



2020 2020

Annual Report

Market Development Facility

Impressum

This report is published by Market Development Facility (MDF) in April 2021. The writing, editing and design of the report was conducted by MDF staff, together with the following external contributors:

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Market Development Facility (MDF)

Market Development Facility is an Australian Government funded multi-country initiative which promotes sustainable economic development, through higher incomes for women and men, in our partner countries.

We connect individuals, businesses, governments and NGOs with each other, and with markets at home and abroad. This enhances investment and coordination and allows partnerships to flourish, strengthening inclusive economic growth.

MDF is funded by the Australian Department of Foreign Affairs (DFAT). It is implemented by Palladium in partnership with Swisscontact.





ANNUAL REPORT 2020

Purpose of This Report



Objective

MDF supports the Australian Government’s objectives of promoting sustainable economic growth, enhancing women’s economic empowerment and reducing poverty.

The Annual Report 2020 is intended to provide insight into the program’s key achievements between 1 January and 31 December 2020. It also describes the progress made towards MDF’s end of program outcomes and high-level objectives.



Audience

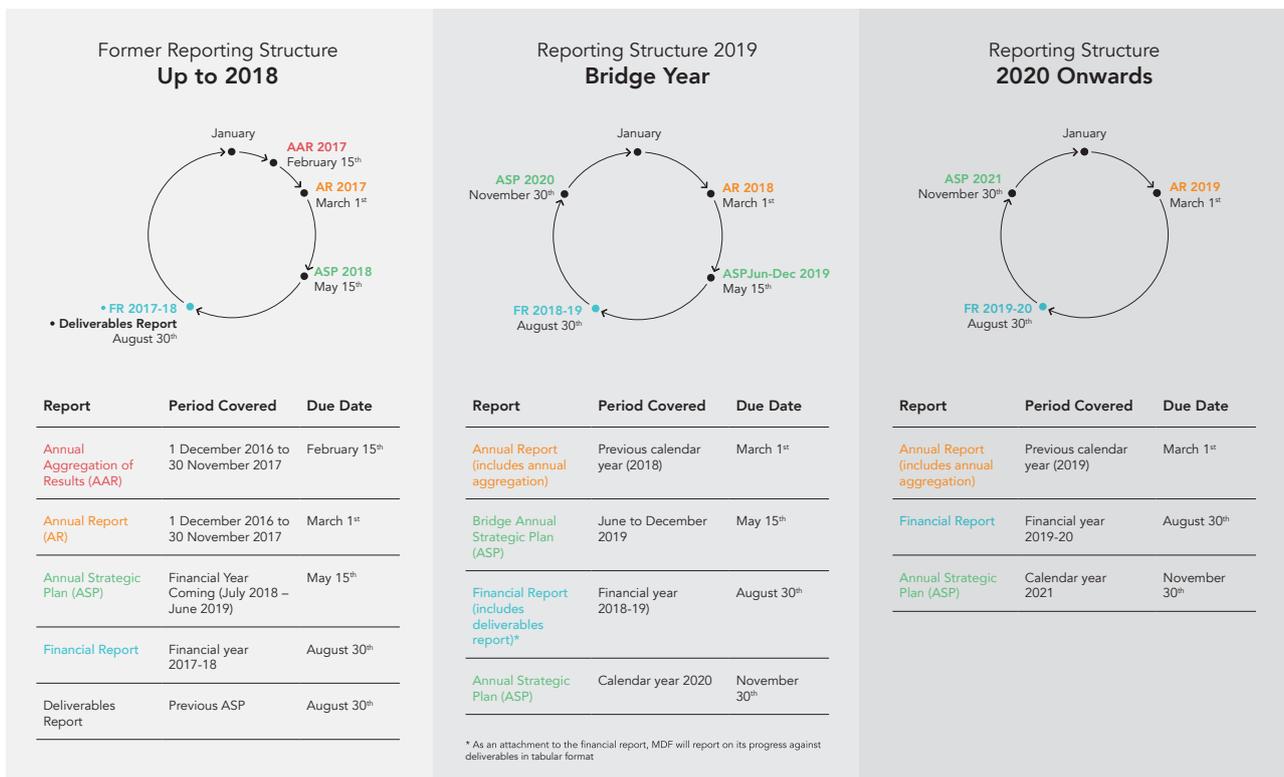
This report is a public document designed for MDF stakeholders and/or members of the public with an interest in Market Systems Development. The report has been written specifically to address the information needs of DFAT’s Agriculture, Infrastructure and Water Branch (IWB) team in Canberra, for DFAT staff at Post in MDF’s countries of operation (Fiji, Pakistan, Papua New Guinea, Sri Lanka and Timor-Leste) and for MDF staff.



Reporting period

This Annual Report covers the period between 1 January and 31 December 2020.

As such, it covers the activities and deliverables set out in Annual Strategic Plan10 (1 January 2020 to 31 December 2020).





Report structure

During 2019, MDF introduced the three-tiered 'market system' structure (MSS) to its reports.

Specifically designed to be implemented in a flexible manner, it is primarily intended to provide a consistent structure and format with which to communicate MDF's plans and results.

This structure and format were first applied to ASP 2020 and are mirrored here. They allow readers to compare the plans made in Annual Strategic Plans (ASPs) with progress made in Annual Reports, that is, to compare what MDF planned with what it achieved.



Key aspects of the Annual Report

Market system hierarchy

The contents of the Annual Report record progress according to the market system hierarchy. This means that, like the ASP, each market system includes a market system hierarchy diagram and a narrative which explains progress against that

Inclusion of the summary table from the ASP

A smaller version of the summary table from the ASP is included for each market system, to help readers remember what MDF had planned, and to avoid them having to refer to a different report at the same time.

Inclusion of outputs in summary table

MDF has added in figures for the value of additional market transactions (VAMT) and private sector investment leveraged to aid comparison between activities and outputs.

Inclusion of traffic lights for progress

Each table includes a traffic light to demonstrate how interventions are progressing. Green is used for on track, orange for some delays but broadly on track, red for delays or issues.

Inclusion of leading indicators

Leading indicators (access and usage) are featured as part of the explanation of the journey towards systemic change. The systemic change envisaged is articulated in the MSS hierarchies above.

Inclusion of Aggregate Development Results (ADRs) and COVID-19 key indicators

Annexures to the report include progress marked against DFAT ADRs and country-wise COVID-19 indicators aligned with DFAT's COVID-19 Development Response Plans.

Highlights - graph updates

MDF will update its graphical representation of how interventions are progressing according to the headline and leading indicators. Estimates are no longer represented by a line, but by a single dot, to help readers understand that they are end of program outcomes. Effort has been made to make the cumulative nature of results clear.

Relevance of lessons learned to strategy

In addition to the lessons MDF teams learned from implementation, this report includes a short section on how the overall strategy was changed as a result of these lessons.

How to Read This Report

What are our numbers, and what do they mean?



Estimates

Estimates are similar to targets.

At the start of each phase, data and experience of country and market contexts are used to assess what can reasonably be achieved during that phase.

This evaluation takes time, budget and other design constraints (such as a particular focus on a population) into account. It is not based on specific interventions or partnerships.

The result of this assessment is an estimate – an ‘educated guess’ of what the whole country program can achieve during one phase.

Estimates are reviewed mid-phase.

Projections

Projections express an intervention's expected yield.

Before entering into any intervention, teams conduct rigorous assessments of deliverables and what can realistically be achieved within one year, under current circumstances.

The results for each intervention in a country's portfolio are then added together to give cumulative projections – an informed estimation of what is expected from a country's interventions.

Projections are used to understand the likely contribution of each intervention to reaching end of program outcomes (EPOs) and as a management tool to guide resource allocation within the country programs.

Projections are also used to help DFAT understand what the program is likely to achieve from a given group of interventions.

Actuals

Actuals are the measured and verified results of an intervention.

This data helps MDF to evaluate whether or not an intervention is on track, and whether expectations are being met.

As the name suggests, this measures the ‘actual’ impact that has been observed through our ongoing monitoring.

The current year's ‘actual’ results are added to previous years' results to give us cumulative figures.

Why do we present cumulative results?

It is important to report on cumulative figures for both projections and actuals because market system development interventions do not bring immediate results: an investment made this year generates results in years to come. It also allows the program to:

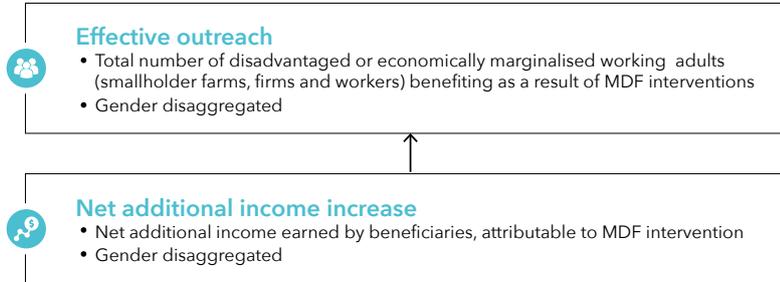
- Capture and report a project's impact sustainability (whether or not a project continues to produce positive results even after MDF activities have been completed)
- Know whether or not our original estimates and projections were accurate
- Detect signs of systemic change based on the overall scale of change compared to the size of the sector.

Comparison of Indicators

	Estimates	Projections	Actuals
Meaning	Where we thought we'd be by the end of the phase	Where we thought we would be after an intervention is complete	Where we are
Calculated	At the start of the phase	At the start of an intervention	At the end of the year
Measures	Expectations of country and program achievement over the phase	Expectations of an intervention	Intervention results
Updated	Mid-term review only	Bi-annually	Annually
Timeframe	One phase	One year	One year

Reporting Indicators

Headline indicators

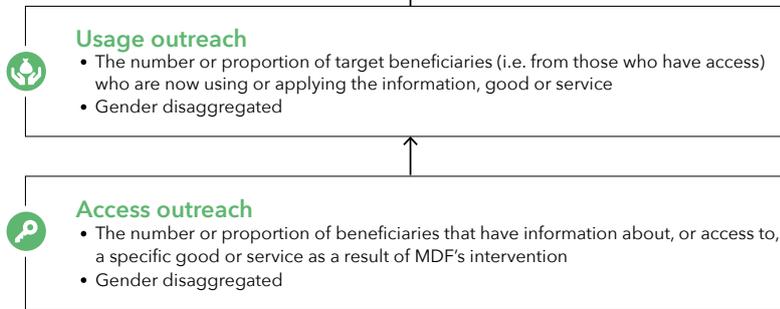


Purpose:

- Measures scale of impact on poor, disadvantaged, economically marginalised women and men

- Captures value of additional income

Leading indicators

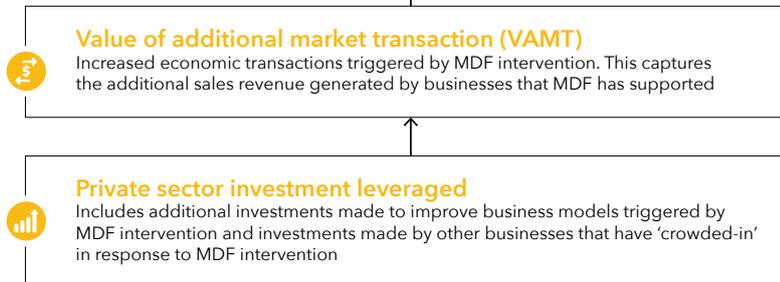


Purpose:

- Reflective of the feasibility/success of the model explored

- Captures early signs of progress at an intervention, sector and portfolio level

Value for money indicators

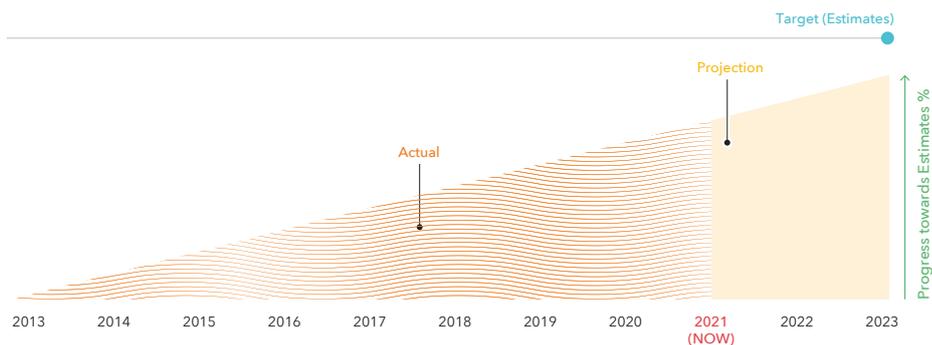
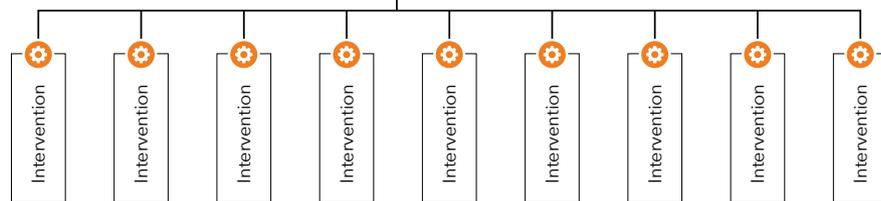


Purpose:

- Allows us to check how our activities are resulting in additional end market sales for businesses

- Reflects businesses' buy-in, risk appetite, indication of sustainability

Activities



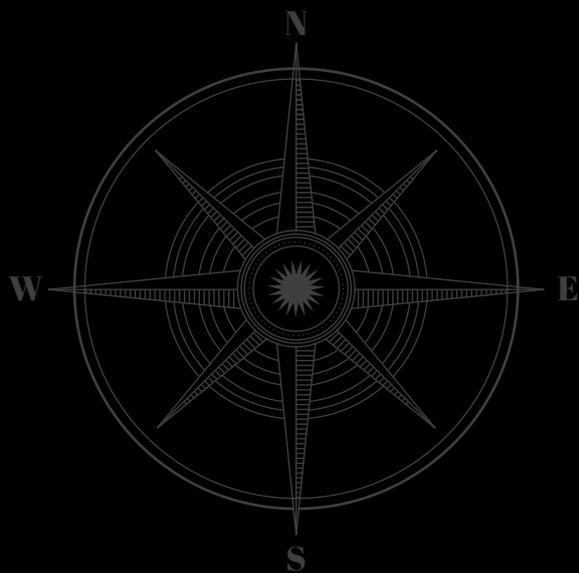
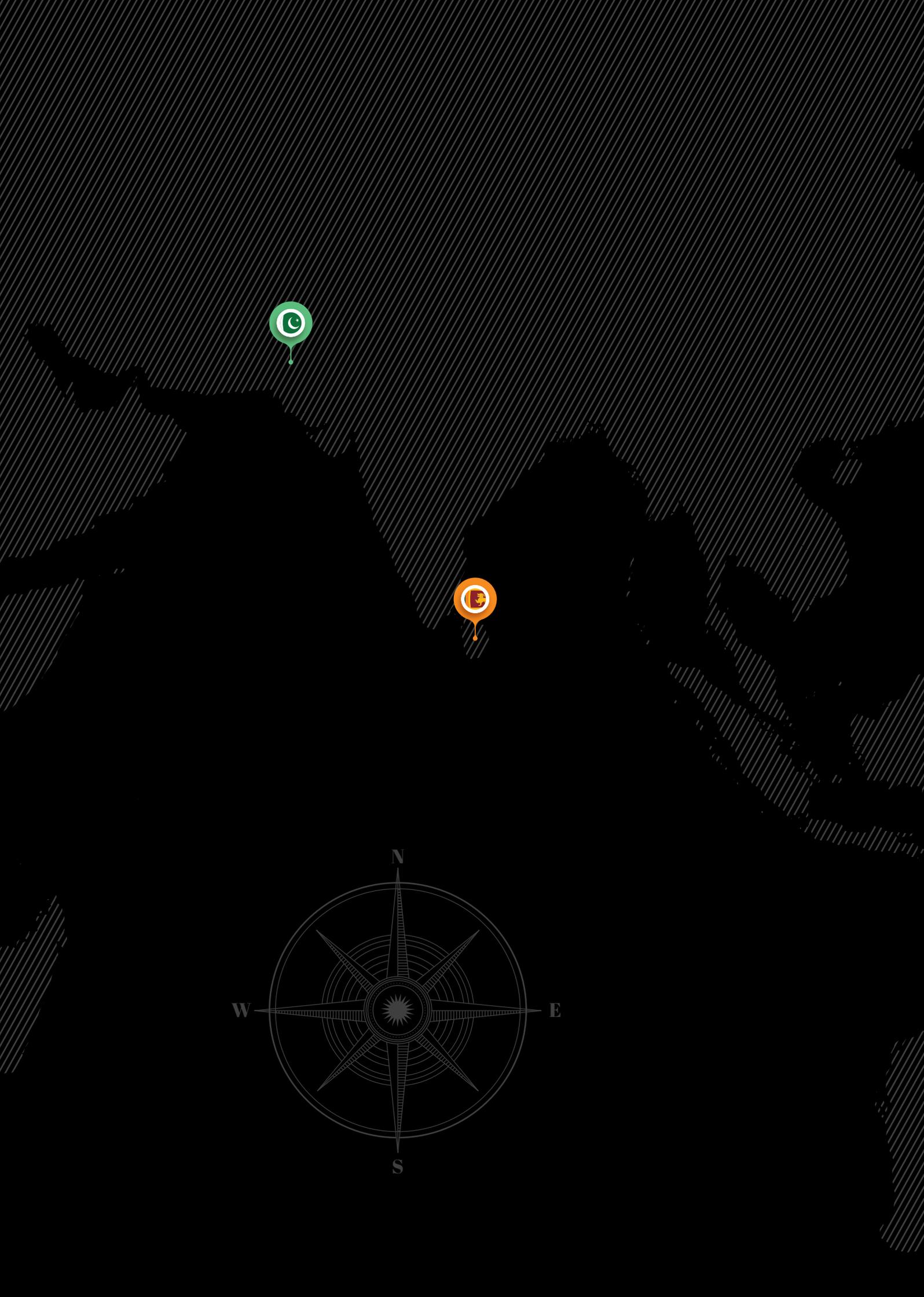
Abbreviations and Acronyms

ACIAR	Australian Centre for International Agricultural Research	GFWP	Giant Freshwater Prawn
ADB	Asian Development Bank	HACCP	Hazard Analysis and Critical Control Points
AUD	Australian Dollars	ICT	Information Communications Technology
BA	Business Adviser	IFC	International Finance Corporation
BSC	Blue Swimming Crab	MDF	Market Development Facility
BMO	Business Membership Organisation	MIS	Management Information System
CLT	Core Leadership Team	MOU	Memorandum of Understanding
DFAT	Department of Foreign Affairs and Trade (Australia)	MRM	Monitoring and Results Measurement
DMO	Destination Marketing Organisation	MSD	Market Systems Development
EI	Engagement and Influencing	MSME	Micro, Small and Medium Enterprise
EOPO	End of Program Outcomes	OS	Outsourcing Services
FAO	Food and Agriculture Organization of the United Nations	QI	Quality and Inclusion
FEE	Fiji Enterprise Engine	SME	Small and Medium-sized Enterprises
FCEF	Fiji Commerce and Employers Federation	UNDP	United Nations Development Program
FEO	Field Extension Officers	USD	United States Dollars
FJD	Fijian Dollar	WEE	Women's Economic Empowerment
FTE	Full-Time Equivalent	WHO	World Health Organization
FY	Financial Year		
GDP	Gross Domestic Product		

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Facility Wide



MDF's Progress in 2020

Graph key: Actuals / Projections / Estimates¹ Example: 

Estimates are calculated at the start of each phase. They are not targets, but rather an informed, calculated guess at what the program can achieve during the phase.

Number of people positively impacted by MDF's work (Effective Outreach)



MDF activities had positively impacted 372,840 people as of December 2020, achieving 63 per cent of End of Program Outcomes (estimates). This is a 22 per cent increase compared with 2019. Despite the impact of COVID-19 on the tourism portfolios in Fiji, Timor-Leste and Sri Lanka, MDF significantly increased its actual and projected results due to portfolio adjustments and strengthening in Papua New Guinea, and the considerable impact generated from an African Swine Fever awareness intervention in Timor-Leste.

The program is on track to reach its estimates by the conclusion of the Phase II² monitoring period. MDF attributes this to a sharper strategic focus during the past year, as well as to adapting quickly to COVID-19 challenges.

Additional income generated for adults across MDF countries (Net Additional Income) - USD



As of December 2020, MDF had generated USD137.5 million in additional income, reaching 48 per cent of End of Program Outcomes (estimates), and recording an increase of over USD20 million in one calendar year. The current portfolio is expected to contribute to USD166.3 million, or 58 per cent of estimates, until 2023.

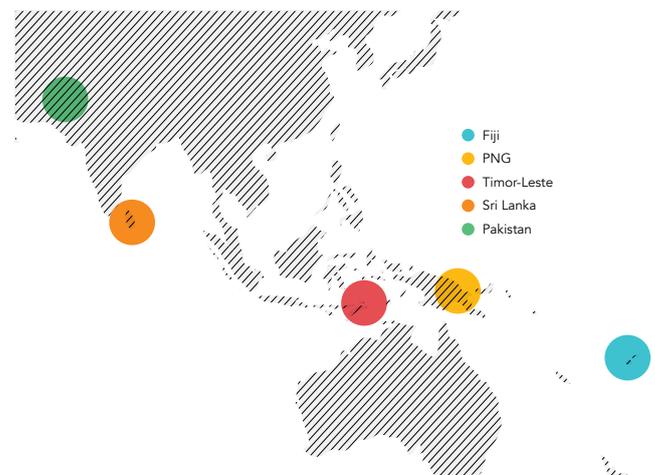
The significant increase comes from a sharper strategic focus, but also from interventions focusing on sustaining employment and incomes during the pandemic. MDF's suite of new interventions and those in the pipeline are anticipated to further narrow the gap between actuals, projections and estimates.

Additional revenue generated for business partners (Value of Additional Market Transactions) - USD



Business innovations resulting from MDF interventions generated USD131 million in additional market transactions, a 16 per cent increase from 2019. This represents 62.5 per cent of End of Program Outcomes (estimates). In 2020, additional revenue stemmed from filling underserved market segments and responding to COVID-19 market opportunities, such as export logistics in Timor-Leste and IT-based solutions for medium and small businesses in Fiji.

The 2020 portfolio is expected to continue delivering benefits and, on the current trajectory, exceed estimates by 2023. MDF has kept its projections conservative, considering the realities of COVID-19. Nevertheless, MDF can project increased economic activity between consumers and the private sector, validating that well-planned interventions generate transactions – and revenue – even under very challenging conditions.



¹ Figures expressed here are rounded off to one decimal place to aid readability in infographic form. The exact figures can be found in the results tables. The figures are cumulative as of December 2020.

² MDF's monitoring period will continue until 2024, but the current portfolio is expected to yield results until 2023. The numbers represented here are projections until December 2023.

Amount of investment from the private sector (Private Sector Investment Leveraged) - USD



Ratio of MDF to private sector investment 1:3.63

For every dollar invested by MDF, the private sector invested 3.63 dollars. As of December 2020, MDF had generated USD23.5 million in private sector investment, or 88 per cent of End of Program Outcomes (estimates). MDF expects to surpass estimates in 2021 through new interventions.

The return on MDF's investment shows that the private sector is willing to co-invest in innovative business models with the potential for growth. In 2020, the private sector took the lead in investment in some key interventions, relying on MDF to provide technical rather than financial support.

The ratio of MDF to private sector investment has been increasing annually, growing from 1:3 in 2018 to 3.2 in 2019 and 3.6 in 2020. This reflects MDF's growing credibility among the private sector and attests to the program's recognised value.

Proportion of women positively impacted



45%

Across all MDF countries (a 1% increase facility-wide)

41,700 women in the Pacific

128,500 women in South Asia

Across all MDF countries, 45 per cent of program beneficiaries were women, a 1 per cent increase from 2019. In the Pacific, women were the key beneficiaries of Timor-Leste and Papua New Guinea-based coffee sector interventions, as well as in small and medium business development and entrepreneurship services in Fiji. In South Asia, an intervention in financial inclusion continues to benefit a large number of rural women in Pakistan.

Nearly 50 per cent of MDF's beneficiaries are women. This encouraging progress, even in the face of COVID-19, validates MDF's core belief that understanding women's roles, access and agency can contribute to viable business models and women's economic empowerment.

COVID-19 snapshot



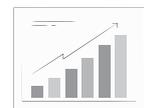
MDF supported seven businesses³ in the Pacific as they pivoted towards COVID-19-related supplies or awareness campaigns about health risks and prevention.

In the Pacific, MDF analysed opportunities and worked closely with the private sector to identify potential innovations in the evolving COVID-19 context. In Fiji, MDF addressed the shortage of personal protective equipment for frontline workers by supporting locally produced face masks, hand sanitiser and face shields. In Papua New Guinea, MDF supported three agribusinesses to conduct COVID-19 awareness campaigns for smallholder farmers and community leaders to address rampant misinformation and ensure agricultural supply chain continuity. The campaign reached over 5,500 people and also provided participants with thermometers, soap, hand sanitiser and face masks.



50 new interventions commenced

MDF initiated 50 new interventions in 2020 – a record for the program⁴. Despite COVID-19 challenges, MDF was able to adjust to the new normal and utilise a flexible team set-up to support innovations in farm performance, access to new markets, and critical agriculture and food security supply chain issues. The record number of new interventions despite a global pandemic is testament to MDF's agile structure and team.

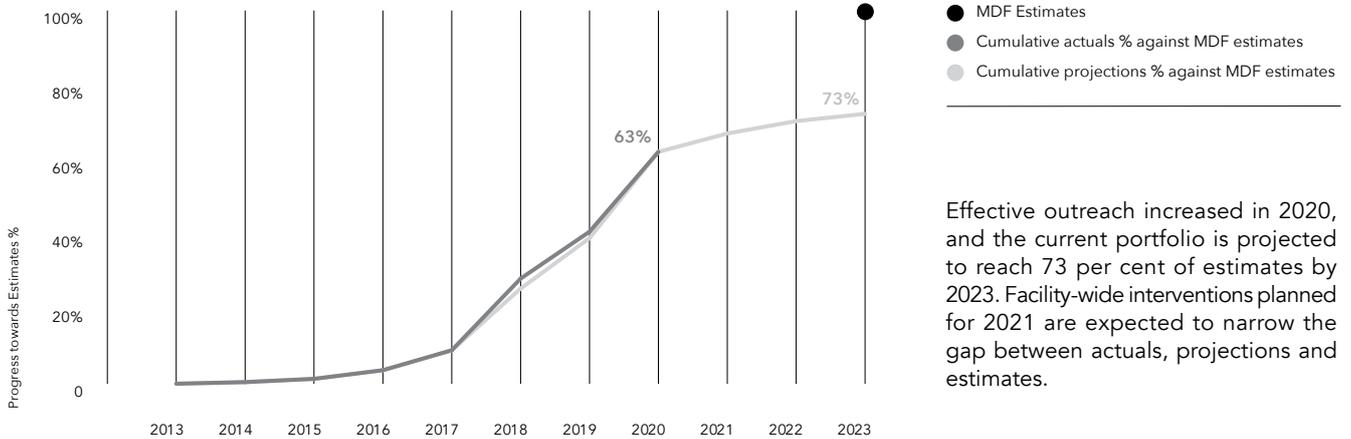


³ Includes three in Fiji (Skyward Industries, Paradise Beverages, Performance Flotation Devices), one in Timor-Leste (Distillery Lokal) and three in Papua New Guinea (Outspan, NKW Fresh and Kamapim).

⁴ The count and narrative for this indicator does not include Pakistan.

