consistent basis in order to meet local market demand. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Establishment of a modern facility and production process for producing quality iodised salt. Ability to operate and manage a testing facility and salt refinery operation to process high-quality iodised salt. Ability to procure raw salt more efficiently. Ability to promote and increase awareness of the benefits of iodised salt among local consumers. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> Develop in-house capacity for operating the testing facility and iodisation process. Develop in-house capacity of staff in salt refinery operations and quality control. Introduce modern farming technology to improve efficiency in raw salt sourcing. Develop a marketing plan to promote iodised salt in the local market. 	



Partner:	Ali Akbar Group
Title:	Ali Akbar Group (AAG): Design and implement an extension service system for Kinnow growers in the Punjab (Bhalwal belt) so AAG could enter a new market category involving farmers with different land holdings.
Intervention Number:	PK/HO/I3
Start Date:	October 2014
Intervention Managers:	Saiful Muhammad, Priyanka Rajani and Jawad Khan
Intervention Area:	Horticulture: The intervention will improve farmer access to information on effective input utilisation and efficient farm management to improve yields and quality of produce. It will also potentially increase small farmer access to quality inputs.



Background Information

Pakistan produces an estimated 1.7 million tons of Kinnow each year, but exports only 500,000 tons. The citrus-producing farmers are facing three major issues: thrips, scab and imbalanced nutrition, due to which they are losing almost 50-60% of their production each year. Overall in the region, groves have the potential to be productive once again with proper information on management and inputs. Farmers lack knowledge of orchard management practices such as pruning, disease and insect control, fertiliser application (quantities and timing) along with overall grove management. AAG, an agrochemical marketing, seed and irrigation systems company, will add one agri-graduate and ten agriculture diploma holders to its existing extension service system of more than 250 agri-graduates

and 1500 agriculture diploma holders to cater to the needs of Kinnow growers in 10 villages in Bhalwal, Punjab. Through this partnership, AAG will provide knowledge of best citrus production practices, for all farm sizes and all farmer categories, to help increase Kinnow crop quality and yield in the region, thus increasing incomes for Kinnow growers and preventing Kinnow crop losses in Pakistan. With the help of MDF, AAG will experiment with ways to make smaller farmers a larger part of its client base. The company's objective for the next three years is to enter the Kinnow farmer market in Pakistan and ensure that its consumers are able to derive maximum benefits from their model farms, mobile technology services, brochures, farmer meetings and field officers through improved crop yields and quality.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> As a result of high yields and quality produce, farmers will sell more at higher prices thereby benefitting from increased incomes. New permanent and temporary jobs are created at AAG. 	Outreach and Employment: Estimated outreach to 1200 farmers. Estimated 11 full time employees. Innovation: AAG will be the first company in Pakistan to tweak its incentive system for extension workers to encourage the inclusion of small farmers. AAG will also be the first company in Pakistan to use cellular technology to inform Kinnow growers on timely application of inputs.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Increase in AAG's profits will result in other businesses extending similar services to farmers with different land holdings growing various crops. Increases in crop yield and quality achieved through applying best production practices would encourage other farmers to follow said practices. Farmers will harvest higher yields and higher quality crops. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Owners of small, medium and large Kinnow farm enterprises receive, understand and apply the information provided to them on fertiliser management, disease control, water management, etc. More farmers have access to reliable Kinnow production information. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> AAG is able to send trained officers to Kinnow farm to spread knowledge of best production practices. AAG spreads information through model farms, mobile technology, brochures, franchisees and farmer meetings. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> AAG extends services to 10 villages in Bhalwal, catering directly to 1200 farmers. MDF is assisting AAG in developing appropriate materials for Kinnow best production practices to train the company technical team and farmers. MDF is developing an extension service system with AAG to cater to small farmers. MDF is assisting AAG to develop alternative ways to extend outreach to farmers in Pakistan. 	

Partner:	Intra Systek
Title:	Supporting Intra Systek to procure shoe-last manufacturing machinery to localise production of shoe-lasts and increase exports of mechanised shoemakers.
Intervention Number:	PK/L/01
Start Date:	August 2014
Intervention Managers:	Amna Awan and Zahra Mir
Intervention Area:	Leather: The intervention will support the setup of a shoe ancillary industry in Pakistan which is an innovation for the leather sector. It will create additional employment for the urban poor and improve the supply chain linkages for shoe-manufacturers in Pakistan.