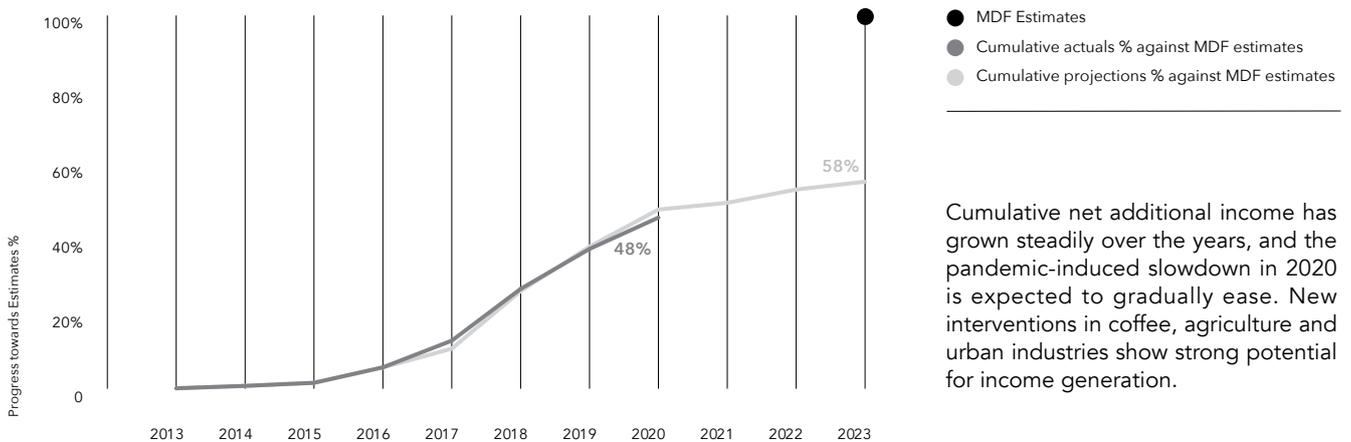
Highlights

EFFECTIVE OUTREACH



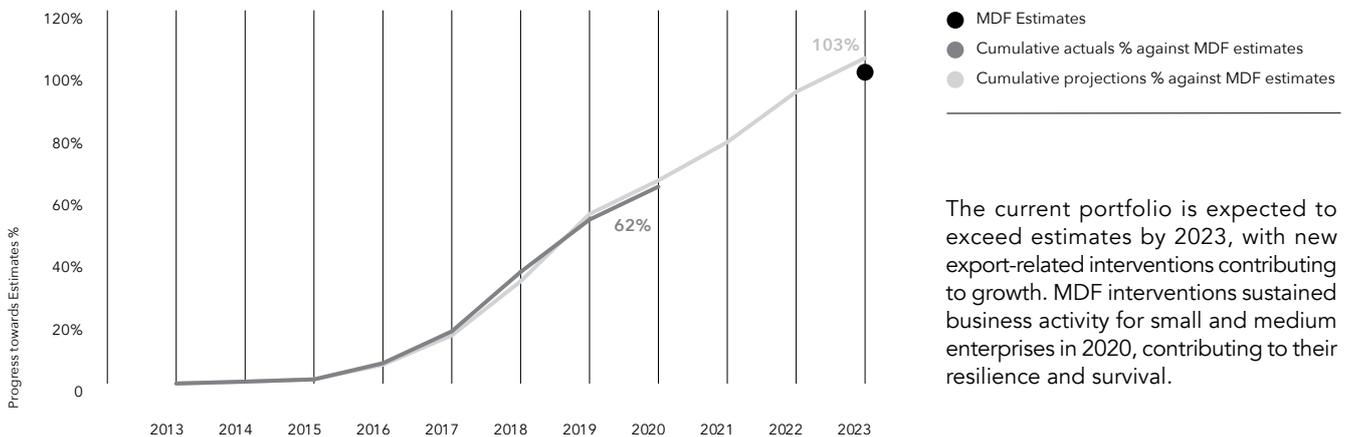
Effective outreach increased in 2020, and the current portfolio is projected to reach 73 per cent of estimates by 2023. Facility-wide interventions planned for 2021 are expected to narrow the gap between actuals, projections and estimates.

NET ADDITIONAL INCOME (USD)



Cumulative net additional income has grown steadily over the years, and the pandemic-induced slowdown in 2020 is expected to gradually ease. New interventions in coffee, agriculture and urban industries show strong potential for income generation.

VALUE OF ADDITIONAL MARKET TRANSACTIONS



The current portfolio is expected to exceed estimates by 2023, with new export-related interventions contributing to growth. MDF interventions sustained business activity for small and medium enterprises in 2020, contributing to their resilience and survival.

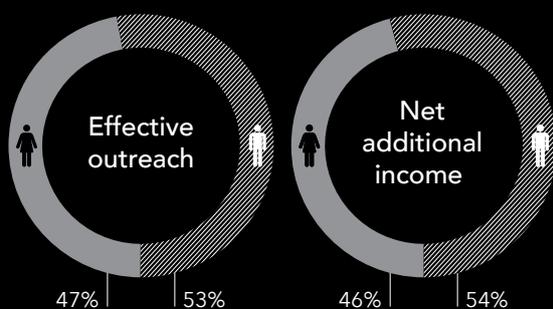
Summary of MDF Results as of December 2020*



Facility-wide

Effective outreach	Net additional income USD	Private sector investment leveraged USD	VAMT USD
372,840	\$137.5m	\$23.5m	\$131.8m

Pacific

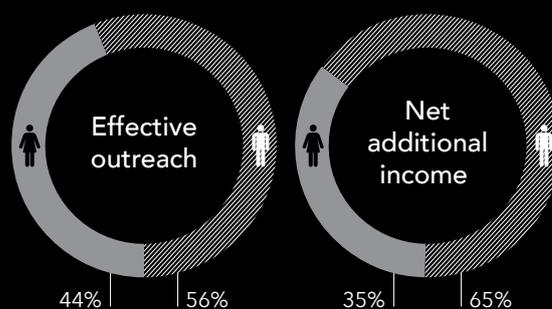


Effective outreach: 86,950
 Net additional income: \$37.1m
 USD

Private sector investment leveraged: \$17.2m
 USD

VAMT: \$35.1m
 USD

South Asia



Effective outreach: 285,880
 Net additional income: \$100.4m
 USD

Private sector investment leveraged: \$6.2m
 USD

VAMT: \$96.7m
 USD

* MDF generates results in country currencies. For currency conversion to USD/AUD values, MDF uses monthly averages from the *Financial Times* to calculate annual conversion rate.

MDF Results 2020



Indicator	Cumulative Actuals (as of December 2020)			Cumulative Projections (to the end of Phase II)			Estimates
	Female	Male	Total	Female	Male	Total	
MDF investment (USD)	2,155,000			NA			NA
Private sector investment leveraged (USD)	12,000,000			NA			7,850,000
MDF to Private Sector Investment Leverage Ratio	5.6			NA			NA
Value of additional market transactions (USD)	26,140,000			48,610,000			43,000,000
Access outreach	10,210	9,970	20,180	11,600	12,400	24,000	NA
Usage outreach	9,920	9,700	19,620	11,000	11,780	22,780	NA
Effective outreach	9,860	9,670	19,530	10,800	11,450	22,250	40,000
Outreach from employment	293	280	573	420	424	844	NA
Net additional income (USD)	13,280,000	15,280,000	28,560,000	16,433,000	19,047,000	35,480,000	44,500,000



 Pakistan

Indicator	Cumulative Actuals (as of December 2020)			Cumulative Projections (to the end of Phase II)			Estimates
	Female	Male	Total	Female	Male	Total	
MDF investment (USD)	1,807,000			NA			NA
Private sector investment leveraged (USD)	5,138,000			NA			8,632,000
MDF to Private Sector Investment Leverage Ratio	2.8			NA			NA
Value of additional market transaction (USD)	83,000,000			110,000,000			129,248,000
	Female	Male	Total	Female	Male	Total	
Access outreach	162,620	170,910	333,530	174,200	184,330	358,530	NA
Usage outreach	133,120	141,410	274,530	144,700	154,840	299,540	NA
Effective outreach	124,440	132,700	257,170	136,030	146,150	282,180	469,000
Outreach from employment	444	3,732	4,176	444	5,571	6,015	NA
Net additional income (USD)	33,862,000	51,469,000	85,331,000	39,313,000	60,171,000	99,484,000	201,342,000

 Papua New Guinea

Indicator	Cumulative Actuals (as of December 2020)			Cumulative Projections (to the end of Phase II)			Estimates
	Female	Male	Total	Female	Male	Total	
MDF investment (USD)	818,000			NA			NA
Private sector investment leveraged (USD)	1,170,000			NA			1,200,000
MDF to Private Sector Investment Leverage Ratio	1.4			NA			NA
Value of additional market transaction (USD)	3,000,000			26,400,000			4,050,000
	Female	Male	Total	Female	Male	Total	
Access outreach	3,860	13,460	17,320	9,940	23,320	33,260	NA
Usage outreach	1,240	5,560	6,800	7,770	18,860	26,630	NA
Effective outreach	1,240	5,560	6,800	7,770	18,860	26,630	9,000
Outreach from employment	24	68	92	35	95	130	NA
Net additional income (USD)	230,000	625,200	855,200	1,079,000	3,168,000	4,247,000	4,050,000

 Sri Lanka

Indicator	Cumulative Actuals (as of December 2020)			Cumulative Projections (to the end of Phase II)			Estimates
	Female	Male	Total	Female	Male	Total	
MDF investment (USD)	712,000			NA			NA
Private sector investment leveraged (USD)	1,140,000			NA			4,180,000
MDF to Private Sector Investment Leverage Ratio	1.6			NA			NA
Value of additional market transaction (USD)	13,600,000			15,800,000			28,980,000
	Female	Male	Total	Female	Male	Total	
Access outreach	4,690	25,440	30,130	11,000	32,200	43,200	NA
Usage outreach	4,490	25,240	29,730	7,900	29,280	37,180	NA
Effective outreach	4,060	24,650	28,710	7,490	28,330	35,820	55,600
Outreach from employment	308	88	396	308	114	422	NA
Net additional income (USD)	2,064,000	13,027,000	15,091,000	2,634,000	13,776,000	16,410,000	31,807,000

 Timor-Leste

Indicator	Cumulative Actuals (as of December 2020)			Cumulative Projections (to the end of Phase II)			Estimates
	Female	Male	Total	Female	Male	Total	
MDF investment (USD)	1,050,000			NA			NA
Private sector investment leveraged (USD)	4,000,000			NA			4,965,000
MDF to Private Sector Investment Leverage Ratio	3.8			NA			NA
Value of additional market transaction (USD)	5,900,000			16,400,000			6,443,000
	Female	Male	Total	Female	Male	Total	
Access outreach	55,590	54,910	110,500	58,760	58,120	116,880	NA
Usage outreach	37,500	36,850	74,350	40,020	39,380	79,400	NA
Effective outreach	30,630	29,990	60,620	33,170	32,530	65,700	19,000
Outreach from employment	200	312	512	230	370	600	NA
Net additional income (USD)	3,804,000	3,866,000	7,670,000	5,710,000	5,865,000	11,575,000	5,503,000



Facility Overview



The facility

The purpose of the Facility Overview chapter is to discuss some of the major themes, trends, opportunities and operational issues that emerged during the past year. It also captures some of the facility-wide initiatives that do not fit neatly within any one country chapter.

The year gone has been testing. Predictions made at the start of the pandemic have been consistently proved wrong and rapid adaptation has been the order of the day for households, firms, industries and countries alike. It was a similar story for MDF. Plans made at the beginning of the year had to be revised to adapt to rapid changes in the operating environment. Despite widely held expectations that the situation would have stabilised by the end of 2020, the outlook remains highly uncertain.



MDF's performance in 2020

Globally, 2020 was a year of crisis – health, social, economic, political and environmental. This section discusses the ways in which MDF responded to three of the crises that most severely affected its partner countries: COVID-19, African Swine Fever and climate change.



The proximate crisis: COVID-19

The year was dominated by responding to the COVID-19 pandemic. As soon as the full extent of the pandemic became clear, MDF completely changed its operating stance. The impact of the pandemic, and MDF's response, are discussed at length throughout the document. In August 2020, MDF submitted the MDF COVID-19 Response Plan, which updated the program's strategic direction in light of the new operating environment, drafted to align the program with DFAT's overarching COVID response strategy, Partnerships for Recovery: Australia's COVID-19 Development Response. The proposed approach of the program was further updated with the submission of the Annual Strategic Plan in December 2020.

As the year progressed, MDF found that demand for its services had increased in all countries as businesses struggled to adapt to the crisis, but also as new opportunities emerged. The country portfolios have

grown significantly, in both scope and potential impact. Despite travel restrictions hampering some aspects of the program's business, MDF's highly skilled and dedicated in-country teams increased the tempo of activity and pushed the program into new areas. The Shared Resources-Core Leadership Team continued to provide support to country teams remotely, aided by routine processes and systems established previously (e.g. portfolio reviews, intervention peer reviews and the Management Information System).

Immediate response – gather intelligence and pivot

MDF responded rapidly to the COVID-19 outbreak, focussing on both the health and economic implications for partner countries. In the immediate period following the onset of the crisis, MDF embarked on intelligence

gathering to understand how the crisis was impacting the business community and workers, suppliers, and consumers, as well as the kind of help they would need to cope with the crisis.

This information generated a better understanding of how countries were being impacted and helped shape Australia's response to the crisis. MDF immediately conducted a stocktake of all its ongoing interventions by contacting partners and discussing ways in which

activities could be adjusted or refocused. MDF also engaged with new partners to contribute to immediate needs, such as the local production of hand sanitiser and personal protective equipment. The information gathered was used to help business memberships organisations understand the impact on their members and to help governments design smarter lockdown policies to maintain supply chains and ensure food security. These activities are discussed in detail in each of the country chapters.



The value of market intelligence in a crisis context

As COVID-19 spread across the world in the first quarter of 2020, it triggered a series of immediate disruptions and longer-lasting ripple effects that continue to be felt at local, regional and global level. Facing this unprecedented and fluid situation, MDF recognised that market intelligence would be invaluable for its own decision making and operations, and for its market partners and other stakeholders. MDF's established analytical capability, teams on the ground and extensive networks could be used to generate real-world insights that could contribute to organisations' responses to COVID-19, be that to survive, pivot or recover more quickly.

Over the course of 2020, MDF prepared approximately 18 'MarketView' intelligence briefs and conducted a range of tailored briefings to DFAT, market actors and other stakeholders. MarketViews analysed supply and demand shocks and evolving market responses, and the impact of disruptions on supply chains, food security, women, and the informal economy.

MDF used this information to adapt its portfolio of interventions in a range of ways. In Fiji, the intelligence showed that the Ministry of Health was facing a shortage of personal protective equipment, due to disrupted import supply chains. This prompted MDF to partner with a local 3D printing company to produce components to make face shields locally. In PNG, intelligence from partners showed that people in remote areas were not leaving their villages due to fear of COVID-19, meaning they were not selling their produce at markets or to aggregators. To resolve the supply chain issues this was causing, MDF worked with existing coffee and cocoa partners to conduct COVID-19 safety and awareness raising with farmers.

The intelligence was also used by other stakeholders to ease economic disruptions. In Timor-Leste, MDF learnt from logistics firms in May that extended closures of the border with Indonesia were severely restricting the supply of goods, with over 47 trucks stuck at the border at one point. Based on this, DFAT's Governance 4 Development program, along with MDF, were able to lobby the Ministry of Interior, resulting in an extension of border opening hours. This enabled more goods to enter Timor-Leste and reduced shortages of key items, including agri-inputs. In Sri Lanka, when the intelligence revealed a need for expertise around managing supply chain disruptions, MDF introduced the spice, herb and coffee industries to storage solution providers. MDF also connected tourism policy makers and leaders to global expertise to chart the course of a post-COVID recovery. This work contributed to the development and roll-out of a tourism opening strategy.

Intelligence gathering has always been an integral part of MDF's work – COVID-19 only reinforced the importance of an analysis-based, responsive approach. MDF also works with key market actors, such as industry bodies and governments, to encourage the adoption of more data-led approaches. In 2021, MDF's intelligence gathering and dissemination will continue. Currently, the program is investigating the wide-ranging disruptions to global shipping and airfreight services and how they are affecting trade in the Indo-Pacific region.



Adaptive management and locally embedded teams

It is widely recognised that MDF's COVID-19 pivot was swift, focused and extensive. While there are many factors that contributed to this, two features of the program are worth highlighting. First, unlike many multi-country programs, MDF has never relied on a light touch in-country presence, nor is it overly reliant on external consultants. Instead, country programs have highly talented local teams that are deeply embedded in the business community. This allowed the teams to immediately swing into action at the onset of the crisis, contacting counterparts and discussing what could be done to help. Second, MDF is founded on the principle of adaptive management. While the term 'adaptive management' can mean many things to many people, it is based on the fundamental principle that effective management adjusts course based on changes in context. It is managing to the situation, rather than being limited to a predefined set of contracted deliverables. Inherent in MDF's design is the ability to adjust its offer to the private sector in real time, swapping one set of activities for another, based on evidence and observed needs. Most of the time, this means incremental changes because much of the time the world changes relatively slowly. However, sometimes, like during the pandemic, change must be more rapid. Having adaptability and flexibility in the program's DNA allowed quick adjustment in the face of unprecedented change.



Medium-term response – business survival, adaptation and recovery

MDF then sought ways of minimising the impact of the pandemic by supporting businesses to survive and adapt in the short term and position for recovery. MDF worked with partners old and new to find opportunity in crisis.

At the beginning of the pandemic, MDF believed that "reform measures that might have once been blocked by vested interests may become more feasible." This came to pass. For example, the Fijian Government, realising the need to identify alternative employment generating industries, started actively working with MDF to promote the Business Process Outsourcing (BPO) sector, and Investment Fiji signed a wide-ranging Memorandum of Understanding to collaborate on developing the country's investment strategy.

MDF speculated that "supply and demand shocks will accelerate existing trends, disrupt established players,

foster innovation, and increase receptivity to new ways of working." Evidence of this is now everywhere. For example, in Sri Lanka, businesses are now rushing to introduce new technologies (agritech) into their smallholder supply chains to guard against future disruptions. MDF is partnering with many of these firms to make the transition as equitable and beneficial as possible. In PNG, MDF is partnering with several large commodity buyers that are working to do the same.

MDF considered that there would be opportunities to "build back better...introduce and adopt greener technologies." There is evidence of this in Fiji, where government and industry are seeking to partner with MDF to change the way the country positions and markets its tourism industry, understanding that it cannot go back to a high-volume, low margin industry model. There has been a surge of interest, and investment, in green technologies, and this has been an increasing area of focus for MDF.



The silent crisis: African Swine Fever

While COVID-19 dominated attention in 2020, another crisis was unfolding in parallel, with the potential to have an even greater impact on poor women and men in the Pacific, particularly in PNG and Timor-Leste: the highly contagious African Swine Fever (ASF).

In Timor-Leste, around 82 per cent of households raise pigs, which are used for cultural ceremonies and as a store of wealth – pigs make up a significant part of the asset base for many rural households. In PNG, about 600,000 households in the Highlands region alone rear nearly 1.8 million pigs, providing an irreplaceable source of protein and, like Timor-Leste, contributing a significant proportion to households' asset base.

In Timor-Leste, MDF has been the main vehicle for delivering the Australian Government's ASF response. First, through a major nation-wide communications campaign MDF reached a significant proportion of the population, resulting in changed pig rearing practices and, therefore, avoided pig losses for tens of thousands of households. Second, MDF is supporting the private sector to introduce practices that not only prevent the

spread of the disease, but also increase the productivity of pig farms. This includes increasing the supply of quality feed and better pig breeds, as well as using pig pens instead of allowing pigs to forage.

In PNG, there are a number of initiatives, such as PHAMA Plus and the Food and Agriculture Organization, that are looking at the biosecurity implications of ASF and supporting public communications campaigns. MDF is therefore approaching the problem from a different angle. Many of the factors that help raise productivity of pig farms also help prevent the spread of ASF. To complement the efforts of other programs, MDF is supporting the increased use of improved feed, which supports pig growth but also reduces the spread of the disease as it minimises wild foraging. The same applies to using pig pens. MDF is also working to increase the supply of healthy piglets with a faster growing breed variety; this will help restock the national herd while improving farmer incomes. These interventions are discussed in greater detail in Timor-Leste and PNG country chapters.



Making the multi-country model work

In 2021, DFAT will decide whether or not it wishes to exercise the option to renew MDF Phase II for a further five-year term. At the end of a testing year and with an impending mid-term review, it is worth looking back to consider whether or not the multi-country model has achieved its objectives.

The starting point is to reflect on what MDF was designed to achieve. Market Systems Development (MSD) programs, like other aid modalities, are effective when they are implemented well. Conversely, like other aid modalities, MSD programs can meander and achieve little when implemented poorly. More than others, MSD programs are sensitive to the quality of the implementation team. That was the constraint that MDF was designed to address. In small economies with shallow labour markets, it is challenging to recruit and train a qualified team within the required timeframe. Extensive use of international advisors is prohibitively expensive and, ultimately, self-defeating. Without the right team, any MSD program in thin market contexts is more likely than not to be ineffective. The efficiency case for small, standalone MSD programs in small-island economies did not stack up.

So, how could effective implementation be balanced with efficient resourcing? At MDF's design stages, it was anticipated that pooling resources through a multi-country model would overcome some of these inefficiencies of scale. Moreover, designing the facility to support rapid expansion in new countries would enable the program to overcome some of the considerable costs typically associated with the start-up phase of MSD programs.



How did MDF do? In Phase I, things went largely to plan. The program established a presence in five very different countries and common processes were operationalised. A portfolio of activities was established, and the program delivered results. However, the rapid scale-up to five countries stretched resources and systems, with the impact evident in some of the country programs. To address this, in Phase II, the Shared Resources function was strengthened. Additional resources were deployed to cover technical, management, operational, communications and results measurement functions. Country teams were strengthened, particularly local staff. A concerted focus was given to capacity building through a guided 'learning while doing' approach, through intensive and ongoing outreach from the Shared Resources team.

There are some examples from 2020 that lead us to believe that MDF is on the right track:



The strengthened local teams and established remote support mechanisms allowed MDF to keep operating with minimum disruption during the pandemic.



Transaction costs for DFAT were reduced significantly: MDF pivoted as a single mechanism rather than as five separate programs with their own interpretations of the Australian Government's policy agenda. MDF submitted a combined workplan with a common strategic agenda which could be assessed as a coherent whole.



MDF's pivot was successful. During a time when confusion reigned, MDF was able to draw lessons from across the facility and distribute these through the Shared Resources team. Ideas for COVID-19 responses were quickly shared and replicated. Programs received constant technical advice through the Shared Resources team, adapting and sharpening the focus of the changing portfolio in real time.



Resources were deployed flexibly across the program. With well-established remote working and support protocols in place, the program was able to direct people's efforts where they were needed, as they were needed.

Has this been achieved efficiently? Comparing MSD programs is an unscientific exercise because one inevitably compares apples with oranges. The best assessment is that MDF is probably similarly expensive, from a staffing and operational perspective, to other MSD programs. Working across multiple countries incurs additional costs in some areas while delivering efficiencies in others. The difference, as MDF sees it, is that a level of effectiveness has been achieved that could not have been reached through a series of small, standalone MSD programs in the region. The quality of MDF's strategies and its technical implementation is high. MDF's results measurement system is more sophisticated and useful than could otherwise be achieved at small scale. MDF's operational, fiduciary and safeguarding systems are thorough but efficient, overcoming much of the 'compliance cost' that hampers smaller programs. The program's professional branding, high-quality communications material and extensive social media reach provide ample opportunities for Australia to demonstrate the value of its aid. And should MDF be asked to set up a country program in an additional country, it could do so at a significantly lower cost than designing and implementing a standalone program.

So, we would contend that if efficiency is measured in relation to the quality of the delivery mechanism rather than purely on a cost comparison, MDF comes out well.



The ongoing crisis: climate change

After a year in which COVID-19 pushed most other world issues off the agenda, a range of global commitments emerged that have put climate change firmly back on the table as a pressing priority. There is, seemingly, a stronger political commitment than in the past and the resultant increased optimism and certainty have unleashed a wave of private investment into clean energy, transport, agriculture and other green growth technologies. This is not an area in which MDF has had a specific focus in the past, and the program does not currently have a dedicated climate change portfolio.

However, during the course of 2020, MDF undertook a climate change portfolio review in Fiji, with the assistance of the Australia Pacific Climate Partnership. This process will be replicated in PNG and Sri Lanka in 2021. There are an increasing number of entry points for MDF to work on climate change-related issues directly and indirectly.

For example, green agricultural technology has matured to the point that it can be deployed at scale in smallholder farming systems. Within the current country portfolios, there are a range of activities that have a strong green growth element (and simply require a more strategic focus) and other areas that represent new opportunities. The most practical entry points in the initial phase of this work focus on green growth opportunities, as well as initiatives to improve the efficiency and lower the energy intensity of agricultural value chains. These include:

Climate-smart agriculture (existing areas of work):

- Improving access to drought-resistant seeds and other inputs to support climate change adaptation
- Improving access to information (crop advisory services) relating to climate hazards and adverse weather
- Improving uptake of mechanisation and technology to promote efficient resource use and conservation
- Improving efficiency in the distributed farming system to reduce post-harvest losses, logistics costs and emissions.



Sustainable fisheries

- Certifying fisheries in sustainable catching practices (existing area of work)
- Investing in business models that preserve biodiversity and carbon sequestration (e.g. existing scoping work for seaweed farming)
- Introducing adverse-weather alert systems to enable safe fishing conditions.



Renewable energy and carbon-neutral growth

- Assisting firms to supply renewable bioenergy to industries (existing area of work)
- Working with the private sector to transition to renewable sources of energy (existing area of work)
- Supporting a tourism recovery that is more sustainable and with a lighter environmental footprint
- Assisting firms in target sectors to minimise carbon emissions
- Building businesses capability to pursue carbon-neutral certifications to become more globally competitive.

Over 2021, MDF will continue scoping in this area and develop a climate change strategy to guide future programming.





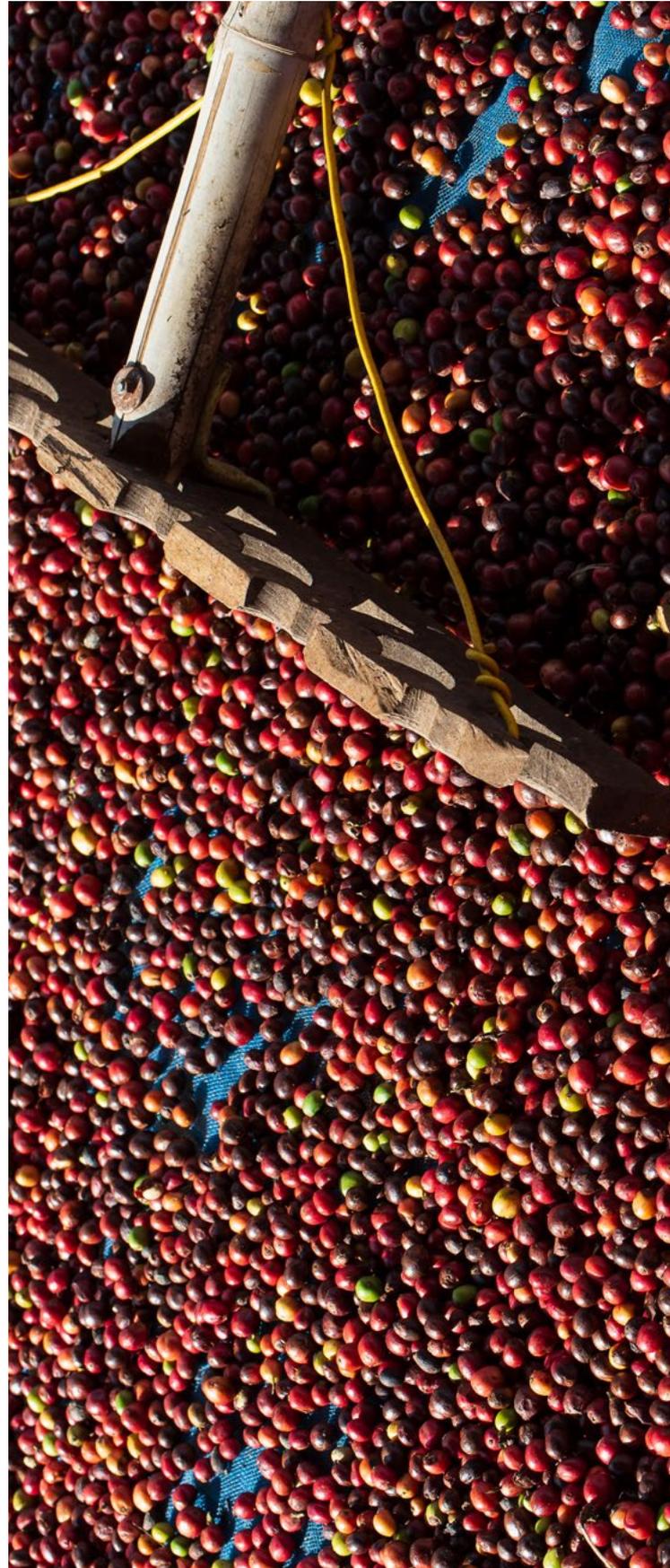
Major trends in 2020

The pandemic accelerated a number of broader economic trends that are impacting the way in which businesses work. Some of these are well documented, such as the shift to remote work. Other, less reported trends will have similarly significant implications for the global economy.

The overarching themes are seeking opportunity in crisis, innovation and investment. After an initial period of shock, businesses started adapting rapidly, trying to find opportunity in crisis. In MDF's consultations, the mood of many partners shifted surprisingly quickly from gloom to cautious optimism (excluding the tourism sector) and opportunity seeking. Businesses started seeking new markets and new ways of sourcing, often through the adoption of new technologies. Business leaders, recognising these shifts, have realised the need for major investment to support the transition. Optimists believe that this wave of investment and technological adoption will, based on historical trends, lead to higher productivity and improved growth over the coming decade.

This trend is perhaps no more evident than in the adoption of agricultural technologies. As discussed in 'The smallholder challenge,' many agricultural technologies that were once viable only for large-scale farming have now matured to the point where they are ready for adoption in the smallholder farming system. This includes using digital tools for delivering extension services, improving supply chain management, maximising productivity and enhancing traceability. This has been particularly evident in Sri Lanka (high value agricultural export goods) and PNG (specialty coffee and cocoa).

Another surprising outcome in 2020 was the resilience of the commodity crop market, with many publications speculating that there may be another commodity supercycle emerging. Prices of some of the commodity crops most important for MDF countries – sugar, cocoa and coffee – are expected to remain low due to weak demand, exacerbated by recent spikes in shipping and transport costs. However, specialty crops are performing better, with demand for specialty coffee, cocoa and branded sugar relatively stable. This suggests that MDF's strategy of supporting the transition from commodity crops to high value, speciality, and value-added agricultural products remains a prudent strategy.





The smallholder challenge

Agriculture inevitably employs fewer people over time. Rural-urban migration has occurred for centuries, and farming in developed economies has become a capital-intensive, low-labour endeavour. Yet smallholder farmers are not going anywhere any time soon: around 500 million smallholders produce approximately 30 per cent of the world's food supply. And farm size has actually decreased in lower income countries over the past 50 years. At the same time, the global food system is becoming more capital intensive. Returns from agriculture have accrued to capital and skill-intensive parts of the agri-food supply chain rather than to smallholders. This discourages investment in farm productivity and creates a situation where, counterintuitively, some of the world's most in-demand products, such as cocoa, are increasingly reliant on economically precarious farming systems. At the same time, consumer demand for affordable but better food – higher quality, traceable provenance, environmental and ethical standards – requires (and rewards) more farm efficiency and innovation. How to square this circle?

Technology will be key, as in previous agricultural revolutions. The Internet of Things (IOT), after a decade of unfulfilled expectations, finally looks to be nearing the point at which it can be deployed at scale within smallholder farming systems. This has the potential to introduce efficiencies to smallholder value chains that could be the difference between a subsistence livelihood and a living wage. In more developed economies like Fiji and Sri Lanka, farming will professionalise and involve fewer people as it becomes more efficient and automated. Farmers will require different skills. On-farm jobs will be replaced by off-farm jobs elsewhere in the agri-food supply chain, perhaps not in rural areas. Consumer-facing businesses that depend on agricultural produce will invest more in developing and managing more integrated supply chains, rather than just buying commodities.

Navigating this transition to farming that is more productive and sustainable, and which generates decent returns for all actors in the value chain, will take time. The trend will not be all in one direction. It will be complicated by the politics of food security, food sovereignty and land tenure. Agriculture is a de facto social safety net in many countries, into which people can fall when the urban economy takes a hit. It has fulfilled this vital role during the COVID-19 emergency, as it did following the financial crisis in 2008. COVID-19 has also accelerated innovation in the agricultural sector and, with the right innovations, promises to rebalance the relationship between smallholders and the global food system.

MDF is clear-eyed about agriculture's prospects. It is an important part of the portfolio because MDF sees feasible opportunities to support transformation. MDF understands that technology is not a silver bullet and that economic fundamentals will always matter. But the program also recognises that digitisation can reduce transaction costs and increase accessibility, knowledge, trust and liquidity. Innovations in storage, cold chain, transportation, off-grid power, and vertical farming can overcome the constraints of distance and perishability. New seeds, inputs and equipment can mitigate the predations of climate change. The lot of the smallholder will remain precarious. But there are reasons to be optimistic.





Pacific regional work

Improved regional economic integration is a key aim of DFAT's Pacific Step-Up and vital to maintaining Australia's economic and political interests and security. The current crisis has made it more urgent: trade-dependent Pacific economies will need regional solutions to maintain food security, address supply chain issues and support economic recovery. Concepts such as the Pacific Bubble, if it becomes a reality, could offer opportunities for enhanced trade and labour mobility with Australia's regional neighbours.

As part of the MDF COVID-19 Response Plan, the program received funding from the Office of the Pacific to:

- Leverage opportunities for economic integration between Pacific nations, and Australia and New Zealand
- Undertake scoping in Samoa, Vanuatu and Tonga to test the feasibility of starting a new country program in one or more of these countries
- Through a portfolio of activities, extend MDF's business intelligence gathering to provide insight into regional investment opportunities and trade linkages.



MDF as a delivery mechanism for regional expansion

MDF was chosen as the delivery mechanism for this work because this kind of expansion is specifically what the program was designed to achieve. In the start-up phase of an MSD program, it can take more than a year to hire a team, establish systems and build the credibility required to engage with the business community. MDF was designed to reduce these transaction costs. This is particularly beneficial in the current circumstances, with travel restrictions effectively ruling out a 'traditional' program start-up. More specifically:

👉 The Pacific expansion work is being staged out of the Fiji country office, as the country team is a known quantity and highly respected in the Pacific. With strong existing connections to chambers of commerce and business networks in Samoa, Tonga and Vanuatu, MDF Fiji boasts a highly talented, locally led team with the relationships and track record to open doors.

👉 The multi-country model has allowed MDF to take advantage of regional linkages, such as the strong business links between Fiji and Samoa, to support expansion. The Fiji team has access to specialist resources, such as through the Pacific Island Forum Secretariat, who are well networked and informed with business connections in the countries of focus.

👉 MDF provides a faster and cheaper mechanism for start-up. Expansion work uses MDF's existing managerial, technical, operational, Quality and Inclusion and communications capabilities. This is cost-effective and reduces implementation lag. As MDF is a recognised program with established capacity and systems, it can hit the ground running.

The Pacific regional work has been progressing well, with three main areas of focus:



Sector mapping and outreach

A regional team has been staffed, with two MDF team members and two local consultants, and sector mapping work is well advanced. The current areas of focus are Samoa, Tonga and Vanuatu, although any opportunities outside these geographies will be considered on a case-by-case basis. The mapping work has been divided into the following categories:

- High value agriculture with the potential to meet existing or emerging international demand
- Fijian firms looking to grow their export of agricultural inputs (such as seeds, fertiliser and farm equipment) or increase import of agricultural crops from Samoa, Tonga and Vanuatu for value-adding and/or re-export
- Australian firms looking to increase their agriculture sourcing from Samoa, Tonga and Vanuatu, with a focus on existing import channels with the potential to grow, or value-added goods in these three countries less affected by biosecurity restrictions
- Firms from Fiji and Australia with a Pacific business footprint, with growth or investment plans into Samoa, Tonga and Vanuatu
- Businesses seeking to use the Pacific as a BPO alternative to traditional markets.



Australian Business Engagement

In late 2020, MDF established an Australia-based team to support intensive engagement with the Australian private sector on both the supply and demand side. If successful, this will be replicated in New Zealand in 2021. This is a completely new area of work for MDF but is already producing promising results.

MDF has commenced a strategic partnership with an Australia-based coffee importer focusing on emerging markets. This work will map demand from Australian roasters and match this with potential suppliers in MDF countries. MDF is also in discussions with an Australian BPO firm looking to establish a 40-60 seat facility in Fiji. MDF would support market entry and start-up.

MDF has also entered negotiations with an Australian agritech firm that makes low cost products for emerging markets. The business currently has a presence in Sri Lanka and MDF is proposing to support its entry into Pacific markets. Discussions with other agritech firms are ongoing.

In collaboration with Pacific Trade Invest, MDF has commenced a demand analysis of the following Australian markets for Pacific goods:

- High-value agriculture including:
 - Speciality coffee
 - Speciality cocoa (e.g. fine chocolatiers and wholesalers)
 - Value-added kava goods
- Business process outsourcing
- Tourism
- Seafood processing



Pacific Labour Facility (PLF) collaboration

MDF has proposed a range of potential areas for collaboration with PLF, two of which were commenced in 2020. First, scoping and design work for a pilot project in Tonga to provide entrepreneurship training for returned seasonal workers and their families, to support productive investment of earnings. Implementation is proposed for the first half of 2021. The second is to work with businesses that wish to upskill their employees by taking advantage of the Pacific Labour Scheme. This support would see MDF offset the costs of hiring additional staff required to fill places by skilled workers taking up employment opportunities in Australia through the Pacific Labour Scheme. Initial scoping work was undertaken in 2020, and the specific partnerships will be negotiated in early 2021.

Discussions are also underway on a feasibility study of private sector participation in labour recruitment/sending. It is proposed that the study will include Timor-Leste, PNG, Fiji and Kiribati.

Examples of current business opportunities include the following:

- Negotiating an agreement with an Australian business to set up a cocoa roasting facility to supply high quality, single-origin coffee to Australian specialty retail outlets.
- A Fiji-based company has recently secured, with MDF support, an import licence for improved seed varieties (only one firm was previously licensed to import seed). It now hopes to extend its distribution network to other neighbouring Pacific countries. MDF is discussing how to support this market expansion.
- MDF is currently in various stages of negotiation with close to 20 other businesses in the Pacific and Australia/New Zealand for potential partnerships in 2021.





Staffing update

The facility continued to enjoy an enviable staffing position over the course of 2020 despite the challenges of movement restrictions. All CLT-Shared Resources (CLT-SR) positions remain filled, with the exception of the QI Director role, which has been filled temporarily and is currently in the final stages of recruitment for a full-time replacement. While several staff members were forced to be away from their normal duty stations at various times of the year, MDF's well established remote working protocols allowed the program to continue operating with minimal disruption.

This year, a sixth position was added to the CLT-SR team, the Australian Business Engagement Manager. This position manages the Australian Business Engagement Unit.

The current CLT-SR staffing profile consists of:

- Team Leader
- Chief Operating Officer and Deputy Team Leader (with a centrally located operations team)
- Senior Advisor
- Quality and Inclusion Director
- Communications Director
- Learning Manager



The learning agenda

As face-to-face learning events had to be ruled out in 2020, MDF's learning agenda pivoted to focus on short-term rapid intelligence gathering in response to the COVID-19 crisis and the development of MarketViews briefs for DFAT and other stakeholders. These were a valuable source of on-the-ground intelligence in each country as the crisis unfolded. MarketViews were also developed on thematic topics, such as the impacts of COVID-19 on women and the informal economy. MDF produced the learning paper Private Sector Development and Market Recovery, aimed at raising awareness about the important role of the private sector, both in Australia and the region, to support recovery.

MDF developed a series of learning papers following the conclusion of the Pakistan program, including on approaches to ICT interventions, women's access to microfinance, and on choosing effective private sector partners. These outlined practical lessons from the country program's implementation and provided a range of specific insights on the Pakistan context, as well as broadly applicable lessons for other MDF countries and development programs. MDF also launched a sustainability study in Pakistan to monitor ongoing results from the program. The study is an opportunity for MDF to assess the long-term sustainability of the

changes triggered by program interventions and will provide valuable lessons for the other country programs.

In 2020, MDF continued to strengthen its internal communication of learnings, including through the development of a Learning Portal (which is a database of MDF's research papers, briefings and partnership material) as well as new internal explainers for staff on conducting portfolio reviews and MDF's approaches to inclusivity. To maintain staff learning and development, MDF undertook regular online clinics and mentoring sessions. In 2020, MDF also began to develop a set of comprehensive in-house MSD training modules, in the expectation that remote learning will remain a feature of program delivery for the foreseeable future. MDF also consolidated its learning products through research papers, including on women's economic empowerment and systemic change.

Unlike in previous years, MDF was unable to host learning events for DFAT and other stakeholders in Canberra, focusing instead on giving remote presentations to DFAT Posts and Country Desks to provide updates on the evolving economic and business contexts of partner countries in light of the COVID-19 crisis.



Quality and Inclusion



Monitoring and results measurement

In 2020, MDF's monitoring and results measurement (MRM) system remained largely unchanged. A few alterations were made to the structure of the Quality and Inclusion (QI) team in response to the challenges of mobilising staff during the pandemic. The focus of the year was primarily to ensure that improvements introduced in 2019 were implemented and enhanced.

A important milestone in 2020 was the release of detailed guidance on Systemic Change Measurement and Communications, which was then utilised to implement two systemic change measurement exercises in Pakistan and Fiji (see 'Capturing systemic change'). The team also updated MDF's Due Diligence and Safeguarding Policy in line with DFAT safeguarding principles. Accordingly, safeguarding indicators have been integrated into Intervention Guides and the Management Information System (MIS).

In June 2020, MDF began updating the MRM manual, to incorporate new guidance on value for money indicators, systemic change and the MIS. The updated manual is set for roll-out in the first quarter of 2021.

COVID-19 movement restrictions prevented regular in-country capacity building, including induction of new country team members, which was instead done remotely. While initially very challenging, MDF is gradually becoming adept at providing remote support through a range of tools and approaches including cross-country support and collaboration. A highlight was sharing learning between Timor-Leste and Pakistan, where MRM insights from Pakistan's Telenor intervention were used to measure and capture behaviour change in Timor-Leste's African Swine Fever awareness intervention.

Given the large number of COVID-19 response initiatives developed in 2020, the QI team introduced COVID-19 results indicators. These are based on DFAT's country-specific Partnerships for Recovery results indicators. They measure a wide range of impact, ranging from initiatives for production of personal protective equipment, to communities' awareness about COVID-19 risks and prevention.



Capturing systemic change

MDF continued to capture systemic change throughout 2020 using the previously agreed framework, with the team working on several research activities using the updated systemic change framework. However, movement restrictions hampered field monitoring visits and prevented several planned short-term consultancy assignments.

In 2020, the assessment of systemic change in Fiji's sugar market was completed and the assessment of systemic

change in Pakistan's silage market continued. Findings from this research are expected to be published in the first quarter of 2021. Encouraging signs of emerging systemic change in commodity crops in PNG and Timor-Leste have also been observed and are detailed in their respective country chapters. Despite massive setbacks in the tourism sector, Sri Lanka has also observed early signs of systemic change in tourism coordination.

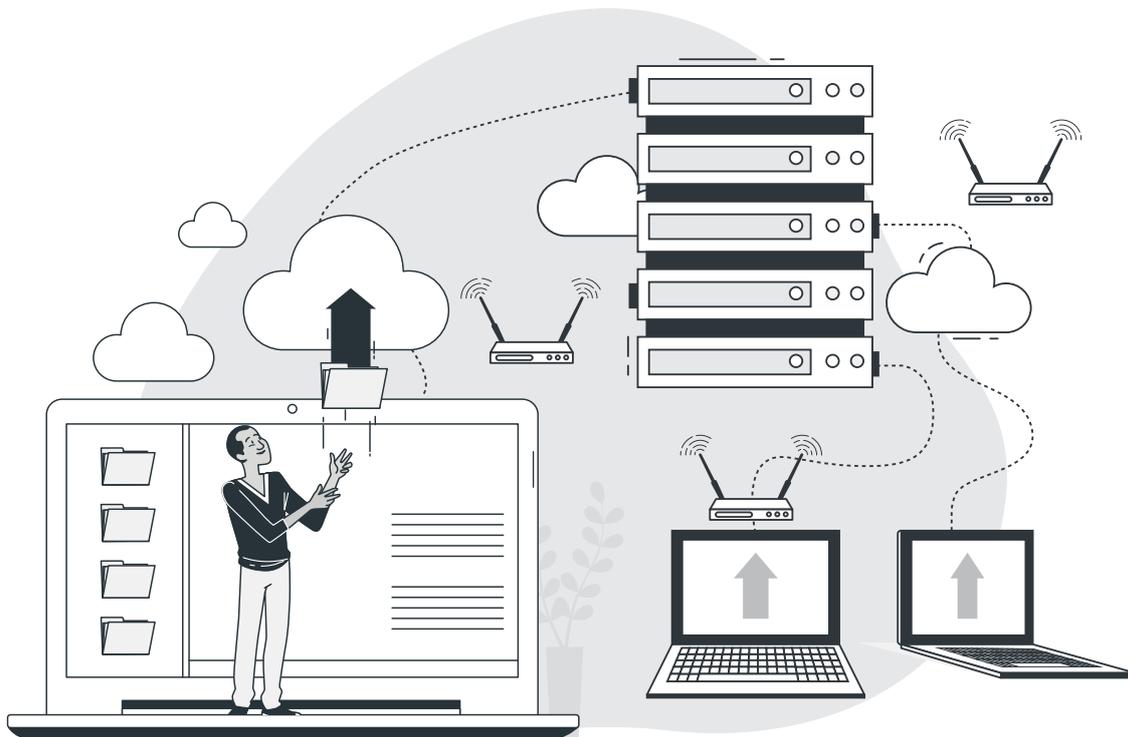


Management Information System

MDF completed development of the Management Information System in 2020. There is now a single system in which results and management data can be cross-examined to measure progress and check what does and does not work. This represents a major step forward in the efficiency and effectiveness of MDF's MRM system.

The reports and dashboards are run on the Microsoft Power BI application, and the team is now able to visualise and cross-examine data sets. Over 15 reports, including progress trackers, calendars and budgets, have been

developed in six main categories. The MIS is a valuable tool for the entire facility. For the QI team, in addition to automatic and real-time aggregation, it enables the rapid production of databanks that are simple and easy to use. The system generates results on all impact levels (innovation, intervention, market system and sector) and has removed the need for manual aggregation, thereby reducing errors and increasing efficiency. Data on human resources, finance, procurement, communications and workplans is now easily accessible in one place, providing timely management information in visual form.





Inclusion

In 2020, MDF updated its guidance on inclusivity through a series of explainers elaborating definitions of, and plans for, four key cross-cutting inclusivity themes: women's economic empowerment, disability, poverty and the environment.



Women's economic empowerment

In 2020, MDF continued to examine how interventions could contribute further to women's inclusivity, using the new strategic frameworks and explainers.

Innovative and inclusive business cases implemented across the facility were highlighted in a paper, **Women at Work: Supporting Women's Agency Through Economic Programming**, published in the third quarter. The paper showcased facility-wide examples of inclusive intervention planning and measurement, as well as innovative investments for women-led businesses and employees.

In the fourth quarter, MDF participated in Palladium's Gender and Inclusion working group discussions. This resulted in MDF and DFAT's PRISMA program in Indonesia establishing a working group to explore issues of women's economic empowerment in the COVID-19 context. In 2021, the collaboration will result in the publication of a case study with insights on business strategies that have the potential to deliver positive impact for women amid a crisis.

In addition to working in women's economic empowerment, MDF progressed in aspects of broader inclusion in 2020. This included improved safeguarding policies, climate change mitigation and disability inclusion.

Women at Work

MDF's paper on the impact of employing and retaining women in the workforce through interventions investigates the six dimensions of women's economic empowerment using the MDF agency measurement conceptual framework.

Case studies from across the facility highlight how new policies and practices implemented by the private sector with MDF support were shown to increase women's agency, decision-making power, and well-being.





Environment, safeguards, climate change

MDF updated and rolled out a safeguarding policy that requires an assessment of environmental risks and benefits of interventions during the design/negotiation phase. A risks and benefits tracker integrates safeguarding indicators into Intervention Guides and the MIS. This provides the team with an early-warning system so that they can determine treatment actions, while also identifying unexpected benefits that can be replicated.

MDF Fiji and PNG hosted workshops with the Australia Pacific Climate Partnership to assess climate change risks and opportunities for the two country programs, as well as to identify areas for improvement. Based on these workshops, in 2021 the facility will develop a climate change integration plan, including country-specific recommendations. Preliminary activities will include embedding climate change information and mitigation practices into supply chain development activities, and information sharing activities across the Facility. A policy paper and a workshop exploring the links between private sector development and climate change in the Pacific is also planned for 2021.



Disability

The QI team rolled out the Washington Group survey questions accompanied by an explainer on disability inclusion. The survey questions will enable implementation teams to capture the nature and prevalence of disability in target populations. Early lessons on disability prevalence resulted in Timor-Leste entering a partnership with a light manufacturing firm, which exclusively employs people with disabilities, exporting commercial bicycle racks to Australia. In the Fijian outsourcing services industry, several investments have been made to incentivise firms to employ more people with disabilities. Plans for 2021 include a cross-country publication on understanding the circumstances affecting people with disabilities in key market systems and the impact of MDF's interventions on people with disabilities.



Communications

Throughout 2020, MDF continued to utilise both country-specific and facility-wide communications to support the work of the program. With the emergence of COVID-19 there was an even greater priority on all forms of communication including online and social media, especially due to the movement restrictions which shaped much of the year's work.

The communications team supported the launch of several partnerships in Fiji, Timor-Leste, Sri Lanka and PNG, as well as supporting facility-wide COVID-19 responses. Heads of Missions or senior representatives from local Posts attended close to 13 events organised by MDF. This resulted in significant in-country media coverage of MDF's work. By the end of 2020, MDF had published over 20 press releases including a number of joint releases with government ministries and leading business membership organisations.

Online, MDF significantly increased its ability to reach and influence people via social media platforms, tripling followers on LinkedIn, more than doubling followers on Instagram and exceeding 20,000 followers on Facebook. This was a result of the ongoing emphasis MDF is placing on developing engaging content for social media. Social media is increasingly central to MDF's efforts to achieve results as it provides the program with a platform from which to build its portfolio, increasing visibility among potential partners and attracting a wider network of potential staff. A strong social media presence also provides a platform to reach a larger audience to support program outcomes, such as the African Swine Fever awareness campaign in Timor-Leste, the Support Local Business social media campaign in Fiji and a number of the tourism initiatives in Sri Lanka. These campaigns are detailed in the country chapters.

In addition to in-country support, the communications team developed a series of facility-wide digital campaigns to support the program's broader objectives. Major social media campaigns included: International Women's Day, which engaged a total 1,617 people across all platforms; World Tourism Day, which engaged 4,697 people; and a campaign supporting MDF's Women at Work paper, which generated 3,544 interactions.

Australian Heads of Missions tweeted MDF's content or tagged MDF 44 times (34 in Timor-Leste alone). The team's tweets were retweeted 36 times, and Facebook posts shared 15 times by Posts during the year.

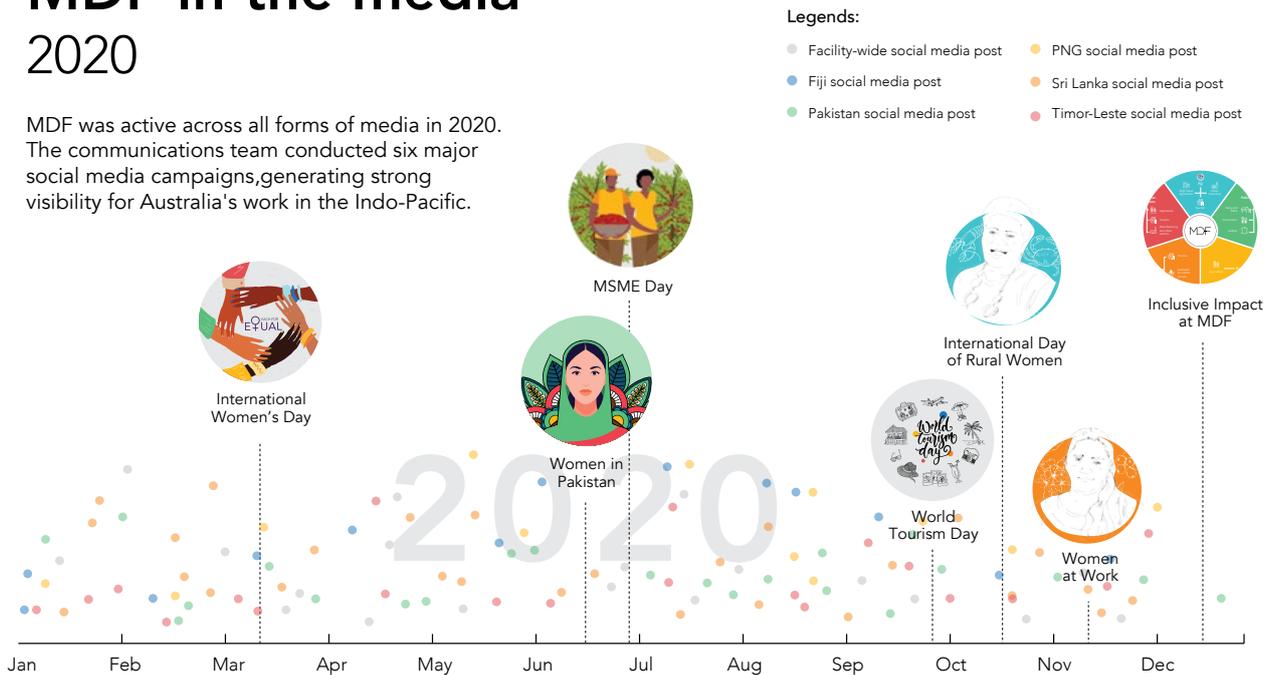
In direct response to the in-country and international lockdowns throughout 2020, MDF placed a greater focus on internal communications. This included the creation of an internal communications working group, a range of internal online events including social activities, various internal learning activities, facility-wide townhall style briefings and thematic working groups. These activities were designed to support an ongoing emphasis on cross-facility collaboration.

Other highlights included the print and digital publication of the **Women in Pakistan photobook**. The photobook focuses on MDF's efforts to empower women in Pakistan's rural and peri-urban areas and is a collection of intimate and vibrant photographs of women at work, honouring women by telling their stories. In Sri Lanka, the communications team led the creation of an MDF Sri Lanka Newsletter focusing on MDF's support to Sri Lanka's tourism sector during the COVID-19 pandemic. The newsletter was well received and is circulated to approximately 140 high-level stakeholders including DFAT and government and private sector partners.

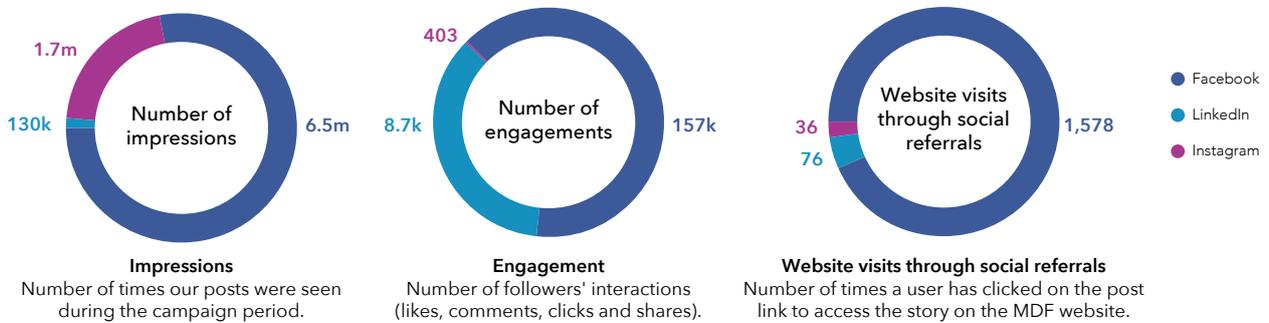
The communications team supported COVID-19 health awareness in all countries, including an awareness campaign with Outspan in Papua New Guinea that reached almost 6,000 smallholder farmers with key messages on prevention and measures to take to safely conduct business. In Fiji, the communications team raised awareness about a local tourism survey organised by the Fiji Hotel and Tourism Association and MDF in partnership with Tourism Fiji and the Ministry of Commerce, Trade, Tourism and Transport. The survey and accompanying campaign supported tourism operators to access credible and timely information to engage better with the domestic tourism market. The survey ran for 10 days and received an overwhelming response of 10,595 participants.

MDF in the media 2020

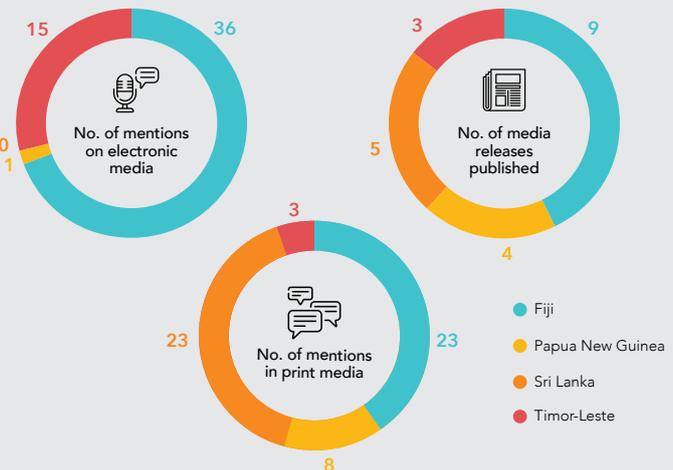
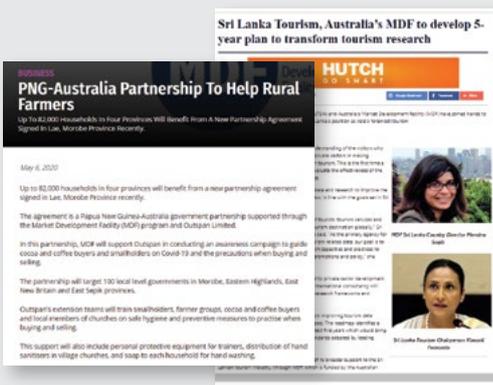
MDF was active across all forms of media in 2020. The communications team conducted six major social media campaigns, generating strong visibility for Australia's work in the Indo-Pacific.



Growth in social media engagement



Traditional media insights



Operations

Managing the operations for a multi-country program is a large job in normal times, let alone during a pandemic. It was a challenging year for the operations team, which had to adapt to unprecedented disruption and maintain service standards, all while continuing to implement a change agenda. In addition, MDF closed down the Pakistan country program on schedule by the end of June 2020, with associated adjustments of human and financial resources.

Maintaining responsiveness of MDF's workforce was instrumental in effectively adapting to the new working environment. As teams became virtual and social connectedness was threatened, MDF responded with a variety of different strategies including online clinics, townhall-style sessions, virtual social activities, and the introduction of engagement and support systems such as toolkits, workshops, new software, and online learning and development solutions.

Several operational milestones were achieved in 2020, successfully reducing risk and increasing compliance across all operational areas. This included the roll-out of a new financial system that enabled more robust financial management and, in a first for the program, full budget utilisation.

The operations team led a review of the program's safeguarding policies and processes, and a comprehensive tool for screening and risk assessment was developed

and introduced across MDF via a series of training sessions. The Combined Safeguard Screening and Rapid Risk Assessment Tool (CSRAT) consolidates and refines MDF's various safeguarding and risk management tools into one comprehensive tool. The CSRAT covers a child protection risk, safeguard screening, compliance assessment (with local laws), and environmental and social impact assessment. It is now being used as part of the due diligence process for all new partnerships. MDF also incorporated an Activity Risk Register into its Intervention Guides.

MDF developed Operations Dashboards on the new MIS to represent key management information in simple, useful graphics. The information enables better informed decision making for finance, operations and workforce management. The team also developed more advanced procurement and contract trackers in late 2020, due to be operational on the MIS Operations Dashboard in early 2021. This will aid annual PERFORMS reporting to DFAT and will serve as a useful management tool.

Contracting and Procurement Focal Points were established in each MDF country. Trained and supported by the Central Program Manager, these focal points will ensure consistency and compliance in contracting across countries. The Central Program Manager and Focal Points will work together to further strengthen and improve processes in this area during 2021.