Background Information

Approximately 85% of all leather produced in Pakistan (measured on an area basis) is exported as finished leather whereas only 15% of leather is used for finished leather goods. A key constraint facing the production of leather goods is the absence of a local ancillary industry that produces quality inputs. For this reason, inputs for export purposes (such as zippers, shoe-lasts, etc.) have to be imported, which increases the response time and delays delivery of export orders, thereby adversely affecting the sales volume as well as profitability. This is of particular importance for the production of samples for customers. For instance, the importation of a sample shoe-last from a

neighboring country may take two to three weeks, where as it can be produced locally in just one to two days. Through this intervention MDF will assist Intra-Systek to procure shoe-last manufacturing machinery to set up the first shoe-last production unit in Pakistan. This will allow Intra-Systek to supply shoe-lasts to mechanised shoemakers more quickly and cost effectively than the imported lasts, enabling the mechanised shoemakers to produce shoe samples and process buyers' orders in shorter periods of time, resulting in a better capacity to win international orders and, in time, an expansion of finished leather goods manufacturing in Pakistan.

Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> Urban poor will be hired to work at the facility of Intra-Systek. Employment will be created by shoe-manufacturers upon expansion of their businesses to cater to additional orders. 	<p>Outreach and Employment:</p> <p>Intra-Systek will employ an estimated 30 workers in its new factory. More substantial employment will be created when shoe-manufacturers hire more labour for processing the additional orders resulting from timeliness, accuracy and cost effectiveness in meeting customer requirements.</p> <p>Innovation:</p> <p>Intra Systek will be the first company to manufacture shoe-lasts in Pakistan unlike other companies that are importing the same or buying from Intra-Systek. This is a big step towards improving the foot-wear industry linkages within the country. A new computerised numerical code machine will be installed for added precision in manufacturing.</p>
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Mechanised shoemaking enterprises are able to service orders more quickly, cost effectively and accurately, resulting in more orders from a wider customer base, higher sales volume and increased profits. Intra-Systek increases its profits. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Mechanised shoemaking enterprises source locally produced shoe-lasts and samples from Intra-Systek. Other companies start to produce quality shoe-lasts locally. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Intra-Systek is able to produce quality shoe-lasts and samples (through e-files) locally after the plant is operational. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> MDF assists Intra-Systek to purchase a computerised numerical code machine for manufacturing shoe-lasts with added precision and accuracy. MDF supports Intra-Systek to purchase an injection molding machine for manufacturing shoe-lasts. Intra-Systek installs the machinery and procures requisite raw material and supplies for operating the machines. Intra-Systek hires and trains staff for operating the installed equipment. 	



Partner:	National Foods
Title:	To support National Foods in the development of an efficient and productive outgrower scheme for aflatoxins-controlled chili at scale.
Intervention Number:	PK/HO/I2
Start Date:	July 2014
Intervention Managers:	Saiful Muhammad and Jawad Khan
Intervention Area:	Horticulture: This intervention will help farmers have improved access to information on cultivation techniques, balanced input use, and good post-harvest handling. It will ensure more reliable and less costly access to end markets and connect buyers with sellers. It will also potentially improve access of farmers to quality inputs such as seeds, fertiliser, pesticides and irrigation systems depending on the recommendations made by the technical advisor.



Background Information

Chilies are one of the major crops grown in Pakistan. Yields are low due to inadequate access to quality inputs, an information gap on efficient farming practices, and the produce being largely infested with high levels of aflatoxin due to improper harvesting and drying techniques. These factors limiting exporting potential. The export of Pakistan's chili produce has declined over the last few years from over 3500 tonnes in 2009 to less than 1300 tonnes in 2012 – even though the country is still one of the largest cultivators of the crop. The fall in exports is attributed to Pakistan's inability to keep pace with international quality