Human resources

Efforts to ensure that MDF continues to hire, invest in and retain talented professionals gained pace in 2020. This was strengthened by improvements to tools and resources for building local HR capacity and assist with recruitment, onboarding, performance management, and learning and development.

In terms of attracting talent, across all countries, the quality of candidates has greatly improved. While a bigger labour pool resulting from pandemic-related job losses

has some part to play in this, there are other reasons as well. MDF has significantly boosted its presence online, and the active promotion of opportunities through platforms such as LinkedIn is appealing more directly to the program's target professional demographic. Many candidates have also noted that MDF is increasingly seen as a preferred employer.

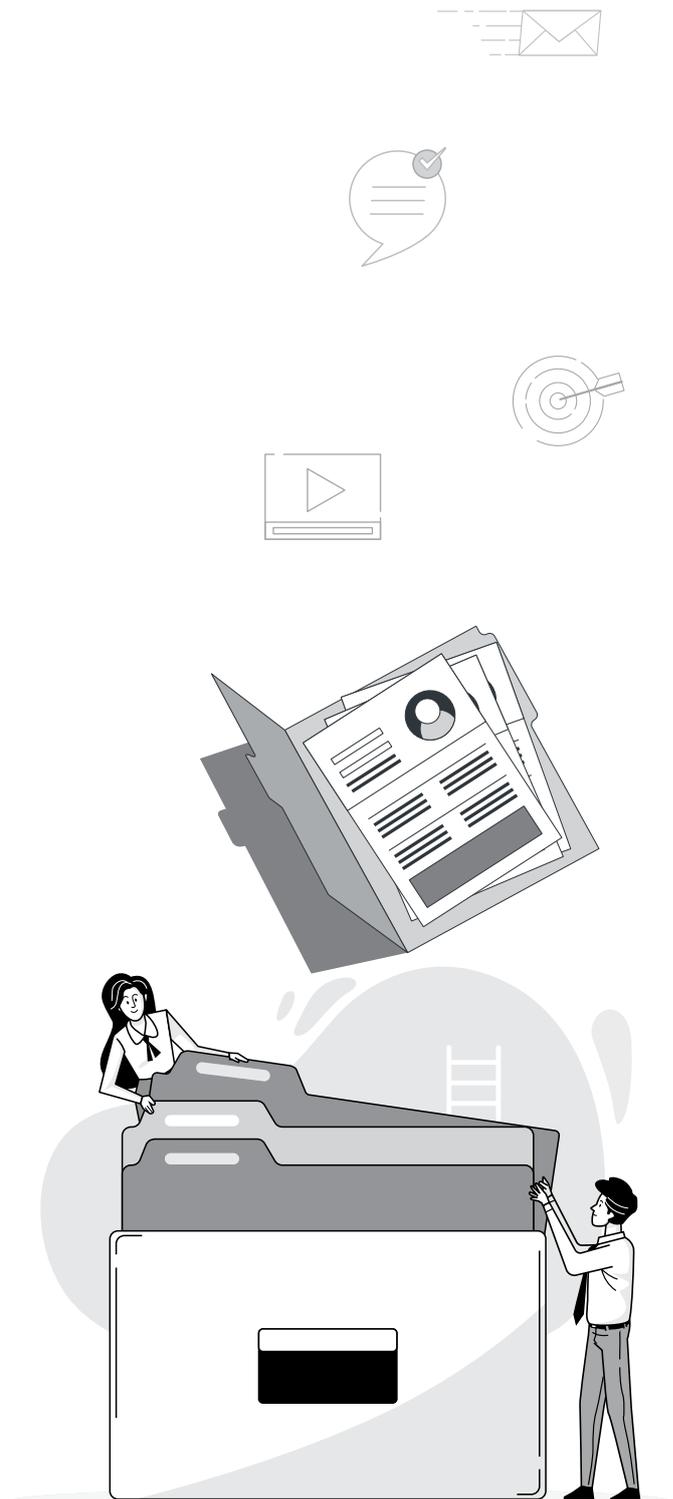
In terms of ongoing talent management, the COVID-19 workforce response brought about several unexpected

opportunities for innovation and engagement. Steered by an Internal Communications Working Group, MDF commenced a Brown Bag Lunch (BBL) series, restarted thematic working groups, established informal catch-ups across countries and provided non-technical learning opportunities at both local and facility-wide levels. An inaugural MDF Staff Survey was rolled out in early June, with an 82 per cent response rate. Responses showed active and highly positive engagement in learning and development activities.

In 2020, MDF implemented several contemporary talent attraction and workforce readiness strategies, including:

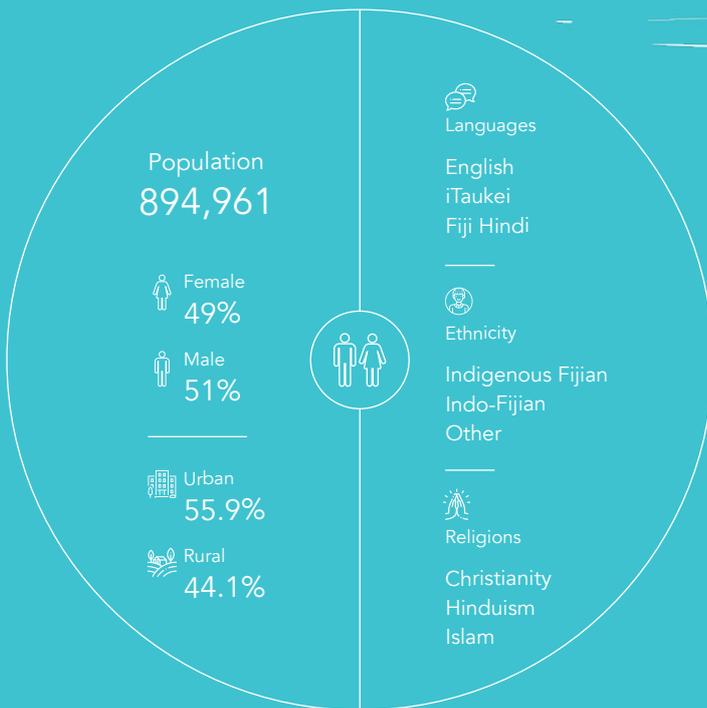
- Refreshing all terms of reference for employer branding, inclusive language and attracting a more diverse talent pool
- Creating 'hybrid' Quality and Inclusion and Business Adviser talent pools, designed to broaden the candidate base and identify transferrable skills and experience
- Commencing an internship program providing short-term learning opportunities with exposure and capacity building for local graduates in Sri Lanka and Timor-Leste
- Revitalising the MDF Leadership Development Program in June, with three employees; internal recruitment has commenced for a second cohort to start in 2021
- Developing specialist talent mapping – a comprehensive database of specialist skills and expertise from the existing MDF workforce to adaptively respond to surge skills demands across the facility.

The central operations team also delivered capacity building workshops on various topics through an Operations Refresher series. These efforts, as well as the refined operational systems and policies, have resulted in streamlined and better-quality operations work across the facility: the MDF SharePoint filing system is fully functional, internal audit results show marked improvements, significant efficiencies have been found in payroll processes, and stronger safeguarding practices are now operational.



Quick Facts

Fiji



GDP contribution by sectors



Independence

Fiji is a former British colony. Since independence in 1970, military coups occurred in 1987, 2000 and 2006.

President of Fiji
Jioji
Konrote

Prime Minister
Josaia Voreqe
'Frank' Bainimarama

Poverty Rate
24.2%

Currency
Fijian Dollar (FJD)

Unemployment Rate
21.5%



Key Focus Areas



Tourism

MDF supports the private sector response to COVID-19 to produce personal protective equipment (PPE) and works with national stakeholders to collect comprehensive market intelligence to better understand shifting tourist demand, support the growth of domestic tourism, and support industry coordination for the Fiji government's 'Blue Lanes' initiative for yacht tourism.

- Total tourism earnings for 2020 (Jan-Sept) amounted to **USD153.4 million**, down from USD762 million for the same period in 2019.
- Fiji recorded **146,193** visitor arrivals over January-November 2020, an **82%** decrease in arrivals compared to the same period in 2019.



High Value Agriculture

MDF supports food security and exports through improved access to quality agricultural inputs, and establishing a portfolio of premium branded agricultural products by improving sourcing logistics and distribution channels.

- **37%** of Fijian households derive some form of income from agriculture.
- Agriculture contributes approximately **8%** to Fiji's GDP.
- Major agricultural commodities are dalo (taro), ginger, papaya, pineapples, eggplant, okra and breadfruit.
- Dalo and cassava are the most common root crops with dalo grown mainly for export.



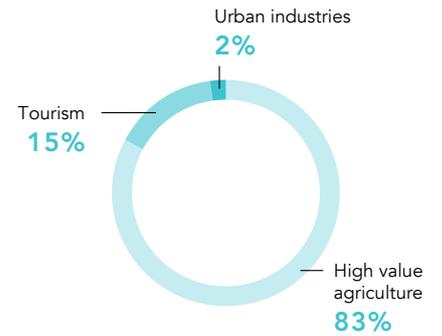
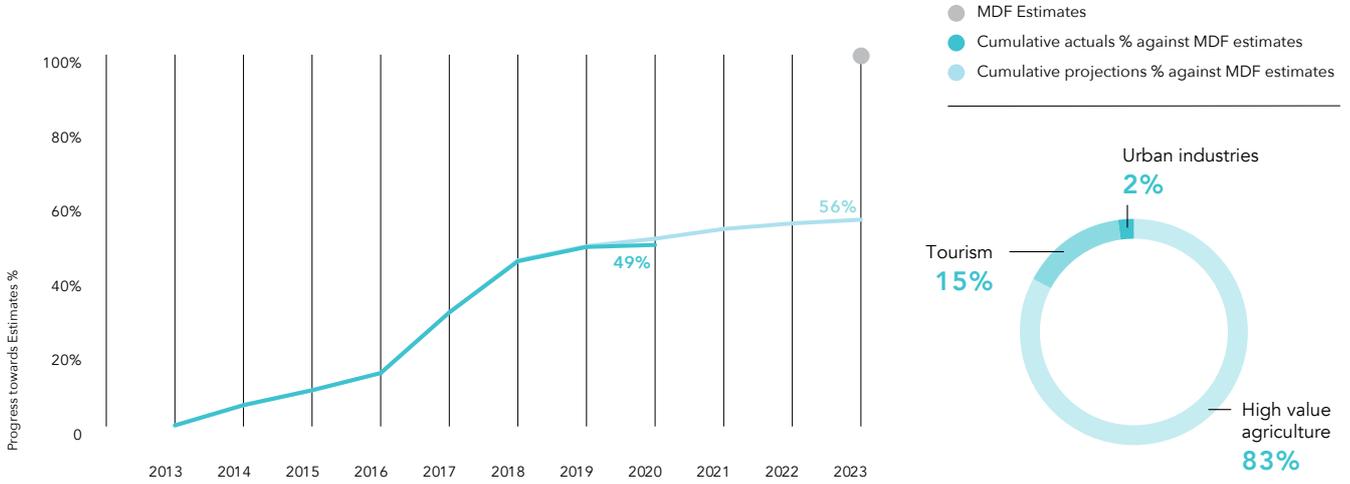
Urban Industries

MDF capitalises on nearshore market opportunities, such as outsourcing services, which emerged due to the COVID-19 crisis. Interventions support the sustainable recovery of Micro, Small and Medium Enterprises (MSMEs) through private sector led business development and advisory support.

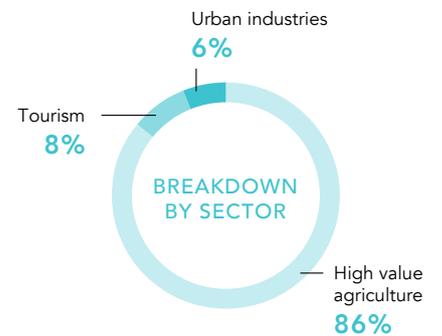
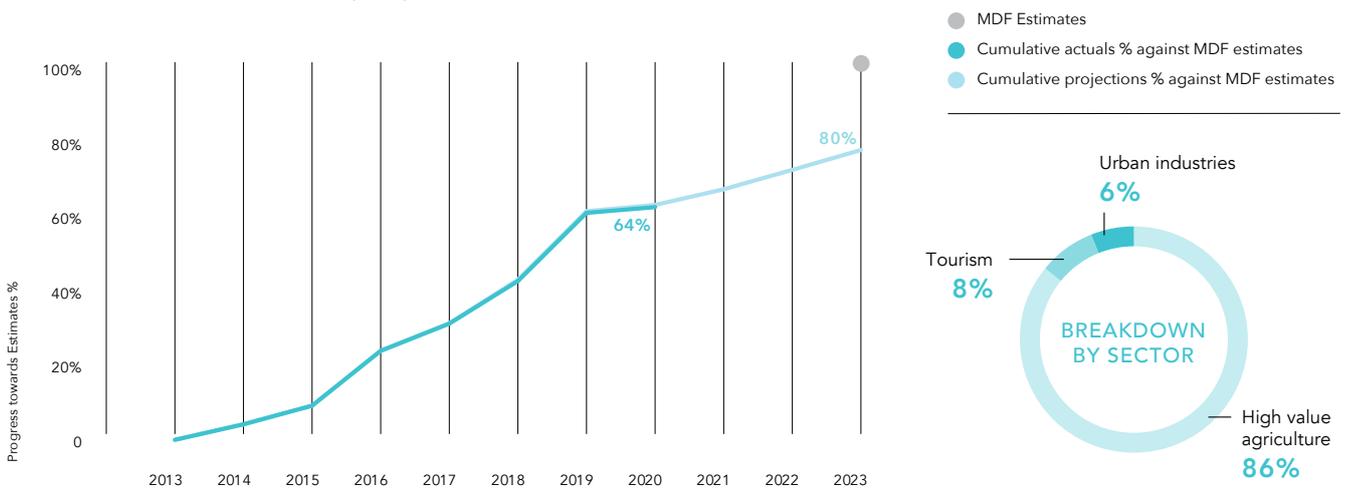
- The urban population grew by **1.6%** (2019).
- The female labour force accounts for **52%** of all work (paid and unpaid) but women receive **27%** of all income earned.
- Poverty pre-lockdown:
 - Urban: **16.7%**
 - Rural: **31.9%**
- Poverty post-lockdown:
 - Urban: up to **28.8%**
 - Rural: up to **46.3%**

Highlights

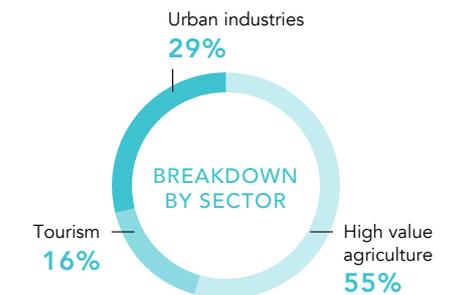
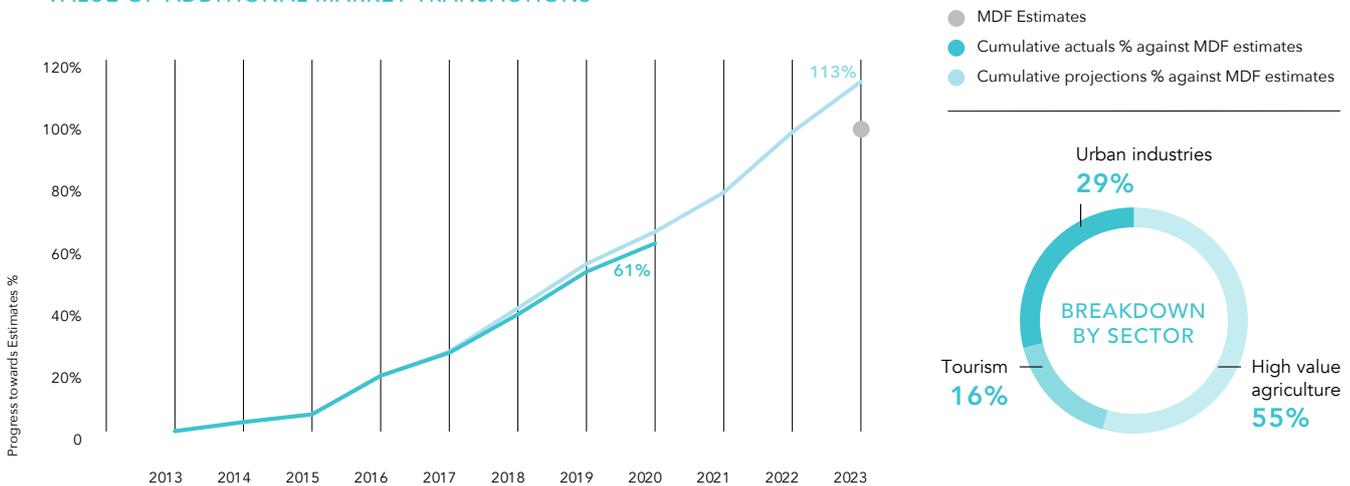
EFFECTIVE OUTREACH



NET ADDITIONAL INCOME (USD)



VALUE OF ADDITIONAL MARKET TRANSACTIONS



EFFECTIVE OUTREACH

- The current portfolio has achieved 49 per cent of estimates and is on track to reach 56 per cent by 2023. However, projections were conservatively revised downward in 2020 in response to COVID-19. While the estimates remain still realistic, achieving them will depend heavily on Fiji's post-COVID market conditions in 2021 and early 2022, as a new suite of interventions gain momentum. The high-value agriculture portfolio is expected to contribute significantly.
- High-value agriculture accounts for 83 per cent of cumulative effective outreach to date. The Quality Agricultural Inputs market system contributed the most to the increase in projections in 2020. Recently signed input-related interventions are expected to keep the portfolio on a growth trajectory.
- MDF Fiji's work in the tourism sector was brought to a halt in 2020 due to COVID-19- related restrictions, prompting a reduction in anticipated outreach in tourism. However, the Nautical Tourism market system yielded unexpected impact and projections. This is linked largely to successes with the government's Blue Lane Initiative .

NET ADDITIONAL INCOME (USD)

- The current portfolio has achieved 64 per cent of estimates and is projected to achieve 80 per cent by 2023.
- Agriculture continues to be the major contributor, demonstrating the effectiveness of agriculture interventions in generating high income per beneficiary in Fiji.
- In 2020, there was also a significant contribution to income projections from the urban industries portfolio, particularly the Outsourcing Services market system. Outsourcing services interventions generated higher income per beneficiary than any of the other sectors, reflecting the importance of expanding this portfolio as part of Fiji's post-COVID economic recovery. Further expansion of the urban industries portfolio in 2021 is expected to increase projections and close the gap with estimates, indicating that Fiji's estimates for income are achievable.
- In 2020 MDF commenced an industry-level intervention in outsourcing services that focused on promoting Fiji as an outsourcing destination. Initial, extremely conservative projections have been made for this intervention; however, the potential impact of this work is yet to be fully determined.
- While the tourism sector was on a healthy trajectory to continue contributing beyond the currently achieved 8 per cent, MDF Fiji had to trim projections under tourism due to the impact of COVID-19 on the sector.

VALUE OF ADDITIONAL MARKET TRANSACTIONS

- MDF Fiji anticipates exceeding its value of additional market transactions (VAMT) estimates by the end of 2023, given that 61 per cent of estimates have already been achieved.
- Cumulative VAMT has been steadily growing in Fiji over the past few years, reflecting the sustainability of the business models introduced through interventions. MDF's work in exports (products like sugar as well as services such as outsourcing) resulted in a strong increase in VAMT in 2020.
- Outsourcing services contributed the most to projections, with two major interventions (relating to direct and indirect marketing) already contributing 50 per cent to projected results beyond 2020.

Overview of Portfolio and Progress in 2020



Country update

Fiji's economy experienced year-on-year growth over 2010-2018 but since then has been on a steep downward trend. The economy entered recession in 2019, with the Reserve Bank of Fiji confirming negative GDP growth of 7.6 per cent. Matters were worsened by the onset of COVID-19 in March 2020 and the resulting collapse of the tourism industry. The economy is now in a deep recession, with the reserve bank forecasting a 19 per cent GDP contraction in 2020, the highest on record.

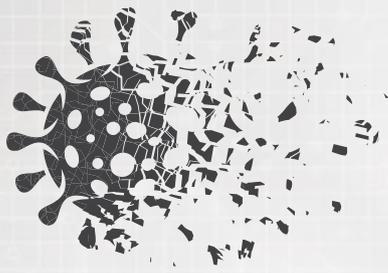
The pandemic caused major disruptions to international trade, on which Fiji relies for many goods. The closure of borders shut down international tourism, the major driver of the economy contributing 35 per cent of GDP and 40 per cent of total employment. This exposed Fiji's high reliance on the tourism industry, and the rapid decline has had a knock-on effect on almost every sector of the economy.

MDF Fiji's Tourism portfolio has been severely affected. Tourism partnerships focussed on increasing international tourist travel and spending in Fiji had to be put on hold or cancelled. The High Value Agriculture and Urban Industries portfolios were impacted less, but many MDF partners were reluctant to invest in expansion or new innovations during the year, resulting in delays in many planned activities. In response, MDF took advantage of its flexible design and leveraged its private sector networks and experienced team of local Business Advisers to quickly reorganise resources and adjust the portfolio, adding 18 new interventions in 2020, the highest number recorded in any single year. This allowed MDF Fiji to maintain momentum and remain on track to achieve End of Program Outcomes (estimates).

Responding to DFAT's Partnerships for Recovery: Australia's COVID-19 Response Plan, MDF pivoted to assist the private sector respond to the pandemic, and engaged with national stakeholders on initiatives to support Fiji's economic recovery. MDF established a closer working relationship with key government agencies and industry associations including the Ministry of Commerce, Trade, Tourism & Transport, Tourism Fiji, Investment Fiji, Reserve Bank of Fiji, Fiji Commerce & Employers Federation, Fiji Hotel and Tourism Association and Business Process Outsourcing Council of Fiji. The success of these engagements has resulted in several formal partnership agreements, which will see MDF scale up analytical and financial support for a number of key national economic recovery initiatives in 2021.

MDF's continued in-country presence during the COVID-19 outbreak and ongoing analysis of the economic and business environment allowed the program to generate timely, on-the-ground market intelligence, which informed MDF's strategy and was regularly synthesised into MarketView reports for DFAT. In total, MDF prepared five MarketViews from April to December and delivered a virtual presentation to DFAT Canberra in May 2020 on the impact of COVID-19 on the private sector in Fiji.

MDF's adjusted strategy and portfolio in 2020 and into 2021 has been guided by Partnerships for Recovery and the economic recovery initiatives of the Fijian Government. MDF is now well placed as a key Australian Aid program that will support Fiji's development in the coming years.



MDF Fiji COVID-19 response

During the initial COVID-19 response period, MDF Fiji's focus was threefold: health preparedness, economic recovery and business innovation:



Health preparedness

MDF supported the private sector to retain staff and repurpose production to manufacture hand sanitiser and personal protective equipment to help the health system deal with shortages and ensure the safety of frontline medical staff.



Economic recovery

MDF focused on sustaining and strengthening Fiji's micro, small and medium enterprises (MSMEs) through access to business counselling and mentoring. MDF also worked with the Fijian Government on a national social media campaign (#supportlocalbusiness) to encourage consumer spending with local MSMEs.



Business innovation

MDF supported a number of private sector firsts in response to COVID-19, such as the establishment of a dedicated agriculture logistics service, the launch of a food home delivery app and the roll-out of a new "cashless" mobile money payment platform for local small business vendors.

Results

MDF Fiji's results in 2020 were impacted by COVID-19. In light of the pandemic's impact on tourism, a decision was made to cancel or postpone all tourism interventions, reducing the projected results of this portfolio. Overall results progressed relatively well, given the circumstances, with modest increases in all headline indicators albeit at a significantly lower rate than had been anticipated. Established interventions contributed the most to these results, but new interventions in the urban industries sector generated a sharp increase in urban employment, income and the value of additional market transactions. With over USD1.78 million (AUD2.32 million) in income generated in just one year, MDF is on track to achieve transformative change in outsourcing services and MSME development.

In 2020, MDF exceeded estimates for private sector investment leveraged, reaching 153 per cent of target. Private sector investment in agriculture and urban industries, seeking to capitalise on new opportunities and investing with MDF in new business models, drove this growth. Highlights include the Quality Agricultural Inputs and Outsourcing Services market systems, in which MDF partners made dedicated investments to reach new clientele. Exceeding MDF's estimates and the high ratio of MDF investment to private sector investment (1:5.6) reflect encouraging business buy-in. MDF reached 61 per cent of its estimates for value of additional market transactions (versus 47 per cent in 2019) and expects to exceed estimates by the end of the monitoring period if the current portfolio continues its trajectory. Despite the challenges of 2020, MDF interventions increased market transactions, particularly in outsourcing services, with several partners winning new contracts due to better marketing efforts.

With the current portfolio, MDF is projected to achieve 80 per cent of its income estimates by the end of the monitoring period. New partnerships to be added in the Outsourcing Services and Premium Agricultural Products market systems in 2021 are expected to get the program back on track to achieve income estimates.

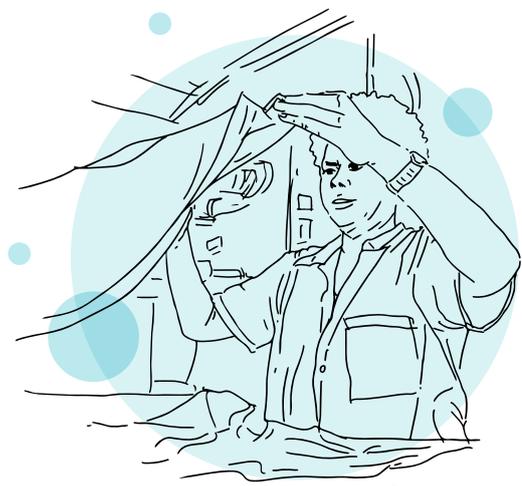
Achieving effective outreach proved challenging in 2020, because it was necessary to rule out much of the projected impact from tourism. Although new interventions compensated for this, and the cumulative loss was minimal, MDF opted to make conservative projections for effective outreach, given that results will be heavily dependent on Fiji's post-COVID recovery and may be affected by the lingering effects of the

pandemic, such as import delays or supply chain disruptions. Nevertheless, the Marine Tourism market system generated strong results and is expected to triple this impact in 2021. The Urban Industries portfolio excelled, with significant employment creation in business process outsourcing companies in the first year of implementation. Deepening existing MSME business development services interventions to include online advisory services proved to be the year's highlight, as it assisted entrepreneurs to sustain, and even expand, their customer base. A similar trajectory is expected going forward.

MDF Fiji maintained its strong track record for inclusivity, particularly women's economic empowerment. Cumulatively, 51 per cent of beneficiaries were women in 2020. The expansion of the Urban Industries portfolio, where 80 per cent of beneficiaries are women, is expected to spur this momentum. This is particularly important given the average unemployment rate for women is 8 per cent in Fiji, compared to 3 per cent for men.

MDF's findings and recommendations on the absorption and retention of women in the Fijian workforce resulted in the Fiji Women at Work case study, in which MDF presented business cases for supporting the private sector in implementing policies and practices that benefit women's access and agency.

In 2020, MDF undertook several initiatives to enable the employment of people with disabilities in outsourcing services firms or support their enterprises to grow. The team is currently developing Intervention Agreements, and implementation is expected to commence in late 2021. MDF will continue to consider broader inclusivity principles in its work with the private sector.



Country Strategy and Sector Selection



Country strategy

MDF Fiji will continue to focus on tourism, high value agriculture and urban industries. MDF is optimistic, with the Reserve Bank of Fiji forecasting that the economy will begin to bounce back from a contraction of 19 per cent in 2020 to a smaller 7.6 per cent contraction in 2021. This is conditional on borders re-opening and tourism resuming. If not, the forecast is likely to be revised downwards.

A resumption of international tourism in 2021 will depend on vaccine roll-out and Fiji's inclusion any potential travel 'bubble' arrangements. Fiji Care guidelines will shape the entry, quarantine and health protocols for arrivals. Yachting tourism will likely be the early driver of tourism recovery. The growth prospects for high value agriculture are fair; the national food security focus and increased rural migration due to urban unemployment are likely to increase Fiji's agriculture production, provided there are no natural disasters. The slowdown in agricultural trade into the Pacific due to COVID-19 and increased demand for natural health products could create new opportunities for Fijian exporters to serve nearshore markets. Urban industries will see significant opportunities in the coming year, as Fiji establishes itself as a regional outsourcing services destination. Supporting growth of the outsourcing services sector will be a key focus as it has the potential to be an employment driver for Fiji's increasingly young and urbanised population, particularly women. Local MSMEs have been severely affected and will need help to survive and adapt to the new economic reality, so MDF will scale up efforts to improve access to a range of business development services, including business accelerators, co-working spaces, and new digital platform and payment solutions.

In line with Partnerships for Recovery, MDF is supporting Fiji's economic recovery effort by:

- Helping businesses and value chains survive the economic crisis: MDF will work with government and industry bodies and business membership organisations (BMOs) to help design measures that stimulate industry and economic growth.
- Supporting transformation: MDF will continue to identify trends when designing interventions to capitalise on opportunities for more sustainable and inclusive growth in the changing economy.
- Addressing strategic or long-term issues: MDF will continue its engagement on strategic issues and identify opportunities for reform and building back better.

MDF will promote environmental sustainability by exploring the use of renewable energy for off-grid processing and cold storage in agriculture, as well as considering more sustainable approaches to tourism. MDF will also focus on disability inclusivity by developing a business model for an innovation hub and co-working space for vulnerable groups and people living with disability. Plans for 2021 also include the publication of community engagement guidelines for the private sector and developing sustainable rural sourcing models.

Women's economic empowerment (WEE) will continue to be a key feature of MDF Fiji's portfolio. As the outsourcing services industry grows, new MSME business development services are introduced and additional sourcing of wild harvest spices is supported, impact on WEE is expected to increase. MDF's WEE framework and previous partnerships in child-care, creative arts, community engagement and rural sourcing will continue to inform interventions.

Sector selection and rationale



Tourism

The pandemic exposed Fiji's high reliance on tourism, which accounts for approximately 35 per cent of GDP and 40 per cent of total employment. The closure of international borders and travel restrictions in 2020 crippled the tourism industry and had a ripple effect on almost all other economic sectors. However, the tourism industry remains a key part of Fiji's economy and has proven in the past to be resilient, having bounced back from major political unrest and natural disasters.

In the short term, MDF will support growth in domestic tourism and increased yachting tourism, by supporting the Blue Lanes initiative and conducting research on changing consumer demand. In the medium term, assuming that Fiji is included in a Pacific Travel Bubble, MDF's scope will expand to tourism marketing and guest reception. MDF's long-term vision is a shift from lower-yield volume tourism to more sustainable high-yield niche tourism. MDF will contribute to this by supporting diversification of tourism offerings and targeted marketing campaigns for unique destination packages, and differentiated Fijian products and experiences, designed to maximise local tourism yields.



High Value Agriculture

The agriculture sector's contribution to GDP has been gradually declining and currently stands at less than 10 per cent of GDP. However, the sector remains an important source of livelihood, with 28 per cent of the labour force formally employed in agriculture and up to 60 per cent engaged informally in semi-subsistence agriculture. The importance of the sector was evident during COVID-19: food security was maintained through municipal markets and farming provided an alternative livelihood for many who lost their jobs.

The pandemic has forced Fiji to find ways of diversifying its economy, providing an impetus for agricultural diversification into high value crops. MDF will continue to focus on improving the yield, quality and supply of high value crops that are climate resilient and offer farmers better profit margins. MDF has identified that the growth opportunity for Fiji lies in shifting to products that: a) can be processed into less perishable, more transportable and higher value forms, b) are intrinsically of higher quality, and c) can leverage Fiji's strong brand image with mainstream consumers beyond the diaspora.



Urban Industries

Fiji's young and increasingly urbanised population (up to 57 per cent) needs jobs. MDF will focus on urban-based industries with the potential to deliver inclusive economic growth and employment opportunities. In the urban industries sector, MDF will focus initiatives on the Outsourcing Services market system, comprising business process outsourcing (BPO) and knowledge process outsourcing (KPO) firms, and MSME support services.

Fiji's outsourcing services sector is currently estimated to be worth USD34 million (AUD44 million) annually (one per cent of GDP) and employs approximately 3,000 people. COVID-19 has created new openings for Fiji, as buyers of outsourcing services seek to reduce their exposure to traditional Asian providers, such as India and the Philippines. This has been prompted by major service disruptions for large Australian corporates (e.g. Optus and Commonwealth Bank) after hard lockdowns exposed vulnerabilities in highly concentrated supply chains. According to the Chair of the Fiji Business Process Outsourcing Council, this has created new opportunities for Fijian outsourcing services in nearshore markets, with the potential to generate up to 10,000 jobs in the next five years. Fiji is well positioned to take advantage of these opportunities due to its well-educated labour pool, good internet connectivity and infrastructure, convenient time zone, and geographical proximity.

MSMEs are a key contributor to the economy, with an estimated 24,386 formally registered MSMEs in Fiji; the figure is likely much higher if the informal sector is included. MSMEs contribute USD482 million (AUD629 million) annually to GDP (18 per cent) and account for 60 per cent of employment across most sectors. MSMEs have been among those hit hardest by the crisis. A recent 2020 International Labour Organization and Fiji Commerce and Employers Federation report found that the pandemic had forced 40 per cent of MSMEs in Fiji to close. Rising unemployment will reduce domestic consumption, placing further pressure on already highly distressed MSMEs. To address this, MDF will continue to support sustainable, private sector-led business development services for MSMEs, including business accelerators and co-working spaces, as well as digital platforms and payments solutions. MDF's work with MSMEs also strongly supports WEE.





Sustainable seaweed harvesting innovation benefits Somosomo community

MDF and partner Essence of Fiji successfully developed a sustainable sourcing model for procuring nama seaweed for the partner's 'Nama of Fiji' skincare range.

In December 2020, Essence of Fiji, with support from MDF, provided 20 harvesting floats to women nama collectors in Somosomo village on Naviti Island in the Yasawa group. The floats are sourced from sustainable materials and make the collection of nama easier. They also prevent damage to the island's pristine reef.

Nama (*Caulerpa racemosa*) is a unique and edible species of seaweed and is the main source of income for Somosomo village. Traditionally, women would wade out and collect the nama, storing it in sacks tied to their waists; once full, the sacks would drag and damage the reef.

The new harvesting floats are inflatable and are manufactured by The Fusion Hub, a local upcycling and recycling company based in Lautoka, owned by

businesswoman Sagufta Janif. They are made from recycled rubber tyres and mesh sacks and are fitted with cable ties. The floats are designed to provide a sustainable, low maintenance, cost-effective and practical solution for nama harvesting.

The women of Somosomo village can spend up to eight hours harvesting nama. The sustainable floats make their work much easier as they no longer have to drag heavy sacks, which would sometimes get stuck on the reef and break the coral.



"When harvesting, sacks become very heavy, which hurts our backs sometimes. But now we can just store the collected nama in these floats, which really eases our burden," said Virisiveni Koro, a veteran harvester from Somosomo.

Introducing a sustainable local innovation to the community proved timely after COVID-19, as it supported the village of Somosomo's efforts to continue supplying nama to markets on Viti Levu, to support livelihoods and meet community obligations.

The Essence of Fiji Group has sourced nama from Somosomo since 2018 and continues to invest in the women harvesters involved in the nama supply chain. In addition to the harvesting floats, the company has also provided wetsuits to help keep the women safe and healthy during the many hours they spend in the water.



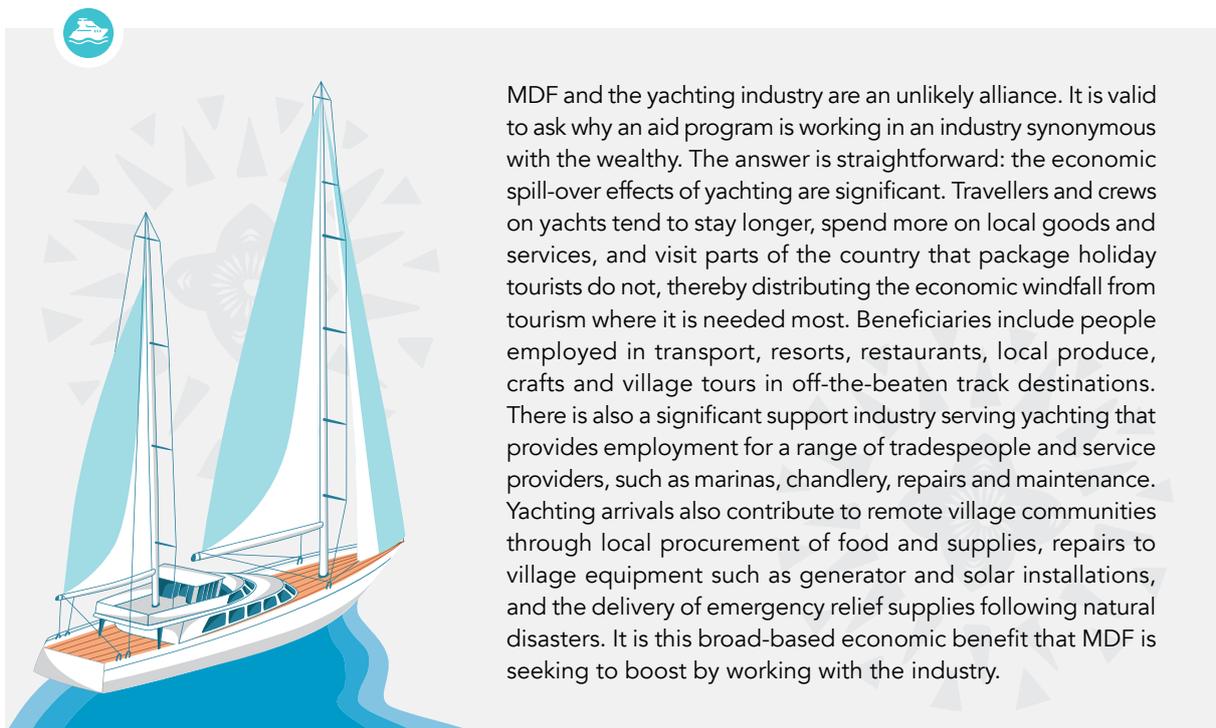
Systemic Change Story

Fiji's yachting industry:

From hidden gem to economic buoy

Nautical tourism (cruise ships, yachts and superyachts) has been an important, but underappreciated, part of Fiji's tourism industry. Its economic value has not been well-documented in tourism statistics, which

have focussed on capturing data on air travel, the main mode of transportation for international visitors. Yachting stakeholders have struggled to effectively advocate for their industry because of this.



In 2018, MDF partnered with Fiji's two largest marinas, Denarau Marina and Vuda Marina, to fill this data gap, build recognition for nautical tourism, and harness the support needed for industry growth. Until then, the only data available was Denarau Marina's annual visitor surveys, obtained from visiting yachts and superyachts.

MDF supported the two marinas to undertake the first independent economic impact assessment of the yachting industry in Fiji and provide a comprehensive picture of its economic contribution, including direct and indirect employment creation, income generation, the value of services linked to the industry, and the potential

for further development. MDF provided the funding and international technical expertise to undertake the study and facilitated collaboration between the private and public sectors. The study – **Economic Impact of International Yachting in Fiji** – found that the yachting industry contributed USD30 million (AUD39 million) to Fiji’s economy in 2018 alone and that yachting tourism supports direct and indirect employment across a large range of industries.

MDF and its partner marinas presented the report findings to key private and public sector stakeholders. This gained national recognition for the key role the marinas play in the yachting industry, triggering closer engagement between them and national stakeholders. The systemic impact of this engagement would emerge two years later.

When COVID-19 hit Fiji in March 2020, borders were closed and tourism came to an abrupt halt, including marine tourism. Marinas scaled back operations and put staff on leave or shorter working hours. Denarau Marina recognised that yachting travellers do not pose a high community health risk due to their time in self-isolation while sailing. It submitted a request on behalf of the industry to the Office of the Prime Minister to permit yachting tourism to continue in spite of border closures. Referring to the findings of MDF’s yachting study, the submission emphasised the importance of the yachting industry and how it could provide a low-risk channel for international arrivals during the pandemic and succour for Fiji’s pandemic-afflicted tourism sector. The government accepted the proposal, and in June 2020 Fiji became the first country in the world to introduce the Blue Lane Initiative, paving the way for marine pleasure craft to sail to Fiji.

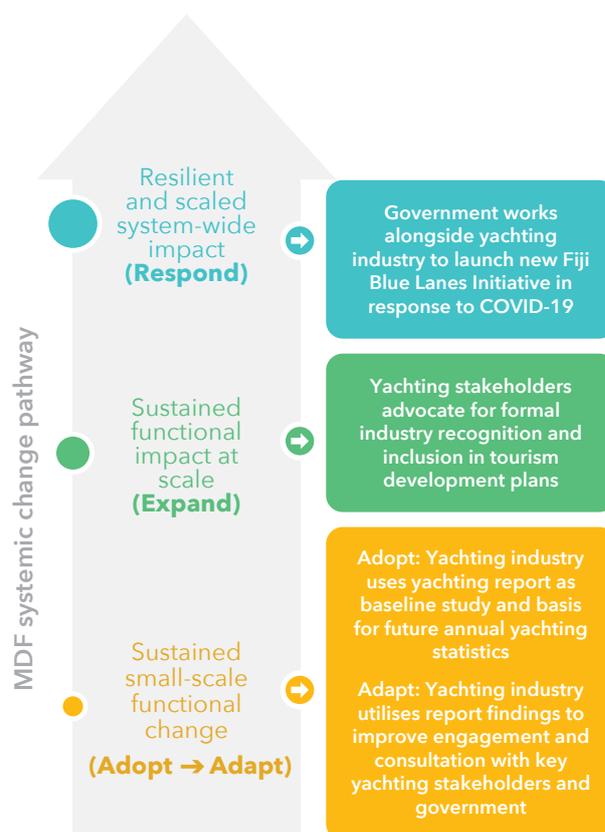
Yachting arrivals under the Blue Lane Initiative are given priority and fall directly under the purview of the national COVID-19 Risk Mitigation Taskforce. The taskforce includes relevant government ministries, Fiji Navy, yacht agents and marinas. Under the initiative, nearly 100 yachts and superyachts visited Fiji in 2020 from all over the world. Most were first-time visitors that had heard about the initiative via yachting networks in French Polynesia or Tahiti. On average, visitors stayed for three months and spent USD1,000 per month per yacht, not including arrival and berthing fees.

The government’s response to the private sector’s request proved to be a lifeline for the marinas. They reengaged staff, saving 40 full-time jobs. In response to the initiative, the Fiji Hotel and Tourism Association expanded its Marine Operators Subcommittee to include yachting operators. In another first, as part of the initiative, the government began working with

yachting industry stakeholders to plan and develop essential coordination procedures and safety protocols that have since been widely commended by the industry and foreign governments for being safe, clear and stringent. The full impact of the initiative has yet to be measured, but in 2021 the Ministry of Commerce, Trade, Tourism and Transport will assess the economic impact of international yachting to Fiji.

Beyond the Blue Lane Initiative, public and private sector stakeholders are now collaborating on several other innovations, including a digitised system to make yachting clearance procedures more efficient and effective, and establishing a yachting industry association. MDF will support both initiatives in 2021.

MDF’s Economic Impact of International Yachting in Fiji report provided the private sector with evidence to persuade the government to recognise yachting tourism and its importance to the economy. This in turn allowed yachting stakeholders to innovate, invest and collaborate in a way that ensured the industry’s survival during the pandemic and laid sustainable foundations for its expansion and future competitiveness. The yachting industry brought in vital revenue to Fiji’s economy during the pandemic, when all other international tourism had stopped.





Highlights from the initial market response to the study



Within eight months of the report's launch, Tourism Fiji allocated funding for Denarau Marina's promotion of Fiji as a yachting destination at an international boat show in Monaco in 2019. The funding enabled the marina to expand Fiji's booth space and include promotion of other products, including a cultural show.



Joint efforts by government and key yachting stakeholders resulted in Fiji recording its highest number of yacht arrivals in 2019, with **65** superyachts berthing at Fiji's shores, a **20%** increase from 2018. A similar trend was observed for smaller yachts.



The Fiji Bureau of Statistics (FIBOS) integrated yachting data into the national tourism statistics for the first time in 2019, using MDF's yachting study as a baseline.



Collaboration between Denarau Marina and FIBOS resulted in Denarau Marina handing over the annual visitor survey process and analysis to the bureau, which now leads the process of recording the arrivals, spending patterns and overall satisfaction of yachting travelers.



The South Pacific Tourism Organisation expressed an interest in commencing joint regional marketing and promotion of the Pacific as a sailing route, particularly in light of the America's Cup, an international yacht sailing race.

Sector

Tourism





Sector on a page

Tourism



34

Jobs saved through COVID-19 interventions



USD \$45,100

Income sustained



100

Yachts arrive in Fiji under Blue Lane Initiative



USD

\$5million

Injected into economy through Blue Lane Initiative



VISION OF CHANGE

- Employment for hotel workers and business operations for accommodation providers and suppliers remain stable through increased local travel and hotel occupancy while international borders are closed.
- Fiji attracts a higher number of yachts and superyachts under the 'Blue Lane' initiative, positively impacting suppliers, marinas, activity providers and the economies of remote island communities.
- Local activity and entertainment providers easily access funding to effectively organise events, and target and profit from the domestic tourist market.
- Fijian tourism businesses and institutions have access to credible, timely market information concerning potential travellers, which leads to better package development, marketing and segmentation.



CONSTRAINTS

- Due to the COVID-19 pandemic, international travel and spending is greatly reduced.
- Information on the domestic tourism market, which can be effectively used by hoteliers, operators and suppliers for the development of product offerings, is limited and there is not an effective marketing strategy suited to local market retailers.
- There is limited international data and market intelligence outlining how Fiji might position its tourism market when borders reopen to attract international visitors.



Fijian Events And Experiences For Domestic Travellers

- Tourism Fiji
- VOU Fiji



Nautical Tourism

- Port Denarau Marina
- Vuda Marina

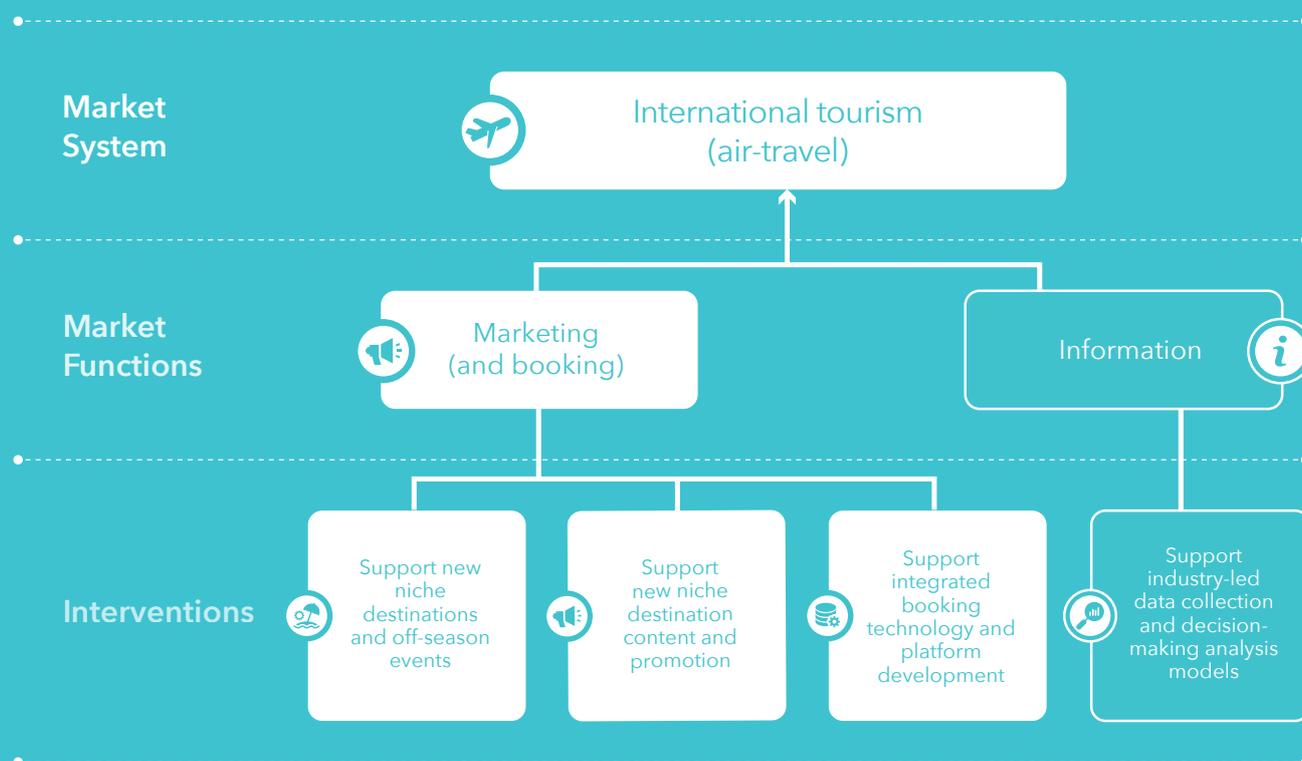


Market Information

- Fiji Hotel Tourism Association
- Tourism Fiji
- Ministry of Commerce, Trade, Tourism & Transportation

Market System 1

International Tourism (Air Travel)



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance
Emerging	Interventions on-hold due to COVID-19	Many of MDF's planned portfolio interventions involving international tourism to Fiji were put on hold in 2020 as the entire industry shut down due to COVID-19. To capitalise on the eventual reopening of international travel, Fiji will need to differentiate itself from competitors. MDF commenced initiatives with key industry stakeholders to gather targeted market intelligence to inform future tourism strategies. The interventions aim to demonstrate the value of relevant, timely data to national stakeholders and tourism operators. The research can be used to design strategies that effectively target new tourism segments and respond to shifts in international tourist demand. Considering the pandemic-induced slowdown, it will be challenging to achieve strong performance in this market system. Much will depend on borders reopening.

EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
267	73	USD 670,000 AUD 875,000	USD 464,000 AUD 606,000	USD 1,542,000 AUD 2,013,000	USD 426,000 AUD 556,000	USD 155,000 AUD 202,000	🔴 🟡 🟢

Market on a Page International Tourism (Air Travel)



As international borders closed from March to December, there were no tourist arrivals or spending.



MDF is providing market research to advise the tourism industry on post-COVID-19 business and marketing strategies for both the domestic and international source markets.



The lockdown closed 93% of all hotels and resorts, furloughing or permanently laying off 40,000 employees.



Information concerning the domestic tourism market, borders reopening and who will likely travel post-COVID-19, remains lacking.

Market System 1

International Tourism (Air Travel)

In 2019, Fiji received a record 894,389 visitor arrivals, and this was projected to exceed 900,000 in 2020. The closure of borders in March 2020 caused the tourism industry to grind to a halt, with 93 per cent of all hotels and resorts closing and 40,000 tourism sector employees furloughed or laid off. The impact on the economy and specifically tourism businesses was catastrophic: an IFC Business Survey projected that if current restrictions were to continue, over 500 tourism businesses would face bankruptcy. The survey also forecasted that if international travel did not resume by January 2021, 60.5 per cent of all tourism businesses anticipate closing or leaving the sector.

Even with Fiji's record visitor arrivals before the pandemic, the tourism industry was already showing signs of strain. The high-volume low margin package holiday model was facing increased competition from cheaper South East Asian destinations. MDF aims to support Fiji tourism to shift to a more sustainable, higher-yielding model. MDF focuses on increasing travel to, and spending in, niche destinations, which rely less on price competition and cater to higher-yielding tourist segments.

Most of MDF's planned interventions in the first half of 2020 had to be cancelled or postponed. As a result, the bulk of projected results under the market system could not be realised. However, some impact was achieved by pivoting to domestic tourism to niche destinations.

MDF's focus in 2020 was to work with tourism industry stakeholders to conduct market research. This information will help the industry to better understand shifts in tourism demand, both domestically and in key international source markets and inform future tourism strategy and marketing efforts.

International air travel has been, and will continue to be, the primary mode of tourist travel to Fiji. To capitalise on the eventual resumption of international air travel, MDF believes Fiji will need to differentiate itself in the market and position itself as the 'safe' destination of preference for early travellers. MDF's vision is for Fijian tourism to shift from low-yield high volume tourism to more sustainable, higher-yielding niche tourism. This can be achieved through targeted marketing, diversified tourism offers, and differentiated Fijian products and experiences designed to maximise tourism yield.

Market function 1 Information

COVID-19 effectively put an end to all MDF interventions relating to tourism booking technologies and platforms. As a result, the program shifted its focus in 2020 to supporting tourism market research to better understand and respond to demand dynamics in domestic and international tourism. In partnership with the Fiji Hotel and Tourism Association, MDF helped design and administer Fiji's first online domestic tourism survey in December, attracting over 10,000 respondents. The results will be published in the first quarter of 2021. Under its cooperation agreement with the Ministry of Commerce, Trade, Tourism & Transport, MDF also supported the setting up of the national Tourism Statistics Taskforce to guide future international tourism research by the government and other key stakeholders.

MDF believes that much of the tourism market intelligence gathered under this market system will be used to inform future national tourism marketing strategies and associated marketing campaigns relating to the Nautical Tourism market system, targeted at those most likely to travel to Fiji following the resumption of international air travel.

Market function 2 Marketing

MDF's earlier planned marketing interventions in 2020 to promote niche destination tourism travel had to be put on hold given border closures. However, a partnership with Fiji Airways, while currently suspended, is expected to come back online in 2021, as travel bookings and tourist packages under the new Fiji 'Bula Bubble' will likely be channelled through the airline's own online booking platform, Fiji Holidays.

In 2020, MDF pivoted to focus on marketing to attract domestic tourists. MDF worked alongside Tourism Fiji to establish a Local Event Fund (LEF) for tourism operators to host events that would encourage local tourism travel

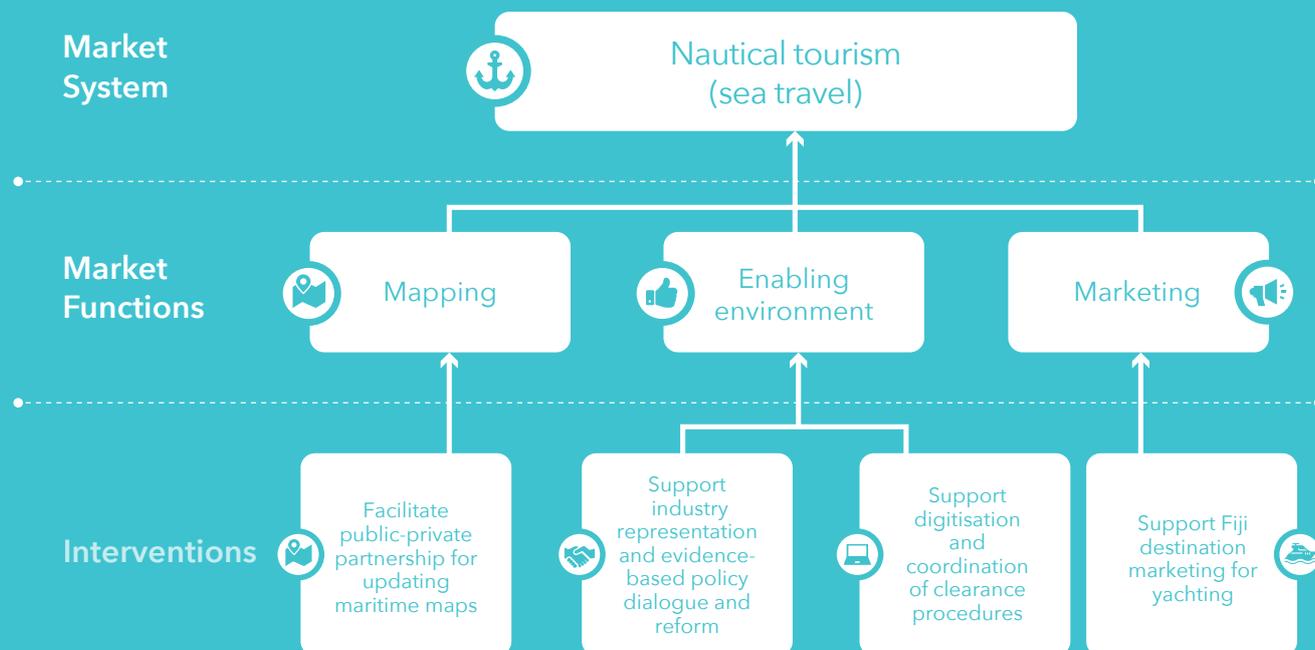
and spending. The LEF supported two events in the last quarter of 2020, with a combined attendance of over 4,000 people. The events generated USD30,000 (AUD39,172) in new business activity and benefitted 164 people, 50 per cent of whom were women.

Local tourism will be increasingly important for the survival of Fiji's tourism operators. Should international travel be delayed further in 2021, MDF will investigate opportunities to scale up domestic tourism interventions.



Market System 2

Nautical Tourism (Sea Travel)



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance
Developing	<ol style="list-style-type: none"> Advocating for policy and infrastructure improvement (Denarau Marina, Vuda Marina) Hydrographic mapping (Kenua) 	<p>In 2018, MDF facilitated data collection with two leading Fiji marinas, which helped the partners to advocate for increased marketing of Fiji as a yachting destination. During the pandemic, the same approach - and an MDF-supported study - was utilised to petition the Fiji government to establish the 'Blue Lane' Initiative, a program which enables the safe arrival and stay of yachting tourists. The effort resulted in tourist arrivals and revenue at a time when other forms of tourism were stagnant. The market system is well underway to achieve its key performance measures. Other initiatives for this sector are on hold but are poised to resume in 2021.</p>

EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
309	38	USD 762,000 AUD 995,000	USD 43,720 AUD 57,000	USD 1,415,000 AUD 1,847,000	USD 263,000 AUD 343,000	USD 28,688 AUD 37,450	● ● ●

Market on a Page Nautical Tourism (Sea Travel)



As Fiji suspended cruise tourism due to COVID-19, the economy lost over USD50 million.



MDF is facilitating the update of nautical maps to identify new, safe travel pathways to remote island regions post-COVID-19.



In June 2020, the 'Blue Lane' initiative facilitated the safe travel of 94 yachts, each of which stayed an average of 60 days.



If Fiji revises yacht policy and process regulations and updates its regional marketing strategy, more international yacht travellers will visit.



Remote island communities would financially benefit from increased yachts (and cruise) tourism.

Market System 2

Nautical Tourism (Sea Travel)

Nautical Tourism is a developing market system, with both yachting and cruise tourism seeing consistent growth in arrivals before COVID struck. However, the industry's contribution to the tourism sector had gone largely unnoticed in national tourism statistics. National economic impact studies by MDF (yachting, USD30 million/AUD39 million per annum) and IFC (cruise ship, USD50 million/AUD65 million per annum) in 2019 raised the profile of the nautical tourism industry. Data from the studies confirmed that superyacht visitors spend the most of any tourists visiting Fiji, with yachties taking the third spot, behind honeymoon tourists. The systemic change that the yachting study triggered is explored in the systemic change story, 'Fiji's Yachting Industry: From hidden gem to economic buoy.'