standards which have become more stringent over the past few years. National Foods is a leading spice company manufacturing and selling convenience food products to local and international markets. Chili is a key ingredient for National Foods which consumes about 2000 to 2500 tons annually. National Foods' growth prospects in the export market, and the requirement to meet international standards, provides MDF with an opportunity to work with the company to strengthen its backward linkages and improve production, harvesting and drying practices of farmers.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> As a result of high yields and quality of produce, farmers will sell more at higher prices thereby benefitting from increased incomes. New permanent jobs are created at National Foods. 	Outreach and Employment: Estimated outreach to 300 farmers. Estimated 2 full time employees. Innovation: National Foods is the first spice company in Pakistan to work on backward linkages to improve the quality of chilies that it procures.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Increase in National Foods' profits will result in other businesses extending similar services to farmers. Increases in crop yield and quality achieved through applying best production practices would encourage other farmers to follow these practices. Farmers will harvest higher yields and higher quality crops. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Landlords and sharecroppers growing chilies receive, understand and apply the information provided to them on seed selection, fertiliser application, harvesting and drying. More farmers have access to reliable chili production information. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> National Foods is able to send trained officers to chili farmers to spread knowledge of best production practices. National Foods provides farmers with geotextile sheets to dry the chilies on. This would help control fungal infestations. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> MDF is assisting National Foods to obtain technical knowledge on improved production, harvesting and drying practices by engaging a technical advisor. MDF is developing an extension service system with National Foods to inform farmers who are providing chilies about the best production practices. MDF is assisting National Foods to provide geotextile sheets to farmers for drying chilies to help control fungal infestations at the time of drying. 	

Partner:	Organo Botanica
Title:	To increase export into niche markets by increasing Organo Botanica's processing capacity and assisting them to obtain internationally recognised organic certification.
Intervention Number:	PK/HO/I1
Start Date:	June 2014
Intervention Managers:	Jawad Khan and Priyanka Rajani
Intervention Area:	Horticulture: The intervention will contribute to more reliable and less costly access to end markets for remote production belts, better processing facilities, more market information, improved storage and product shelf life. It will potentially contribute to improved access to information on cultivation techniques, balanced input use, and good post-harvest handling.



Background Information

Production of fruits and vegetables in Pakistan is concentrated in different belts which have limited access to markets leading to high post-harvest losses and less returns for the farmers. Some of these belts are remote and have limited processing and storage facilities. Gilgit Baltistan is a fruit belt with small farmers and abundant production of apricots and other fruits. The costs involved in collecting the fruits are high due to distant valleys and weak infrastructure discouraging businesses from investing in the region, hence limiting the avenues for farmers to sell their produce. Farming practices in Gilgit Baltistan provide a unique

opportunity to market the produce as organic. Organo Botanica is one of a few companies to tap into this opportunity and use the geographic uniqueness as part of its marketing strategy. It has the potential to enter into new markets and increase its processing capacity. With enhanced capacity and internationally recognised organic certification, Organo Botanica would be able to access new markets and entertain more orders from the international niche organic food market. This would enable farmers to sell to a consistent buyer which offers higher prices in return for high quality produce.

Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> As a result of selling more produce at a higher price, farmers' income will increase. New permanent and temporary jobs are created at Organo Botanica. 	Outreach and Employment: Estimated outreach to 300 farmers. Estimated employment of 8 FTEs in the first year. Innovation: Organo Botanica is one of the few companies in Gilgit Baltistan that caters to the international niche market for organic dried fruit and uses the geographic uniqueness as a marketing strategy.
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Increase in Organo Botanica's profitability will result in other businesses investing in increased capacity and organic certification to cater to an international market. Increases in prices received for organic fruit would encourage other farmers to apply similar practices and sell to other processors. Farmers will have lower wastage of fruits (which in some cases are 40-60%). 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Increase in the volume of orders serviced by Organo Botanica and the number of markets it is selling its product in. More farmers have access to a formal business with consistency in orders and are able to sell more produce at a higher rate than market average. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Organo Botanica is able to increase processing from 5-10 tons to 30-35 tons. This would enable it to secure larger orders from current markets as well as new markets which require organic certification. Organo Botanica will place higher orders and increase procurement of dried fruits from farmers. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> Organo Botanica projects that it will increase exports from 5 tons to 16 tons in 2014, with 50% growth in subsequent years; it is expected to grow to 36 tons by 2016. MDF is assisting Organo Botanica to increase processing capacity through improved washing, pasteurising and storage facilities. MDF is supporting Organo Botanica to sell its products as organic through attaining internationally recognised certification. 	