In 2020, all port calls by cruise ships were suspended by the government and are unlikely to recommence until June 2021. As a result, MDF interventions relating to cruise ship travel and spending in niche destinations were put on hold and did not yield results in 2020. Nevertheless, results are expected later in the phase.

The closer relationship that emerged between marinas and the government as a result of the yachting study provided the platform for Denarau Marina to work with national stakeholders to develop the flagship Blue Lane Initiative to facilitate the safe travel of yachts into Fiji. This was the only nautical tourist channel open to Fiji in 2020 and enabled the first yacht to arrive in July. Denarau Marina reports that 94 yachts travelled to Fiji under the initiative in 2020.

In 2020, MDF's focus in this market system shifted primarily to supporting the Blue Lane Initiative and working with the private sector and key border agencies on an expected scale-up in yachting arrivals for the America's Cup to be held in New Zealand in early 2021.

Expanding nautical tourism into niche destinations is part of MDF's vision for Fiji's tourism to shift from low-yield high volume tourism to more sustainable, higher-yielding niche tourism. This will be achieved through improved maritime mapping, a more conducive enabling environment and better support services.

Market function 1

Maritime mapping

In 2020, MDF had planned to support a landmark public-private partnership between Kenua Fiji and the Fiji Navy for hydrographic mapping of new cruise ship destinations. Following the successful mapping of the Yasawa-i-rara Islands in 2019, the intention was to map the Lau Islands in 2020. The intervention was put on hold when cruise ship port calls to Fiji were suspended because of COVID-19. The Yasawa-i-rara hydrographic map was published in November 2019 but no cruise ships were able to travel to Yasawa in 2020. MDF will continue to monitor the situation once cruise ship travel to Fiji resumes and also determine if the map is now being used by larger pleasure craft, such as superyachts.

Market function 2

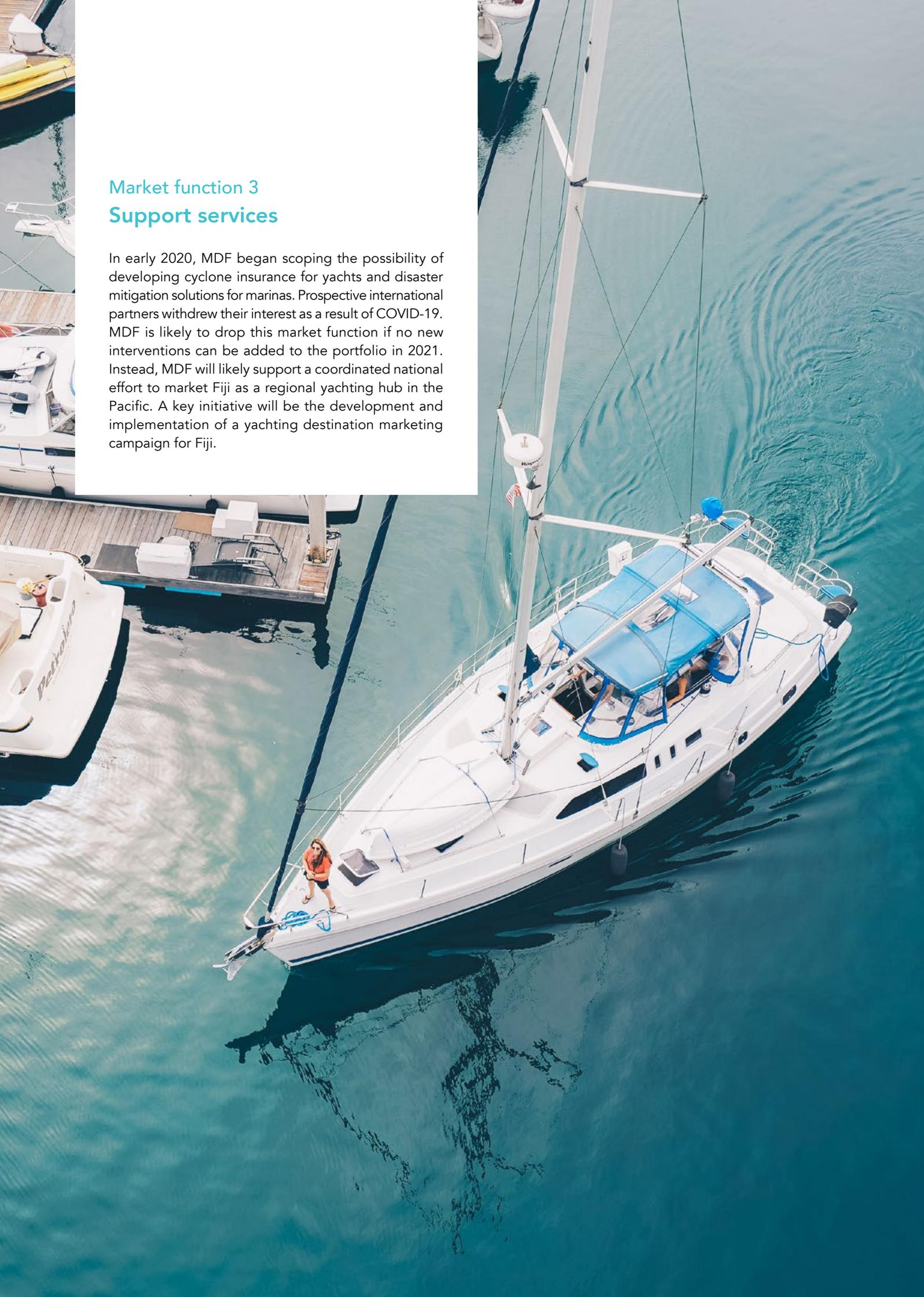
Enabling environment

MDF's work with marinas on the yachting study improved the marinas' ability to advocate for change with the government and helped establish the Blue Lane Initiative. The 94 yacht arrivals made possible by the initiative saved jobs and generated USD270,000 (AUD352,547) in additional income for marinas alone. The full economic impact of the initiative is expected to be much higher, as income is also generated when vessels visit island communities. This will be assessed when MDF resumes impact assessment activities in 2021.

In 2020, in addition to the pivot to the Blue Lane Initiative, MDF worked with border agencies to understand the policies and processes in place for yachts and consulted with yachting visitors and marina agents to understand user experiences. MDF began discussions to incorporate digital solutions to improve the efficiency of existing yachting clearance procedures and raise awareness about new COVID-19 health and safety protocols for the Blue Lane Initiative. The groundwork established in 2020 will be taken forward by the team in 2021, with a partnership planned with the Fiji Revenue & Customs Service.

Market function 3 Support services

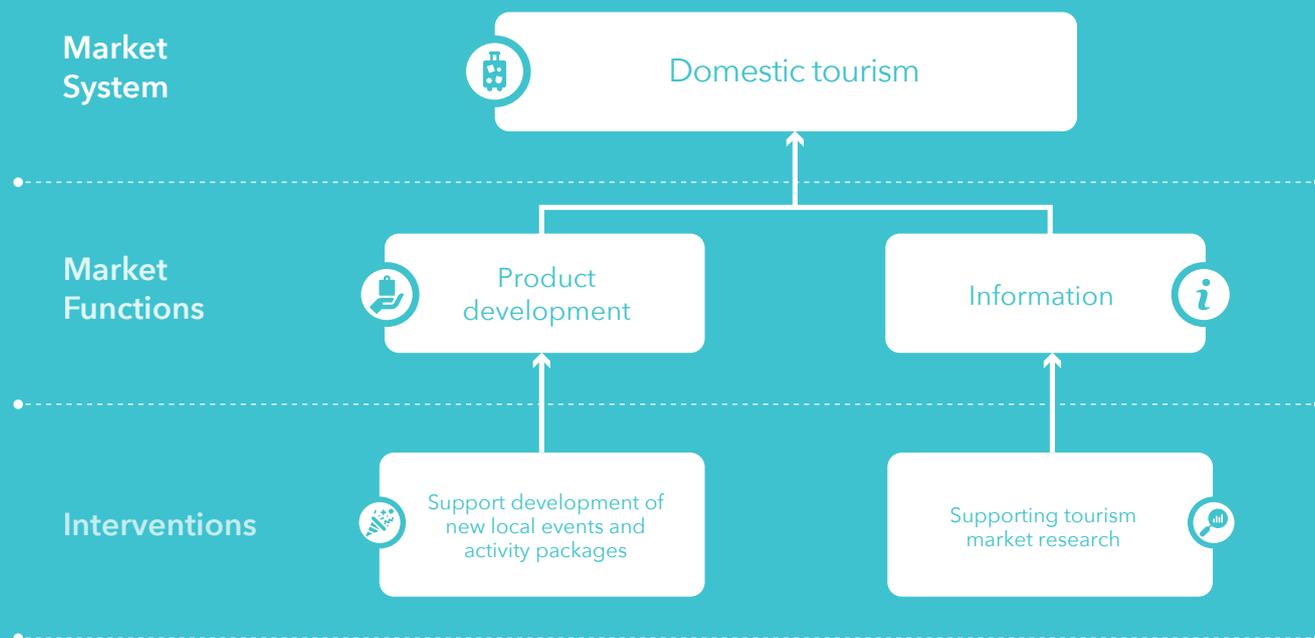
In early 2020, MDF began scoping the possibility of developing cyclone insurance for yachts and disaster mitigation solutions for marinas. Prospective international partners withdrew their interest as a result of COVID-19. MDF is likely to drop this market function if no new interventions can be added to the portfolio in 2021. Instead, MDF will likely support a coordinated national effort to market Fiji as a regional yachting hub in the Pacific. A key initiative will be the development and implementation of a yachting destination marketing campaign for Fiji.



Market System 3

Domestic Tourism

(Local Travel/Fijian Products and Experiences)



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance
Developing	<ol style="list-style-type: none"> 1. Conducting a domestic tourism market demand study (Tourism Fiji, Fiji Hotel and Tourism Association) 2. Increasing sales of local products and experiences through social media (MCTTT) 3. Developing Fiji attractions targeting local clientele (VOU) 4. Expanding local tourism event fund for attracting domestic events and travelers (Tourism Fiji) 	<p>All interventions dependent on international travel and tourism were put on hold in 2020. However, MDF collaborated with the private and public sectors to commence new interventions to develop tourism products that target the growing domestic tourism market. These will continue to provide the industry with much-needed revenue as international tourism remains inactive due to COVID-19 and in the long run, domestic tourism can fill lulls normally experienced in the industry's off-season. The new interventions will only have a limited impact on key performance measures within this market system, as domestic tourism makes up only five per cent of total tourism sales. However, targeting domestic travelers is allowing tourism businesses to sustain operations until international tourism resumes.</p>

EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
2,873	2,825	USD 2,139,000 AUD 2,793,000	USD 1,899,000 AUD 2,480,000	USD 3,643,000 AUD 4,757,000	USD 4,791,000 AUD 6,256,000	USD 1,909,000 AUD 2,492,000	<div style="display: flex; align-items: center;"> <div style="width: 10px; height: 10px; border: 1px solid red; border-radius: 50%; margin-right: 5px;"></div> <div style="width: 10px; height: 10px; border: 1px solid orange; border-radius: 50%; margin-right: 5px;"></div> <div style="width: 10px; height: 10px; border: 1px solid green; border-radius: 50%;"></div> </div>

Market on a Page Domestic Tourism (Local Travel/Fijian Products and Experiences)



Compared to 2019, Fiji's revenue dropped from both tourism (down 59 per cent) and non-tourism (down 39 per cent).



To raise the profile of innovative MSMEs, MDF is actively promoting local small businesses and encouraging Fijian consumers to reconnect and do business with local MSMEs.



Many local tourism operators and Fijian Micro, Small & Medium Enterprises (MSMEs) have had to pivot and focus on the domestic market.



With the help of a social media influencer campaign, many MSMEs successfully accessed new customers and offered product versatility despite COVID-19 challenges.



Two domestic tourism events, hosted by Tourism Fiji's 'Local Event Fund' initiative, generated over USD30,000 in additional revenue.

Market System 3

Domestic Tourism

For many years, Fiji's national tourism targets have been based solely upon visitor arrival numbers. While Fiji continues to receive the largest number of tourists in the Pacific, average tourist spending is approximately AUD1,000 less per trip than in destinations such as Samoa, Vanuatu and French Polynesia. Therefore, pursuing higher tourism yield must be part of Fiji's strategy if it is to shift away from an unsustainable path of a high volume, low margin tourism. Increasing yield depends on many factors; one of the most important is to develop unique local products and experiences for which visitors are willing to pay a premium.

This market system contains MDF's most mature interventions in the tourism portfolio. Much of the early focus was at the enterprise level, working with individual operators to innovate and improve their product offerings, and supporting the establishment of sustainable business arrangements with local communities. MDF has now moved towards a thematic approach, supporting specific categories with potential for broader impact, such as sports and wellness tourism.

Since all interventions focussed on growing international tourism spending, the cessation of international travel in 2020 stopped all MDF work in the Fijian Products and Experiences (FPE) market system. Many of the smaller FPE partners have either already closed or are close to doing so. A few operators, like the Vou Dance company, were able to pivot to the domestic market but minimal results were realised in 2020, and projections have been revised downwards.



Market function 1

Product development

MDF has scoped potential FPE interventions in sports and wellness tourism. However, travel restrictions resulted in the cancellation of a partnership with Fiji's largest in-bound tour operator, Rosie Holidays, on wellness tours to rural communities; the partnership would have benefited 500 people. This area of work will be revisited once travel restrictions are lifted.

Market function 2

Branding and retail

This is one of the newest areas of work and is yet to generate measurable results. Under the Ministry of Commerce, Trade, Tourism and Transport-MDF cooperation agreement signed in early 2020, the national 'Fijian Crafted' branding initiative was to be reviewed, to assess how it could be used more effectively to add value and quality assurance to FPE. This review will commence when international travel resumes. Alternatively, MDF will shift its focus towards supporting key national tourism stakeholders to access the latest tourism trends and statistics to help inform future industry development plans and strategies.





Sector

High Value Agriculture





Sector on a Page

High Value Agriculture



16,000

Effective outreach



USD

\$24,529,000

Additional income



USD

\$1,500

Additional income per beneficiary



46%

Female participation



7

Interventions



VISION OF CHANGE

- Farmers have access to affordable, quality agricultural inputs (soil conditioners, seeds and small farm equipment) and the information on how to use them. This allows them to increase yield, grow off-season crops and diversify into higher-value crops.
- More local agricultural processors develop premium, branded Fijian products that earn price premiums for their supplier farmers.
- Agricultural processors and farmers, especially from remote communities, can easily access affordable, reliable and efficient agricultural logistics services.



CONSTRAINTS

- The availability of quality agricultural inputs, such as soil conditioners, seed and farm equipment, as well as new input information, is limited.
- The knowledge and skills relating to input application and yield increase is insufficient among sector actors.
- Supply chains linking crops with local processors are inefficient and unreliable.
- There are few brands that reflect Fiji's 'premium' image in global markets.
- There are limited established agricultural logistics service providers dedicated to tailored transport and pricing for agri-businesses.



Quality Agriculture Inputs

- KK's Hardware Limited
- AgChem Limited

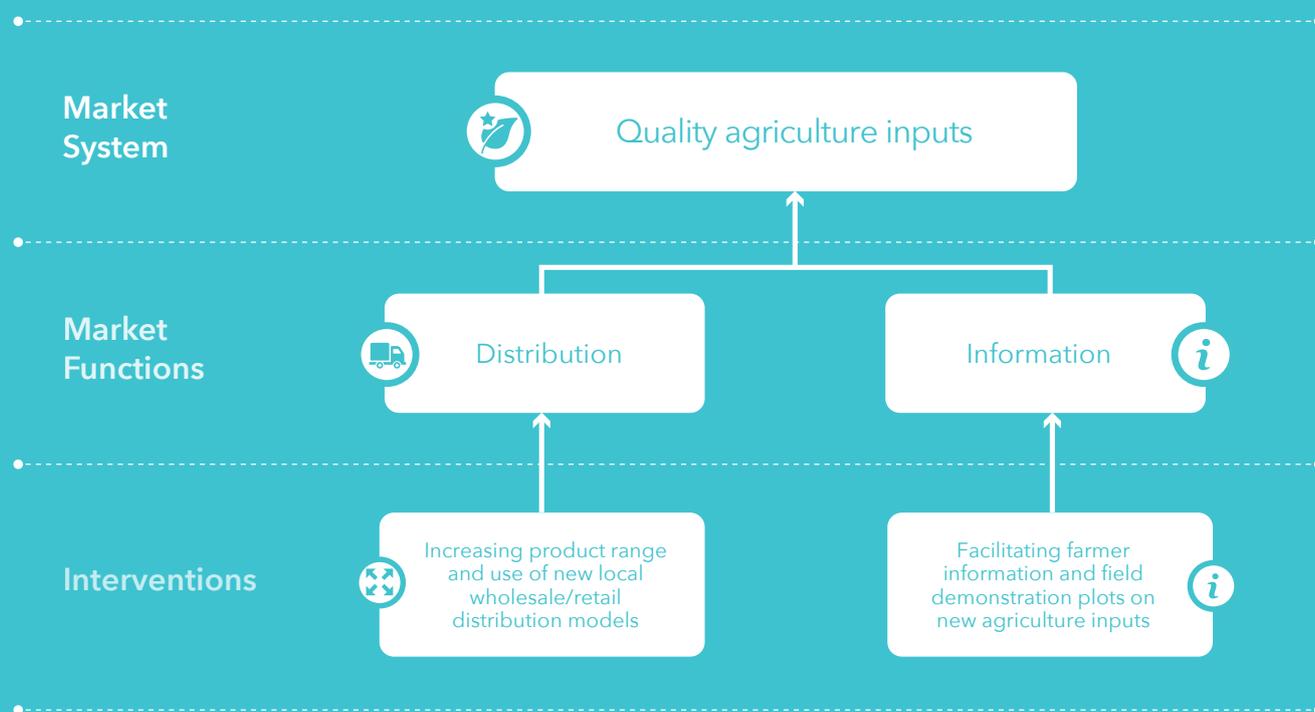


Premium Agriculture Products

- Fiji Sugar Corporation
- Three Hundred Islands
- Lami Kava
- Flour Mills of Fiji
- CDP Courier Service

Market System 1

Quality Agriculture Inputs



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance					
Emerging	Introducing soil enhancers (e.g., liquid lime), other yield enhancing inputs and high-quality seeds to Fijian farmers (KK's Hardware, Agchem)	MDF facilitated the introduction of new and higher quality inputs to Fijian farming households, with the aim of increasing yields and decreasing costs and workload. COVID-19 led to some supply chain disruptions and import challenges, which resulted in activities rolling out slower than anticipated. This in turn delayed the pickup of projected and actual impact. Despite delays to the original timelines, activities have proceeded largely as planned since December 2020. MDF anticipates projections and actuals to increase further in 2021 as the intervention's impact deepens.					
EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
14,579	12,909	USD 18,700,000 AUD 24,410,000	USD 17,604,000 AUD 22,986,000	USD 6,160,000 AUD 8,043,000	USD 5,583,000 AUD 7,290,000	USD 6,434,000 AUD 8,401,000	🔴 🟡 🟢

Market on a Page Quality Agriculture Inputs



In Fiji, 83% of farming is predominantly subsistence, with growers only having access to less than one hectare of farmland.



MDF is supporting existing and new market actors to introduce and improve the availability and affordability of quality agricultural inputs, such as soil conditioners, seeds and small farm equipment.



Diminishing soil health, intensive monocropping, increasing labour costs and the limited availability of quality inputs continue to be obstacles for crop yields and income.



A boom in backyard gardening increased the import of seeds by seven per cent, and fertiliser by 33 per cent, in the first quarter of 2020.



The COVID-19 border lockdown led to renewed focus on farming and food security.

Market System 1

Quality Agriculture Inputs

Access to affordable, quality agricultural inputs is essential to improving agricultural productivity and expanding the farming of higher value crops.

The pandemic disrupted global trade and raised the cost of imported food. This resulted in a focus on food security and the importance of domestic agriculture, and had a direct impact on the agricultural inputs market. The Ministry of Agriculture reported a 7 per cent increase in seed imports and a 33 per cent increase in fertiliser imports in the first quarter of 2020. MDF has not yet been able to confirm these import statistics but was able to validate an increase in demand for agricultural inputs through interviews with large hardware stores. These stores reported a drop in demand for construction material but a 10 to 20 per cent increase in sales of agriculture inputs in 2020, driven mostly by a boom in urban backyard food production.

The push for domestic agricultural production revived momentum in some of MDF's slower moving agricultural input partnerships. In 2020, MDF made good progress with two large interventions for quality seeds and soil conditioners, projected to generate impact in 2021. A partnership with KK's Hardware saw the first batch (120kg) of East-West Seeds arriving in October from Thailand, containing new off-season and high-yielding horticulture seed varieties. A partnership with AgChem, an importer and distributor of quality soil conditioners and agricultural lime, will introduce new marketing tools, including on-farm demonstration plots in key farming regions and the use of social media and national TV.

This market system is by far the biggest contributor to beneficiary impact for MDF Fiji, accounting for approximately 60 per cent of outreach and additional income. The bulk of this benefit has come from interventions in the sugar sector, which have benefited over 5,000 farming households, through farmers' use of agricultural lime to treat acidic soils and mechanical harvesters to address labour shortages. The new interventions on seeds and soil conditioners added in 2020 are expected to further this positive trend.

Market function 1

Distribution

MDF continued to support firms trying to improve the distribution of higher quality agriculture inputs

(soil conditioners, seeds, farming equipment and other relevant products). MDF partner KK's Hardware imported the first batch of high-quality seed varieties from international seed company, East-West Seeds, launching the initiative at the National Agriculture Show in October 2020. At the end of the year, MDF partnered with AgChem, Fiji's largest importer of liquified agricultural lime and other soil conditioners to increase the awareness, understanding and use of their products, with a target of reaching over 500 farming households and doubling farm yield. An intervention relating to processing and distributing commercial chicken manure did not progress, as the pandemic forced the partner to delay planned investments until 2021.

The next phase of MDF's support will be to assist these firms to achieve national coverage through improved logistics, distribution and retail channels, and partners for their products.

Market function 2

Information

A key challenge when introducing new quality agricultural inputs is to convince farmers that investing in quality inputs is preferable to using the cheaper, lower quality agriculture inputs with which they are familiar. Farmers must see tangible additional benefits of the product relative to its additional cost. MDF's experience has shown that changing farmer behaviour requires convenient access to information about the new product and demonstration to see how the product performs in conditions similar to their own farms. The influence of credible peers is also important.

MDF is working with its partners to improve marketing by establishing demonstration plots with lead farmers in key farming regions across Fiji. The demonstration plots will be set up in 2021 and used to compare the results of conventional inputs versus that of improved seeds and soil conditioners, so that farmers can see the benefits firsthand. In 2020, MDF also supported KK's Hardware and AgChem to use TV and social media to reach farmers with information.



East-West quality seeds now available in Fiji

The East-West Seed Group is a renowned seed company exporting to over 60 countries. MDF partnered with local firm KK's Hardware to import East-West seeds in an effort to improve farmers' access to quality seeds in Fiji. These seeds are vital for growing horticultural crops and for off-season farming. The partnership introduced East-West seed varieties to Fiji as well as to the wider Pacific region.

In 2018, to demonstrate the quality of East-West seeds, KK's Hardware supplied seed samples to the Ministry of Agriculture's Sigatoka Research Station to conduct trials. The trials found that the East-West seed varieties recorded over 90 per cent germination rates and that, on average, East-West seeds produced between 50 to 80 per cent better yields than locally available varieties, when combined with proper farming practices. For example, East-West's bitter gourd seeds produced 13 per cent better yields and its long bean seeds produced up to 245 per cent higher yields.

After the positive trial results, KK's Hardware began importing East-West seeds from October 2020. The Minister for Agriculture, Dr. Mahendra Reddy, officially launched the seeds at the National Agricultural Show. The Ministry of Agriculture also received a donation of seeds for its national farm support scheme. The ministry is now working with KK's Hardware to establish on-farm demonstration plots with lead farmers to highlight the benefits of the new quality seeds.

KK's Hardware has begun to record **farmer testimonials**, which have been shared on their social media platforms to highlight the benefits of investing in East-West seeds.

Market on a Page Premium Agriculture Products



Processed and semi-processed agricultural products are not subject to the same quarantine regulations as fresh produce exports and they have a longer shelf life.



MDF is supporting the development of more branded agricultural products with the aim of reaching new export markets, leading to better margins for processors and local suppliers.



Ineffective branding, packaging and distribution for niche premium markets, combined with ineffective and logistically challenging local supply chains, are obstacles to processing high quality local crops.



There is high potential for Fijian-sourced and branded products to be developed from endemic crops, such as spices, mineral water, sugar and those that can be used in nutraceuticals, such as kava.



According to the Fiji Ministry of Agriculture, by the end of 2022, agricultural exports are estimated to nearly double, reaching USD47 million, with high-value products such as kava and turmeric continuing to achieve double-digit growth.

Market System 2

Premium Agriculture Products

The Premium Agriculture Products market system was not significantly impacted by COVID-19. Agriculture exports are estimated to grow from USD24 million (AUD31 million) to USD47 million (AUD61 million) by the end of 2022 according to the Ministry of Agriculture. High value agricultural exports, such as kava and turmeric, continued to achieve year-on-year double-digit growth.

Although the market for premium branded agricultural products is small, it is growing regionally and globally. Assisting Fijian firms to access these opportunities is a vital part of any strategy for agricultural diversification and growth, because Fiji is not competitive in international bulk commodity markets. The COVID-induced pressure to diversify the economy is an opportunity to fast-track diversification into higher value crops, which can be processed to add value and turned into premium branded exports.

MDF has worked with several local manufacturers of branded agriculture products, including Fiji Kava, Adi Chocolates, Bula Coffee, Nama of Fiji and Three Hundred Islands Ginger Elixir. All of these partners faced similar constraints, particularly the inability to establish and maintain local supply chains that would enable them to consistently source quality raw material. Businesses also lack detailed information on consumer preferences in export markets, which hampers efforts to brand and market products effectively. MDF's experience has been that finding the right partner in the midst of a large number of small-scale producers is tricky and also relies on providing the right support at the right time.

In 2020, MDF's existing partnership with Fiji Kava led to an opportunity to work with Fiji's largest local courier company, CDP, to test a logistics service to transport green kava from Vanua Levu to CDP's factory in Levuka. Through the partnership, CDP transported 90 tonnes of refrigerated green kava between May and December, achieving improvements in quality, quantity and logistics costs. Based on the successful pilot, MDF expanded the scope of the partnership to support CDP to establish a dedicated agriculture logistics service to new regions; this will start in 2021.

MDF's support toward the Fiji Sugar Corporation to launch its rebranded 'Sugars of Fiji' product in late-2019 enabled the company to establish commercial retail channels in New Zealand and the Pacific. In 2020, the Fiji Sugar Corporation's exports of the rebranded

sugar grew from 1,000 tonnes to over 6,000 tonnes, with expectations that Pacific sales will continue to grow in 2021.

Market function 1

Sourcing

MDF's success in working with the likes of Fiji Kava has attracted the attention of other manufacturers who are interested in partnering with MDF to strengthen their supply chains and logistics. In 2020, MDF signed a partnership with Flour Mills of Fiji to undertake a feasibility study for sourcing new crop varieties for their "Thumbs Up" crisps brand. MDF supported courier service CDP to test the business case for dedicated agriculture logistics services in Fiji; this will be explored further in 2021. The evidence of efficiency gains from using specialised agriculture logistics services has started to generate interest from firms wanting to trial farmer-to-consumer online trading platforms, which require cost-effective delivery models. MDF will also continue to explore the turmeric sector in 2021. Growing demand for wild harvest turmeric in the US market has the potential to benefit Fijian farmers.

Market function 2

Marketing

MDF continued to work on branded premium products from Fiji, supporting studies to identify opportunities and potential distribution channels into key export markets.

In 2020, the focus was on nearshore markets, with Sugars of Fiji successfully entering New Zealand and eight Pacific Island countries. MDF undertook a market study to explore opportunities for exporting Three Hundred Islands Ginger Elixir products to Australia. MDF has also confirmed strong interest from established kava processors to scope the Australian market given the expectation that the current ban on commercial kava exports will be lifted in 2021.



SUGARS OF
FLEIJ

PURE SUGAR FROM PURE NATURE

RAW CANE SUGAR

SUGARS OF
FLEIJ

PURE SUGAR FROM PURE NATURE

RAW CANE SUGAR

Sector

Urban Industries





Sector on a Page

Urban Industries



46

New jobs generated in 2020



USD

\$577,000

Additional income generated in 2020



66%

Female participation



7

Interventions



VISION OF CHANGE

- Fiji is recognised as an outsourcing services destination in key nearshore and offshore markets.
- Fijian outsourced services companies take a more proactive approach to marketing, which results in a successful, wider portfolio of services offered to the international market.
- The quality and skills of human resources continue to improve so that Fijian companies apply for and win international tenders.
- MSMEs achieve sustained growth as proactive business advisory and support services, such as coworking spaces, become available and affordable.



CONSTRAINTS

- There is minimal industry coordination to promote Fiji as an outsourcing services destination in key nearshore and offshore markets.
- Fijian outsourcing services companies lack strategic marketing because they are not aware of potential international client needs.
- Staff are not yet trained to cater to international markets.
- There is not a wholistic business support system and business enabling environment established in Fiji for MSMEs.



Outsourcing Services

- Greymouse Investments Ltd.
- Packleader Pacific Ltd.
- BTR (Fiji) PTE Ltd.
- Business Process Outsourcing (Fiji) Ltd.
- Lyndhurst PTE Limited Group of Companies
- Matchboard Australia
- Investment Fiji

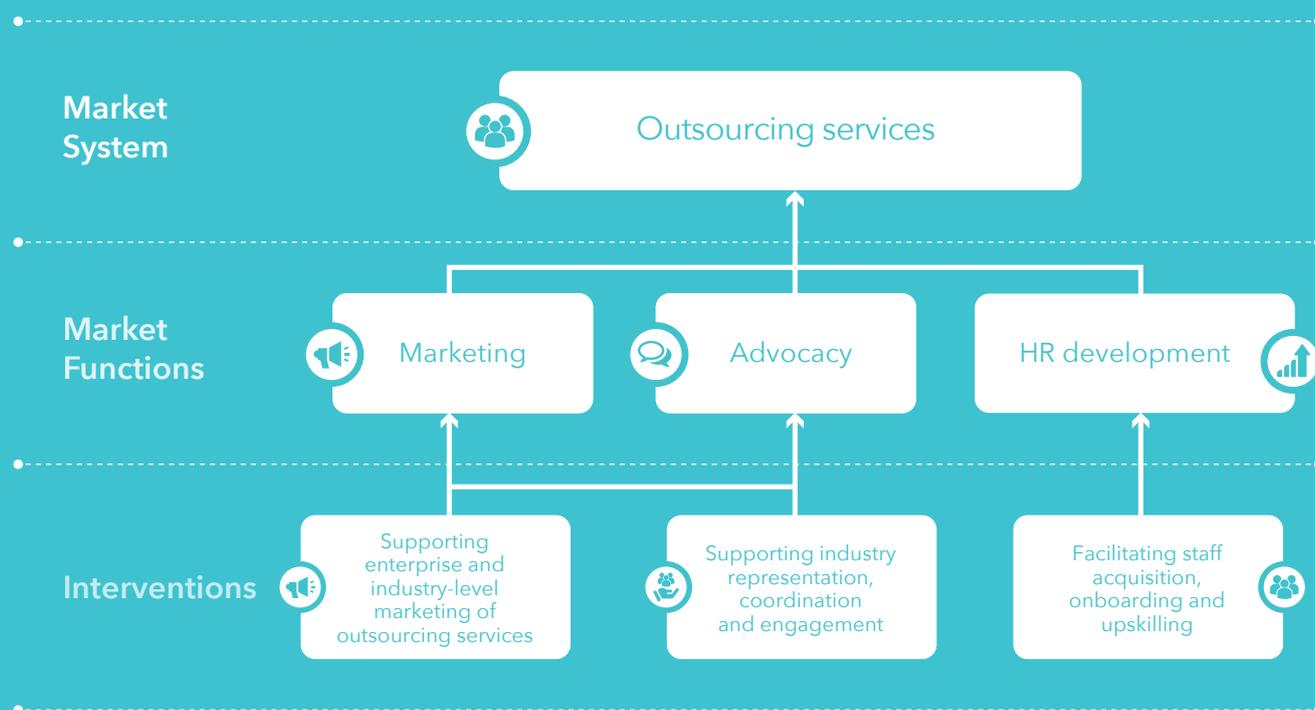


MSME Business Development Services

- Fiji Commerce and Employers Federation (Fiji Enterprise Engine)
- Greenhouse Studio PTE Limited
- Shazcom Technology (COVID-19: Electronic payment platforms and home delivery services)
- Vodafone Fiji (COVID-19: Electronic payment platforms and home delivery services)

Market System 1

Outsourcing Services



Status of the market system	Interventions (active and/or monitored in 2020 v)	Summary of performance					
Emerging	<ol style="list-style-type: none"> 1. Direct marketing of Fiji OS providers (Greymouse Fiji Ltd., Packleader Pacific, BTR Ltd.) 2. Indirect marketing of Fiji OS providers and Fiji as OS destination (BPO Council, Matchboard, Lyndhurst Ltd.) 3. Technology for accessing new BPO markets (DHL Fiji Ltd.) 	<p>With MDF assistance, this sector took the critical first steps to support enterprise and industry level marketing and coordination, through the launch of the Fiji BPO Council in October 2020. The large pool of hospitality workers left unemployed by the COVID-19 crisis have the potential and skill to be quickly absorbed into outsourcing services given their customer service skills and experience in dealing with international customers, especially those from Australia and New Zealand. In 2020, multiple new interventions have commenced, or were designed, with both the public and private sector. These interventions proceeded as planned, generating projections and actuals above expectations. This market system has shaped up to be the main employment and income generation market system in the portfolio.</p>					
EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
441	228	USD 5,349,000 AUD 6,984,000	USD 1,172,000 AUD 1,530,000	USD 17,817,000 AUD 23,264,000	USD 6,360,000 AUD 8,304,000	USD 805,000 AUD 1,051,000	<div style="display: flex; align-items: center; justify-content: center;"> <div style="width: 10px; height: 10px; border: 1px solid red; border-radius: 50%; margin-right: 5px;"></div> <div style="width: 10px; height: 10px; border: 1px solid orange; border-radius: 50%; margin-right: 5px;"></div> <div style="width: 10px; height: 10px; border: 1px solid green; border-radius: 50%;"></div> </div>

Market on a Page Outsourcing Services



MDF is promoting Fijian BPO and knowledge process outsourcing (KPO) services to the nearshore markets of Australian and New Zealand.



Fiji's Outsourcing Services sector employs 4,000 people and generates USD50 million annually.



The Business Process Outsourcing Council of Fiji aims to employ over 10,000 people in the next five years.



Traditional Asia-based outsourcing services providers, such as India and the Philippines, experienced hard COVID-19 lockdowns, which led to major disruptions.



Fijian-based BPO enterprises have a 25% conversion rate - nearly double the global average.



In early 2022, Fiji will have a state-of-the-art USD146 million Technology Park with a capacity to accommodate 15,000 professionals.



Fiji's National Development Plan prioritises increasing foreign direct investment into this sector.

Market System 1

Outsourcing Services

Fiji's outsourcing services sector is estimated to be worth USD50 million (AUD65 million) annually (2 per cent of GDP) and employs approximately 4,000 people. Although outsourcing services have grown steadily, most observers agree that industry growth is well below potential. Many operators struggle to move beyond a small client base because of limited awareness of Fiji as an outsourcing services destination and poor marketing strategies. Lack of industry coordination and advocacy have also hampered the sector's development.

The COVID-19 pandemic created opportunities for Fiji in this sector. Traditional Asian outsourcing services destinations, such as India and the Philippines, experienced hard lockdowns that caused service disruptions for their Australian clients and exposed the vulnerabilities of concentrating outsourcing services in one country. Large firms are now seeking more geographically diversified solutions. Fiji is well placed to take advantage of this, particularly from clients in Australia and New Zealand, who are drawn to Fiji's familiarity, proximity, favourable time zone, well-educated labour pool, internet connectivity and infrastructure. According to the Chairperson of the Fiji Business Process Outsourcing Council (BPOC), the opportunities that emerged in 2020 are providing the momentum to reach BPOC's target of generating over 10,000 outsourcing jobs in the next five years.

MDF's work in this market system only began in the second quarter of 2019, but it has already delivered results in 2020, creating 228 new full-time jobs and generating USD1.1 million (AUD1.4 million) in additional income and USD6.3 million (AUD8.2 million) in new market transactions. Impact is expected to increase in 2021 as MDF increases support at both firm and industry level to assist Fiji to establish itself as a preferred outsourcing services destination for the Australia and New Zealand markets.

Market function 1 Marketing

MDF is supporting improved marketing of outsourcing services at enterprise and industry level. In 2020, MDF signed several new partnerships in this market function, including: a partnership with BTR, a Nadi-

based outsourcing services provider focussing on the Australian market, two new industry-level partnerships with the Matchboard business platform to promote Fiji as an outsourcing services destination, and a partnership with Lyndhurst Pte Ltd to support the marketing of Fiji's first IT Business Park for outsourcing services.

Under MDF's existing partnership with the Fiji BPOC, an Australian-based business development manager was hired in October to support BPOC members with new business leads and conversions.

MDF also worked closely with the government, specifically the Ministry of Commerce, Trade, Tourism and Transport and Investment Fiji, to pursue their objective of increasing foreign direct investment into the sector, as well as to promote growth in nearshore markets. In a first for Fiji, MDF supported Investment Fiji to host a series of webinars in late 2020 to promote BPO opportunities in Fiji to firms in Australia and New Zealand.

Market function 2 Advocacy and industry coordination

Fiji's biggest outsourcing services competitors (South Africa, the Philippines and India) support their BPO industries with national marketing campaigns. Continued and effective promotion of Fiji as an outsourcing services destination will require close cooperation between major industry stakeholders.

MDF is supporting the Fiji BPOC to expand its membership and enhance its capacity for policy advocacy. In 2020, BPOC membership doubled from seven to 14. Members now include the largest outsourcing services firm in Fiji, Mind Pearl; major local telecommunications providers Digicel & Telecom (Fiji); accounting firms KMPG and Munroe Leys; and commercial bank ANZ. In October 2020, the BPOC made a strategic decision to join Fiji's largest private sector association, the Fiji Commerce & Employers Federation (FCEF), as its tenth industry council. The link with FCEF positions BPOC to engage with the government on regulatory reform and industry development initiatives. In November, the BPOC published its first industry white paper, *The New Offshore Powerhouse – FIJI*.

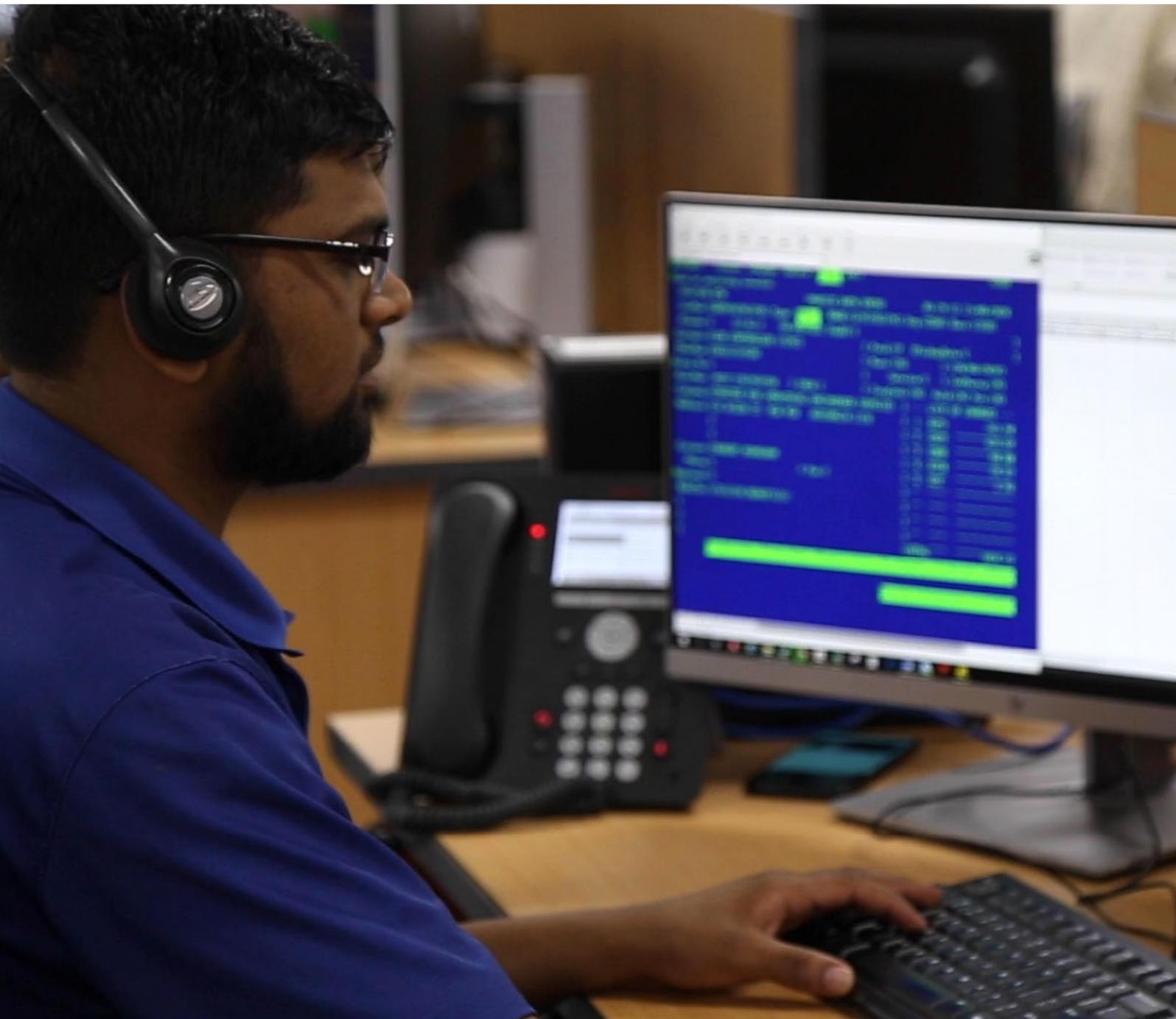
Market function 3

HR development (for tendering)

The majority of international BPO work is awarded through tenders for large pro-rated contracts. Fijian firms rarely bid for these international tenders, citing concerns about recruiting and retaining the staff required to deliver new contracts, in an industry where a reputation for reliability is vital.

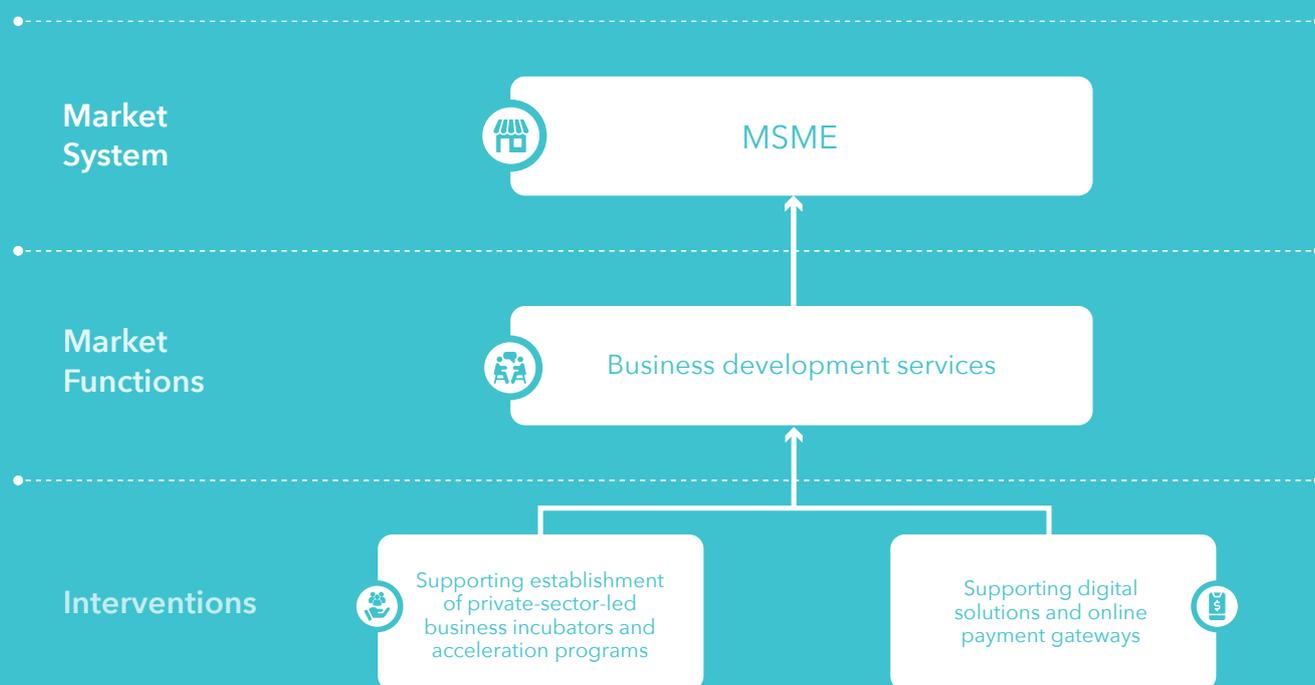
In 2019, MDF scoped the private sector's willingness to invest in sustainable HR development to address staff shortages. COVID-19 dampened the initially enthusiastic

response, as most outsourcing services firms were forced to focus on their existing business. However, in the last quarter of 2020, interest re-emerged from two local outsourcing services providers that wanted to win new international business in 2021. They were keen to utilise the large pool of recently unemployed hotel workers, who have transferable skills for the outsourcing services industry. MDF will gauge the progress of these partnerships in 2021 and decide whether work in this market function should be scaled up or dropped.



Market System 2

MSME Business Development Services



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance					
Emerging	<ol style="list-style-type: none"> 1. Sustainable private sector-led business acceleration and incubation program and related webinars (Fiji Enterprise Engine) 2. Establishing co-working space for creative industries (GHS) 3. Organising online payments and delivery models (Vodafone, Shazcom) 	<p>In 2020, MDF further strengthened private sector-led incubation systems, by supporting their shift to online coaching. This shift was prompted by COVID-19 restrictions as well as the overwhelming need in the market. Several first-of-its-kind interventions were commenced, and activities are underway, yielding results quicker than anticipated. Until now, progress has been encouraging and key performance measures show positive signs.</p>					
EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
278	194	USD 780,613 AUD 1,019,000	USD 445,000 AUD 581,000	USD 1,788,000 AUD 2,335,000	USD 1,151,000 AUD 1,503,000	USD 377,000 AUD 492,000	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 10px; height: 10px; border: 1px solid red; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; border: 1px solid orange; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; border: 1px solid green; border-radius: 50%;"></div> </div>

Market on a Page MSME Business Development Services



Micro, Small and Medium Enterprises (MSMEs) account for 18 per cent of Fiji's GDP (USD 482 million) and employ 60 per cent of the workforce.



MDF is supporting this sector to establish sustainable, private-sector-led MSME business development services, including business incubators, webinars and coworking spaces.



This sector was the hardest hit by the COVID-19 pandemic, and the ILO and Fiji Commerce and Employers Federation report that 40 per cent of MSMEs closed in 2020.



In response to the lockdown, MSMEs quickly adopted digital solutions, including social media marketing, online transactions and home delivery through mobile phone apps.



MSMEs have struggled to sustain or increase growth because formal financing options and packaged business development support services are limited and expensive.

Market System 2

MSME Business Development Services

There are an estimated 24,000 formally registered MSMEs in Fiji, although this number is likely much higher when including the informal sector. MSMEs contribute approximately USD500 million (AUD653 million) annually to GDP (18 per cent) and account for up to 60 per cent of employment.

MDF, in partnership with the Reserve Bank of Fiji, commissioned an in-depth assessment of the MSME landscape in 2018. A key finding was that many businesses were constrained by limited access to formal finance, effective business incubation and advisory support services. The government has begun to deliver grant support programs for MSMEs, and some commercial banks now offer dedicated MSME banking services. MDF's work has focussed on establishing effective and sustainable business development services for MSMEs.

By 2020, MDF had pilot tested and established Fiji's first MSME business accelerator, the Fiji Enterprise Engine (FEE), in partnership with the Fiji Commerce & Employers Federation (FCEF). In 2020, MDF signed a partnership with Greenhouse Studio to set up Fiji's first co-working space for MSMEs, which will be launched in early 2021.

MSMEs were among those hit hardest by COVID-19. A 2020 International Labour Organization and FCEF report found that 40 per cent of MSMEs had been shuttered due to the pandemic. As rising unemployment reduced domestic consumption, further pressure was piled on already distressed MSMEs. In response, MDF leveraged the lessons and resources of the FEE business accelerator to deliver free webinars, business counselling and coaching to assist Fiji's MSMEs.

MDF supported other digital solutions to assist MSMEs, including a national social media promotion campaign with the Ministry of Commerce, Trade, Tourism and Transport (#supportlocalbusiness). To address consumers' social distancing concerns, MDF partnered with Vodafone to provide the 'M-Paisa' mobile-money payment option for local MSMEs and supported ICT business Shazcom Technology to develop a new mobile phone home delivery app, Fiji Eats, for local restaurants and cafés.

This expansion of business development services benefitted 194 people in 2020, up from 62 people in 2019, and generated net additional income of USD445,000 (AUD581,049). This impact is expected to expand in future years. The uptake of MSME business

development services and business growth are reflected better in the value of new market transactions, which reached USD1.1 million (AUD1.4 million) at the end of 2020 and is expected to grow further.

Fiji Eats: Growing popularity for new food home delivery app

In 2020, MDF supported local IT firm Shazcom Technology to develop a food delivery app called Fiji Eats. The platform was developed in response to the severe economic impact of COVID-19 on café and restaurant vendors, who reported a sudden drop in the number of dine-in and walk-in customers following the lockdown and implementation of social distancing.

This was a new concept in Fiji, as most people were not familiar with online food delivery services. Fiji Eats launched in June 2020 with 10 restaurants registered. Between June and December, the popularity of the app grew exponentially, with the number of restaurants rising to over 50. The app was downloaded over **10,000** times and over **6,500** orders were processed. Several popular restaurants now use Fiji Eats, including Burger King.



Market function 1

Business incubation and acceleration services

Since its pilot in 2018, FEE has grown to be one of the most successful MSME business acceleration services in the region, housed in the largest private sector association in Fiji, FCEF. It is utilised by MSMEs from the Young Entrepreneurs Council and Women Entrepreneurs Business Council. Despite disruptions to the 2020 FEE program due to COVID-19, a three-month abridged course was still delivered. The 2020 program leveraged the same digital platforms used for earlier FEE COVID-19 response work and introduced virtual classroom training, which increased participation by MSMEs outside Suva.

This included Waitika Farms in Rakiraki, located three hours from Suva, and Marama Plantation, whose owners were stranded in Australia due to border closures. Both businesses were able to regularly log in for virtual training sessions and mentoring.

In 2021, MDF will build on the lessons from the MSME business accelerator services to add at least one more retail or trade MSME business accelerator. MDF has also received requests from other private sector associations in the Pacific to provide guidance on setting up FEE-type business accelerator programs for their MSME members.



Observations and Lessons



Tourism

COVID-19 exposed the gaps in Fiji's market intelligence around tourism.

Over the past 30 years, Fiji has become a major Pacific destination for the budget family market, primarily from Australia and New Zealand. National marketing strategies and tourism packages, refined over many years, focussed on this market. The closure of international borders and necessary pivot towards the domestic tourism market highlighted the lack of market intelligence about domestic tourism, with most hotels relying solely on price discounting to attract customers. Indeed, COVID-19 exposed a more pervasive lack of research and market intelligence on Fiji's major tourism source markets outside the conventional budget family segment. As a result, Fiji was unable to quickly identify the latest trends in international tourism demand and the segments most likely to travel once borders reopen. This presented MDF with an opportunity to bring the private sector and government together to address this tourism research and market intelligence gap.



High Value Agriculture

Cultivating good business relationships pays off in the long run.

The agricultural input market in Fiji is dominated by a few large, family owned firms that have been involved in the sector for two generations. The business owners are risk-averse and prefer traditional business models. It is therefore difficult to convince them to innovate or change their business models. MDF has found that brokering deals with these companies requires establishing credibility, building trust – and being patient regarding change. MDF has also found that, even in the absence of formal agreements or activities, remaining interested in the business and maintaining the relationship is vital to collaboration at a later point. MDF's work in seeds and soil conditioners has been years in the making. The program has had to wait until the timing was right and incentives aligned, as a result of the COVID-19 shock, for businesses to recognise the need or opportunity for new business models.



Urban Industries

Digital solutions are here to stay.

Pre-pandemic, most MDF businesses partners – MSMEs and even larger outsourcing services firms – primarily used conventional forms of marketing, in-person meetings, word-of-mouth referrals and trade expos to generate new business. However, movement restrictions and border closures urgently necessitated a strategic shift to digital marketing. Partners effectively adopted social media marketing, Search Engine Optimisation and customer relationship management software to cope with the ‘new normal.’ MDF’s experience in other sectors reflects the same trend of digitisation.

The pandemic necessitated holistic business support.

For most MSMEs, COVID-19 presented a survival threat. It was therefore crucial that any form of business support had to start with empathy and an understanding of the gravity of their situation and mental stressors. Working through FCEF, MDF supported local business coaches to enhance their empathy skills and deliver counselling to supplement virtual and in-person business advisory support. MDF also found that the virtual events and webinars provided a sense of community for many local MSMEs – one that was particularly comforting in a time of limited social interaction. Hearing from other businesses experiencing similar challenges, but still surviving, provided the much-needed hope and enthusiasm for MSMEs to adapt and innovate to get through the crisis.



COVID-19 Case Study

Rallying support for local small businesses

Micro, Small and Medium Enterprises (MSMEs) contribute over 18 per cent of Fiji's GDP and employ approximately 60 per cent of the labour force. While all sectors slowed down due to the pandemic, the impact was particularly heavy on MSMEs dependent on tourism and international visitors. MDF's research shows that cashflow was a key challenge.

MDF used its in-country presence, capacity for analysis and strong networks to support MSMEs to innovate and adapt to the challenges brought about by COVID-19.

On 2 January 2020, Felisha Tuiloma opened the doors to her new restaurant, The Rotisserie, on the outskirts of Fiji's capital, Suva. The opening was cause for celebration, as for many years Felisha and her husband had dreamed of starting their own business. Despite a good start, just over two months later, Fiji recorded its first case of COVID-19. In early April, Suva went into a two-week lockdown and business took a turn for the worse.

"There was a bit of a spike in business at first because a lot of people were after deliveries, but then we saw a drop. We were at 50 percent," explained Felisha. "We knew we had to get creative because we had just opened – there was no way that we were going to close! We had to change our menu, we needed to look at our costs, we needed to look at our pricing and the way we did things. Quitting was not an option," she added.

Another local businesswoman, Sera Ranadi, who has operated a popular seafood stall in the bustling Nausori market since 2017, shared similar sentiments: "Before COVID-19, it was smooth. People would visit my stall and I would earn around USD200 (AUD216) during the week. After COVID-19 hit us, it went down to USD100 (AUD130). It was hard and I had to adjust."

#SupportLocalBusiness

MDF Fiji has been working in MSME development since 2017. Thanks to this experience, the team was able to immediately tune into the challenges faced by the segment at the onset of the pandemic. MDF partnered with the Ministry of Commerce, Trade, Tourism and Transport (MCTTT), a key high-level market actor, to run a national social media campaign under the Ministry's 'Fijian Made – Buy Fijian' initiative. The communications strategy used the hashtag #SupportLocalBusiness and aimed to increase awareness of local MSMEs and encourage consumers to take advantage of new business promotions.

To kickstart the campaign, MCTTT and MDF engaged eight prominent Fijian social media influencers. To assist the influencers, the MDF team built a comprehensive database of local MSMEs that included a description of products, services and offers that could appeal to different audiences. The campaign was launched in June 2020 and ran for eight weeks, with the influencers featuring over 100 small businesses, their products and contact details. Several local entrepreneurs reported an increase in the number of people following them on social media, visiting their premises and buying their products.

Communities for small businesses

Felisha shared that the campaign provided publicity for her new restaurant and reached new audiences. She said, “[Social media influencers] Apakuki and Mario already have their followers. When they promoted us, we saw instant results! We had people coming in the next day, saying, ‘Oh, we saw your post on Mario’s Facebook or Apakuki’s video.’ So, it was really good because there were a lot of people who still hadn’t heard about our business.”

Since the promotion of Sera’s market stall on Facebook, she has had many new customers and increased her sales, especially on weekends. She said, “One of the past Saturdays, two gentlemen came asking for me in the market... they shared that they came all the way from Suva to find me and buy my seafood! They said ‘Andhy Blake has been posting your stuff on Facebook.’ Since I met Andhy, he has changed my business.”

Community support has been overwhelming. Demand for products, such as Sera’s ready-made seafood packs, rose significantly. A number of the advertised businesses have capitalised on this momentum by developing their own social media profiles.



Fiji records **1.24 million** mobile connections and close to **586,000** internet users, of whom **560,000** are active on social media.

Promoting influencer marketing in Fiji

The campaign has had a ripple effect. Nadi Eats has continued to promote MSMEs and influencer Andhy Blake, a professional television producer, went on to create a show that profiled small businesses around the country. “I got the idea from when I started doing the influencing work with MDF. I presented the idea to the Mai TV Content Director and he encouraged me to do it. So, we refined the concept and then created the show,” explained Andhy. Mai Fijian Voices premiered in October 2020. Halfway through the season, the show secured a sponsorship from the British High Commission and the response has been very positive. Andhy will continue to support efforts to rebuild Fiji’s economy post-COVID-19.

Social media influencer engagement is a highly viable business opportunity for both the influencer and the client. In Fiji, where social media is widely used, MDF has played a crucial role in starting the influencer marketing trend, ensuring both influencers and MSMEs benefit.

Without government support, it would be difficult for MSMEs to successfully navigate a crisis like the pandemic. As the ministry responsible for local small business, MCTTT has championed MSMEs over the years and highlighted their contribution to Fiji’s economy through the ‘Fijian Made – Buy Fijian’ campaign. For MDF, MCTTT was a key partner in providing credibility and visibility for the Support Local Business campaign. The ministry led the campaign to leverage national recognition and support to help businesses stay open and keep people employed during the crisis. MCTTT Communications Coordinator Natalyn Lakan said, “We are delighted to work with MDF to assist MSMEs during this COVID-19 pandemic and be a driver for this positive moment. Given that our ‘Fijian Made’ campaign has so much traction already, the combination of the two campaigns will be perfect.”