Partner:	Shakarganj Foods Product Limited
Title:	Establishing milk chilling centres, extension services and input sales for the dairy farmers.
Intervention Number:	PK/DM/I1
Start Date:	May 2014
Intervention Managers:	Amna Awan, Momina Saqib, Ali Javaid
Intervention Area:	Dairy and Meat: To provide more reliable and less costly access to growth markets, access to information on animal husbandry and input usage, and improved backward linkages to production centres.



Background Information

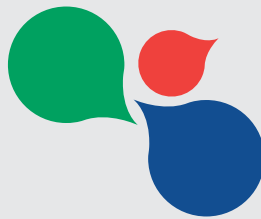
Pakistan is the fifth largest producer of milk in the world, with millions of dairy farmers engaged in supplying milk to rural and urban markets, mostly through 'informal' supply chains which do not necessarily guarantee the quality of milk traded. Animal husbandry information and quality inputs are inaccessible to most of the small scale dairy farmers which relates to low productivity per milking animal. Especially in more remote areas, farmers are forced to sell milk at low prices in the absence of a formal buyer and/or sufficient competition between traders (dodhis). Shakarganj Food Products Ltd is a medium tier milk processor. The company produces dairy products such as UHT plain milk, flavored milk, liquid milk whitener, cream etc., packed in tetra-packs for the local market. MDF is partnering with

Shakarganj to roll out cold chains for milk collection in 30 villages in Southern Punjab and develop an extension service for farmers. It is expected that, with an improved milk collection system, extension services and input usage, Shakarganj will be able to increase the quality and quantity of the procured milk, process milk more efficiently and sell more milk. Simultaneously, dairy farmers will have access to a more consistent buyer who offers higher prices compared to those achievable in open market sales, better usage of inputs and better extension services. These factors will enable them to increase their income from dairy farming and, potentially and gradually, increase investments in more productive dairy farming.



Partnership Summary

Goal: Additional jobs and income created	<ul style="list-style-type: none"> Farmers get net additional increase in income. New jobs are created at Shakarganj. New jobs may be created at the farm and the trucking company. 	<p>Outreach and Employment:</p> <p>Estimated outreach to 1950 farmers and expected full-time employment of 36 workers.</p> <p>Innovation:</p> <p>This intervention will include an extension service, which is an innovation for the partner, and also for the region where this activity is being undertaken.</p>
Purpose: The poor benefit from improved enterprise performance and sector competitiveness	<ul style="list-style-type: none"> Shakarganj's profitability increases and is able to source a higher volume of better quality milk from the collection centres. Dairy farmers sell more milk to middlemen and directly to collection centres. Dairy farmers' yields increase. Dairy farmers' profits increase. 	
Outcome: Markets around the poor work better	<ul style="list-style-type: none"> Dairy farmers understand the price advantage of selling directly to Shakarganj's collection centres. Middlemen understand price premiums and sourcing requirements of Shakarganj and buy milk at a higher price from dairy farmers. Dairy farmers build animal husbandry (including medical) knowledge leading to improved husbandry practices. Dairy farmers increase utilisation of quality inputs. 	
Output: Partner implements activities, increases capacity	<ul style="list-style-type: none"> Shakarganj is able to process more milk effectively and efficiently. Shakarganj's collection agents, assistant vets and area executives are able to share information on animal husbandry to dairy farmers. Assistant vets are able to embed knowledge and use of quality inputs within their extension service to dairy farmers. 	
Activities under Partnership Agreement	<ul style="list-style-type: none"> MDF assists Shakarganj to expand its milk collection centre in Southern Punjab. MDF supports Shakarganj to design and roll out an extension service programme. If the opportunity arises, input companies will be engaged to improve the availability and usage of dairy farming inputs in the area. 	



Fiji Office

Market Development Facility
Level 2, Ramarama House,
91 Gordon Street,
Suva, Fiji.

☎ (+679) 3100-272 or 3100-273

☎ (+679) 3100-274

✉ info@cardnomdf.org

Timor-Leste Office

Market Development Facility
PBTC Block A
2nd Floor Surik Mas
Fatumeta Bairro Pete
Dili, Timor-Leste

☎ (+670) 311-316

☎ (+670) 311-328

✉ info@cardnomdf.org

Pakistan Office

Market Development Facility
95-E/1 Syed Shamsad Haider Road,
Hali Road, Gulberg III
Lahore, Pakistan

☎ (+92) 42-35758752-4

☎ (+92) 42-35758751

✉ info@cardnomdf.org