The Support Local Business campaign is proof that new business models can be used in times of crisis to transform the lives of entrepreneurs, as well as their suppliers.



Impact of #SupportLocalBusiness



137 MSMEs were promoted, of which **60%** were women-led businesses.



Of the MSMEs featured, **80%** reported an average 15% increase in sales revenue through the promotion.

Pro-poor Growth Story

Delivering opportunity amid a pandemic

With the COVID-19 pandemic reaching Fiji, households dependent on tourism lost their main, and in many cases, only source of income. For women, this loss of income is particularly burdensome when coupled with unpaid care duties and domestic work.

Filling the employment gap and helping local food vendors stay afloat is MDF partner Shazcom Technology. The company devised an innovative business model of mobile food ordering and delivery in the middle of the pandemic. The 'Fiji Eats' app tapped into an under-met need for easy-access food delivery in Fiji, while also providing much-needed employment opportunities in the tourism-dependent city of Nadi.

MDF Fiji spoke with Shazcom's Karisitiana Vukivuki to find out how COVID-19 affected her family and their livelihood.

When Karisitiana Vukivuki received the good news that she would be joining the Fiji Eats headquarters team in Nadi, the COVID-19 pandemic had just forced Fiji to close its borders to international travel. The bustling town is a major hub for Fiji's tourism sector. Hotels and businesses relying on tourist dollars bore the brunt of the immediate impact and many working in the industry lost their jobs.

For Karisitiana's family, the pandemic meant the entire household lost its source of income.

"My father passed away in Syria last year, which really made things hard for the family, and my mother moved to the village. It's just me and my siblings in Nadi," said Karisitiana, fighting back tears.

At the time, Karisitiana was concentrating on her tertiary studies and often baked cakes and pies in her spare time to sell in her neighbourhood and supplement her family's income. It was through her love for baking that



When COVID-19 struck Fiji, it made a lot of changes. My siblings worked at the airport and a hotel and were laid off. There was literally no one working at home.

Karisitiana,
Call centre agent, Shazcom.

she found out about a job opportunity with Shazcom Technology, a Nadi-based ICT company developing a new, app-based food delivery platform.

Amid the pandemic, Shazcom Technology was preparing to launch Fiji Eats, a food delivery and payment platform, with MDF support. In April 2020, while selling cakes in the area, Karisitiana was approached by Shazcom Managing Director Shanil Chandra for a job interview

for a Fiji Eats Call Centre Agent position. Laughing, she recalls being interviewed that same day in her t-shirt and shorts, with Shanil and his wife reassuring her that her dress did not matter. She shared with the MDF Fiji team that she remembers calling her mother straight after her successful interview, crying with joy.

Within a week, Karisitiana had landed her first formal paying job and become the sole breadwinner in her household.

As a Call Centre Agent, her primary responsibility is to liaise with restaurants and delivery agents to ensure that orders are processed and delivered on time – a role she finds both challenging and highly rewarding.

“I’ve learned a lot. Now I’m used to talking to different types of people and talking to different directors of restaurants. The most rewarding part is when the order is delivered on time and I get good feedback from customers!” she said.

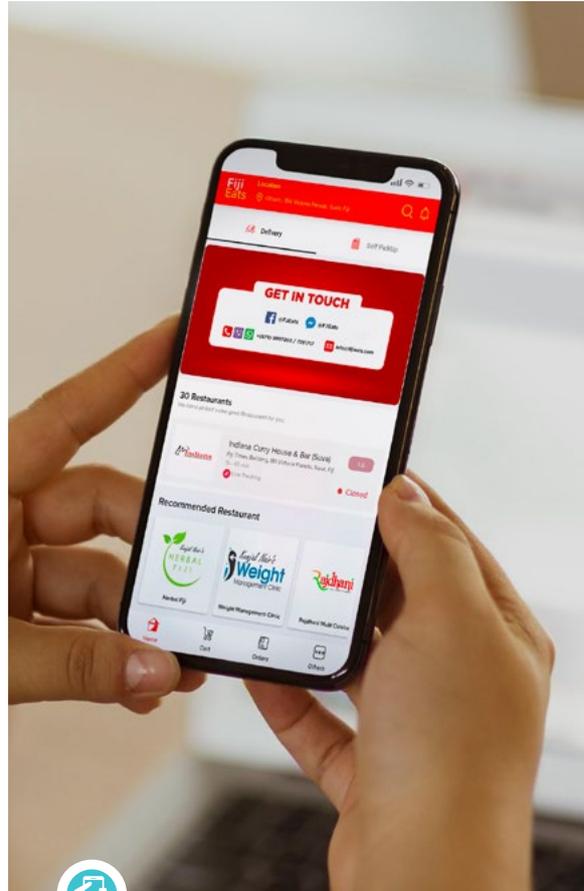
Working a daily six-hour shift, Karisitiana says her job at Fiji Eats takes financial pressure off the family. It also allows her the flexibility to continue her studies and sell her baked goods on her days off with her sister’s help – earning an extra income for the household.



Karisitiana,
Call centre agent,
Shazcom.

Baking was easy and provided good earnings at times but working for Fiji Eats has provided my family with a steady source of income to help buy food and pay the bills. I feel a burden has been lifted off my shoulders!

The company employs six Call Centre Agents and five of those staff members are women. Through the partnership with MDF, Fiji Eats has developed a business model that contributes to women’s economic empowerment in Fiji, develops female employee’s capacities and enables them to assist their families during these vulnerable times. While the pandemic has brought innumerable challenges for tourism-based economies, it has also brought new opportunities.



MDF partnered with local ICT company Shazcom Technology to develop Fiji Eats, an app-based food delivery platform, in response to the severe economic impact of COVID-19 on local food vendors.

The partnership includes supporting Shazcom with the launch of the Fiji Eats mobile app and website as well as creating informational tools to help customers, partner restaurants and delivery drivers familiarise themselves with the app-based delivery platform. The MDF Fiji team supported a social media promotion campaign to boost user sign-ups and delivery sales for two months following the launch. In the first six months since its launch in June 2020, Fiji Eats signed on **53** restaurants in three locations (Lautoka, Nadi and Suva) and generated over **USD78,000** in transactions, while also establishing six full-time jobs. Fiji Eats has also partnered with **12** delivery agents, providing them the opportunity to earn extra income.

Acknowledgements

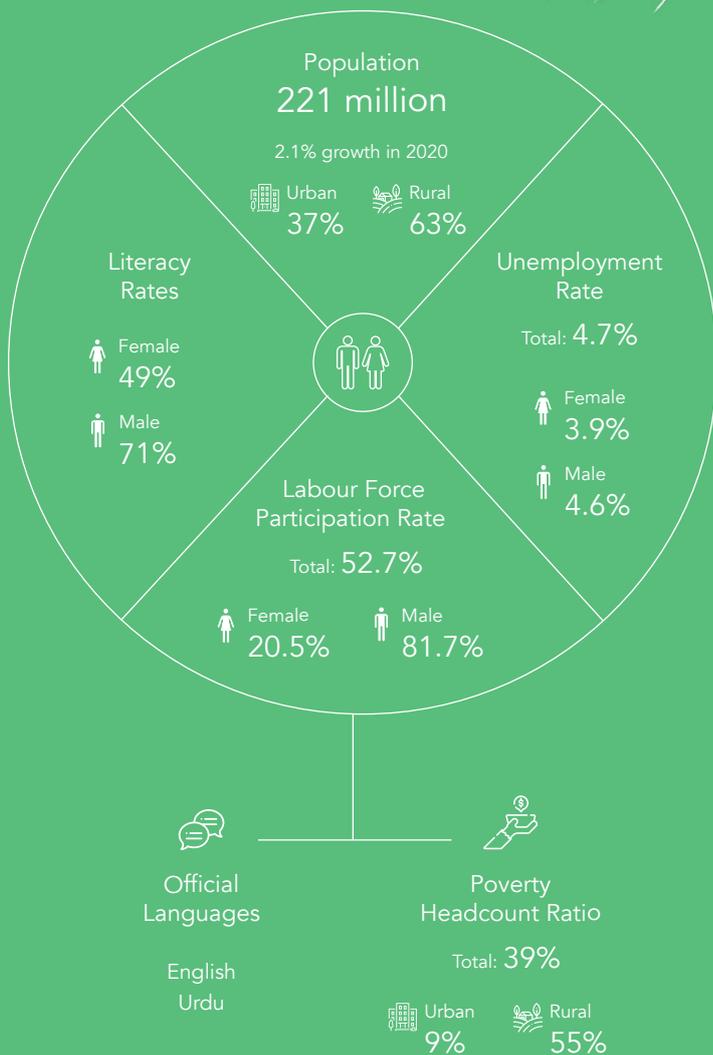
MDF Fiji would like to thank the following organisations and individuals for their support and collaboration over the past year:

Australian Centre for International Agricultural Research (ACIAR)	International Labour Organisation (ILO)
Investment Fiji	International Trade Centre
Coconut Industry Development for the Pacific (CIDP)	Jennifer Butukoro, Pacific Women
Destinations Marketing Organisations (DMOs):	Jennifer Granger - Consultant
<ul style="list-style-type: none"> • Savusavu Tourism Association • Tourism Suncoast 	Mereia Volavola - Consultant
Dr Andrew McGregor - Consultant	Ministry of Agriculture
Face 2 Face Research Service Providers	Ministry of Commerce, Trade, Tourism and Transport
Fiji Commerce and Employers Federation	Ministry of iTaukei Affairs
Fiji Consulate & Trade Commission (Australia & New Zealand)	Ministry of Sugar Industry
Fiji Development Bank	Pacific Horticultural & Agricultural Market Access Plus Program (PHAMA Plus)
Fiji Enterprise Engine Coaches:	Pacific Trade and Invest
<ul style="list-style-type: none"> • Maria Ronna Luna Pastorizo-Sekiguchi • Josua Mateiwai • Elizabeth Algar • Rowena Erasito • Tanya Nacagilevu • Savenaca Baro • Steve Cordeiro 	Provincial Offices of Nadroga and Navosa, Ba, Bua, Namosi and Ra
Fiji Hotels Tourism Association (FHTA)	Scaling Frontier Innovation Program
Fiji National University	Social Media Influencers:
Fiji Sugar Corporation	<ul style="list-style-type: none"> • Alosio Naduva • Andhy Blake • Apakuki Nalawa • Barter for Better Fiji • Ellana Bickerdike • Leanne Hunter • Mario Basilio • Nadi Eats • Natasha Woods • Sachiko Soro
International Finance Corporation (IFC)	Young Generation Against Poverty (YGAP)
International Fund for Agricultural Development (IFAD)	

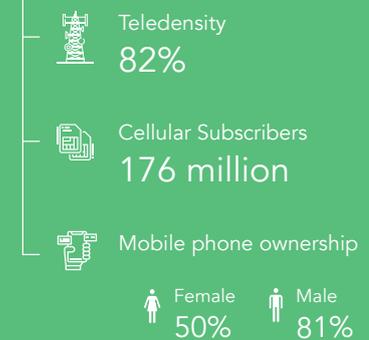
MDF would also like to extend its thanks to all of its partners in Fiji, without whom the team's achievements would not have been possible.e.



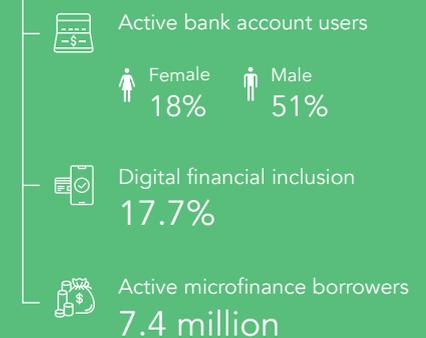
Quick Facts Pakistan



Telecommunication and connectivity

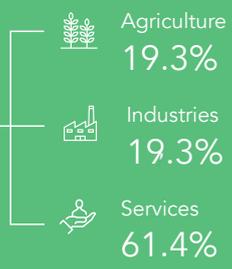


Financial inclusion





GDP contribution by sectors



Key Focus Areas



Dairy and Meat

Improve farmers' access to quality inputs and information for best practice livestock management

Develop supply chains to connect producers to markets

Establish first-rate livestock management practices to increase incomes of local farmers



Horticulture

Improve farmers' access to quality inputs and enable them to supply the right quality and quantity of high-value agricultural produce for processing and exports



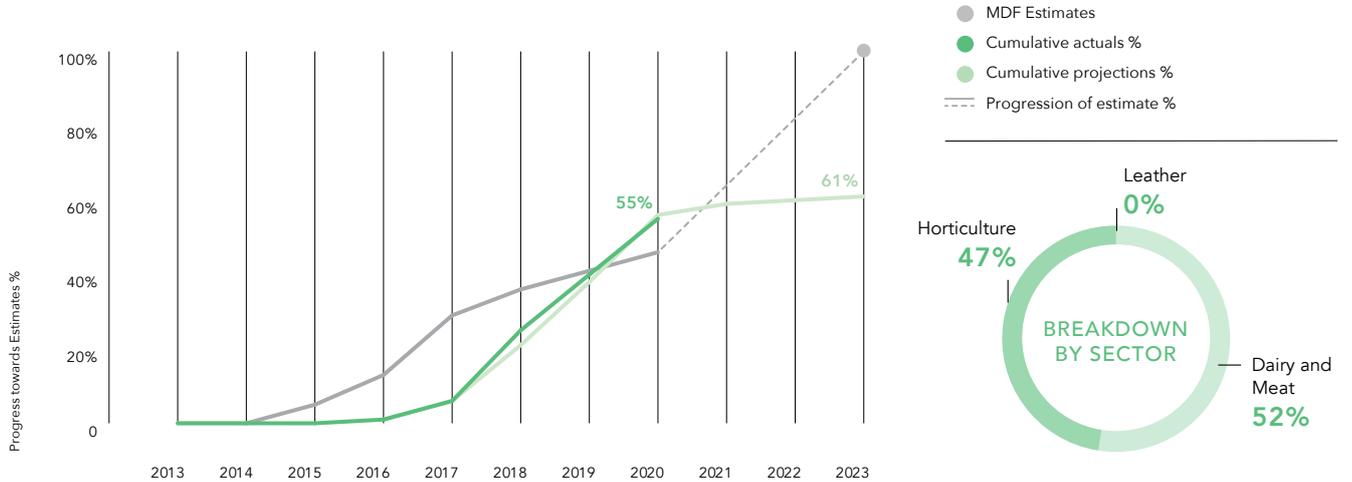
Leather

Increase the employment of the urban poor in leather factories by taking steps to:

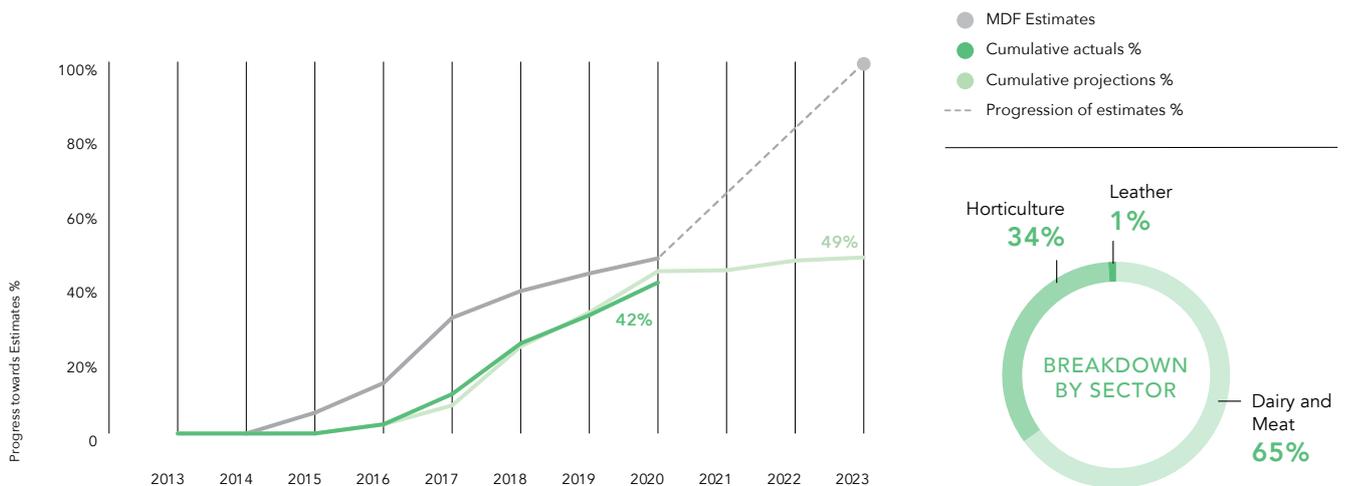
- Improve access to quality inputs and services, skilled labour and foreign markets for a more export competitive finished leather goods industry
- Expand work conditions in factories to employ more female workers

Highlights

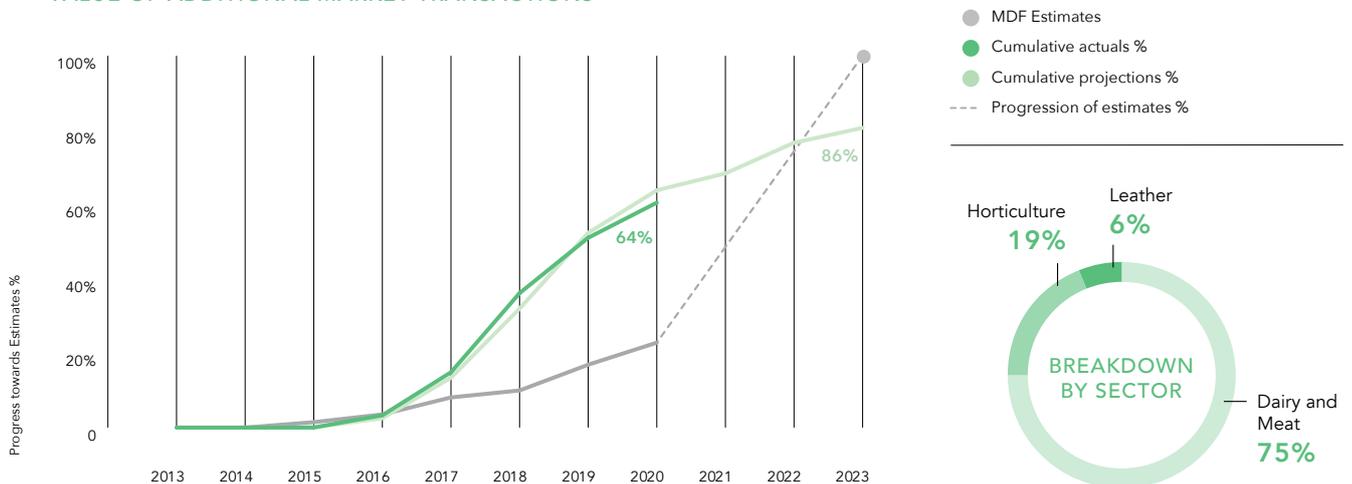
EFFECTIVE OUTREACH



NET ADDITIONAL INCOME (USD)



VALUE OF ADDITIONAL MARKET TRANSACTIONS



EFFECTIVE OUTREACH

- For Pakistan, MDF developed an estimates curve to show the progress of actuals and projections towards achieving estimates. Estimates are a floating benchmark of what a program should reasonably be able to achieve, provided there are no major external shocks. The 100 per cent dot at 2023 defines this benchmark, while the estimates curve shows an indicative trajectory for reaching this mark.
- Pakistan's actual results were following a classic trajectory seen in Market Systems Development programs, with a slow start followed by a rapid pick-up over the next two to three years. Projections and actuals followed this curve, enabling the country program to exceed its 2020 goal.
- However, with the program closing in 2020, no new interventions were added, resulting in the projections and actuals curve flattening as further annual and cumulative estimates would not be achieved. It can nevertheless be reasonably assumed that a similar trajectory would have continued for the remainder of the phase if the program had continued.
- The current portfolio has achieved 55 per cent of estimates and is on track to achieve 61 per cent of estimates. Projected total outreach has been steadily and significantly increasing over the years, and MDF Pakistan anticipates it will exceed estimates by 2023.
- Impact has been compounded by mature interventions in finance and ICT, resulting in a spike in outreach between 2018 to 2020. In finance, signs of systemic change have also been observed. In ICT, the intervention continues to benefit farmers in remote regions.
- The current trajectory of results shows that MDF was underway to achieve or exceed end-of-program outcomes (estimates), as interventions with the potential for significant scale had just commenced, or were about to commence, when the close of the program was announced. As a result, many activities did not materialise, and the impact from the planned interventions could not be projected.

NET ADDITIONAL INCOME (USD)

- The current portfolio has achieved 42 per cent of total estimates and is on track to achieve 49 per cent of estimates by 2023. Projected total net additional income has been steadily and significantly increasing over the years and MDF Pakistan had anticipated that it would exceed estimates by 2023.
- The Dairy and Meat sector continues to contribute the most to additional income, indicating that agriculture interventions generate high income per beneficiary in Pakistan. The Horticulture sector has also significantly contributed to net additional income, particularly an ICT intervention in remote and underserved regions of Pakistan.
- Actual income will continue to grow steadily from mature interventions in the Fodder (partnerships with Interior Sindh, Cattlekit and Silage Media) and Finance (Khushhali Microfinance) market systems. However, due to program closure, many activities from other areas have not materialised, and the impact from newer interventions could not be projected.

VALUE OF ADDITIONAL MARKET TRANSACTIONS

- The current portfolio has achieved 64 per cent of total estimates and is expected to achieve 86 per cent of value of additional market transactions (VAMT) estimates.
- Cumulative actual VAMT has continued to grow over the years due to the sustainability of the business models introduced through MDF interventions. The Dairy and Meat sector has contributed the most to VAMT, particularly interventions in the Finance and Fodder market systems.
- Interventions in fodder and agri-inputs will continue to contribute to projections after 2020. However, due to program closure, several sets of projected results from other areas have been revised; therefore, the impact from newer interventions could not be projected.

Overview of Closeout and Post-Implementation Monitoring

After seven successful years of program development and delivery, MDF's country program in Pakistan drew to a close in July 2020. The program improved the lives of thousands of poor Pakistanis through investments with private sector partners that continue to deliver real and encouraging results. To date, a total of 257,172 women and men have benefitted from MDF's interventions in Pakistan, earning USD85.3 million (AUD111.4 million) in additional income.

The *Pakistan Close-out Strategy and Plan* was delivered despite being tested under the extraordinary circumstances imposed by the COVID-19 pandemic. The country team ensured a seamless closure of partnerships, and all commitments made to partners were honoured. The team produced a series of analytical papers compiling program insights and lessons that were shared with DFAT and other development stakeholders. These highlight further opportunities that can be pursued by other development programs and the private sector. The team also produced and published a [video case study](#) and [photobook](#) that showcase the program's successes in achieving women's economic empowerment.

Since Market Systems Development (MSD) interventions continue to deliver results for several years after implementation, and because it is important to understand the resilience and sustainability of impact, MDF has decided to continue monitoring and reporting a select number of interventions. Following careful consideration, a total of 13 interventions were selected for post-program implementation monitoring. The selected programs were chosen based on their value for money, relatively higher impact, contribution to systemic change and expected improvement for vulnerable groups, such as interventions working toward women's economic empowerment. A technical team was onboarded to commission and train

research firms, coordinate with partners, conduct field assessments and aggregate results. At the end of 2020, towards the mid-stage of observation, field monitoring was completed for four interventions, including Pioneer 3, Pioneer 5, Telenor and Kashf. The results from the remaining nine interventions will be captured in the first half of 2021.

To continue its agenda of sharing key program lessons, in 2020 MDF started to work with the Springfield Centre to update a previously published case study on the program's flagship intervention area, silage. The revised report will capture changes in the fodder market system since 2017, which were attributable to MDF interventions, and provide insight into how MDF's efforts have contributed to systemic change, economic growth and poverty alleviation. The updated case study will be published in 2021 and will establish the baseline for a subsequent investigation into the sustainability of MDF's work in the silage sector. Assessing the sustainability of an intervention's impact a prolonged period after the intervention has ended is relatively rare. As a result, the updated Springfield report will offer unique insight into the long-term effectiveness of market-based interventions in the fodder sector.







Emerging signs of systemic change

Achieving financial inclusion for rural women farmers

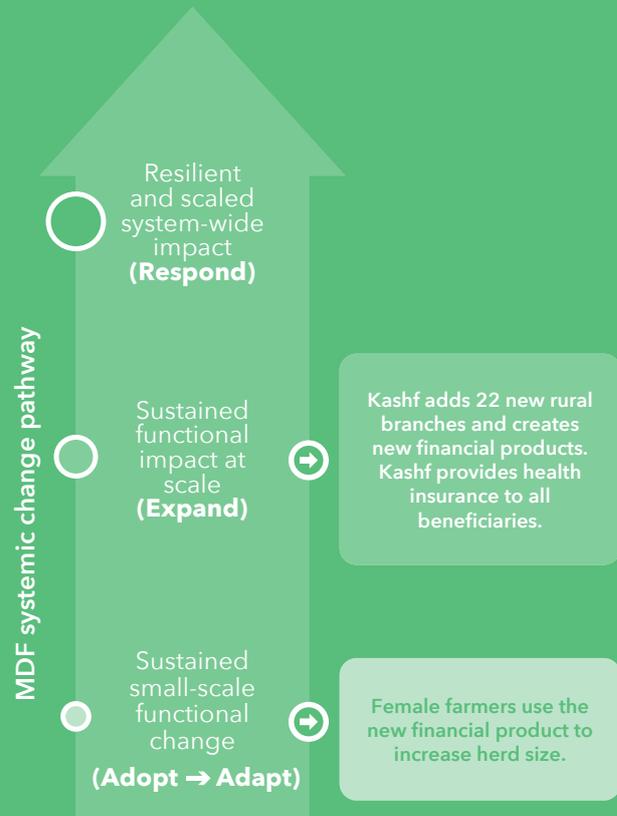
The financial services market in Pakistan is underdeveloped. Women and rural farmers in particular suffer from limited access to formal or informal finance. Consequently, most small livestock farmers tend to sell their animals or borrow from middlemen at times of financial distress. This recurring practice leaves farmers with little capital to invest in their herds. The lack of investment is compounded by limited access to good animal husbandry information because extension services tend not to reach smallholders. Female livestock farmers, who are commonly tasked with taking care of the animals, are even more disconnected from such information.

In 2017, MDF partnered with the Kashf Foundation, a microfinance service provider, to improve female livestock farmers' access to finance. The collaboration focused on the design and launch of a tailor-made product for female livestock farmers in rural areas of southern Punjab. Kashf had previously operated only in urban areas but was interested in penetrating rural markets in Pakistan. MDF supported Kashf to conduct research, develop a rural strategy and create a rural financial product suited to female livestock farmers. A rural-specific loan product for livestock was then developed, which would be complemented with training on animal husbandry, business acumen and financial literacy. MDF connected Kashf with the Agriculture Value Chain Collaborative Research (AVCCR) program, jointly funded by DFAT and the Australian Centre for International Agricultural Research (ACIAR), a source of reliable information on livestock, to build their understanding of a sector with which they were unfamiliar.

Kashf set up its first rural branch in southern Punjab. The initial impact from Kashf's first branch was overwhelming: loans were made to 3,434 female farmers, who used the new financial product to increase herd sizes, generating additional income of approximately USD528 (AUD689) per farmer since 2018. The new product was successful, with a repayment rate of nearly 99 per cent. MDF and Kashf concluded that the business model seemed to be commercially viable and would tap into significant, unmet demand. Consequently, Kashf went on to add 22 rural branches to its network, enabling 21,751 women to access formal finance for their livestock businesses. These new branches disbursed a total 27,946 loans and created 132 jobs. Based on the success of the initial loan product, Kashf has created new financial products to cater to rural demand, such as loan products for other agribusiness-specific requirements. As a result of these new loan products, almost 20,000 farmers earned additional income of USD384 (AUD501) per year on average.

Kashf's trail-blazing proof of concept – that women are not only viable clients, but also more reliable ones – prompted other microfinance service providers to investigate this market segment. Prior to the country portfolio closing, MDF had agreed to provide technical assistance to two other financial service providers to assist them as they introduced customised financial products for female and male farmers. These private sector players were keen to leverage MDF's experience with Kashf and collaborate on market research, innovation and product development, build links to other agricultural players and introduce digitised services. Despite MDF's support being curtailed earlier than planned and disruptions caused by COVID-19, these organisations have begun to embark on rural expansion, albeit more slowly than they originally planned.

MDF's intervention with Kashf shows how achieving change in one system can lead to important change in another system. The financial inclusion of rural women has not only contributed to women's economic empowerment, but it also triggered positive changes in one of Pakistan's most crucial market systems, livestock. The MDF-supported financial product was used by farmers to increase herd size and improve the quality of their livestock as they replaced their existing herds with more productive animals. Better quality livestock produce higher and better quality yields. This brings nutritional benefits to households and generates more income for farmers.



Lessons from the Country Program

As part of the close-out strategy, MDF Pakistan conducted a thorough analysis of the portfolio over the lifetime of the country program. Based on the findings, the team produced a series of analytical papers rich in insight for DFAT, development practitioners and the private sector. This section looks at some of the key lessons from this exercise.

Supporting the private sector to identify the business case for women's financial inclusion

In Pakistan, access to formal finance is a challenge, particularly for women and rural communities. Smallholder farmers often rely on traders and informal moneylenders to meet their credit needs to purchase inputs, an arrangement that can lead to a debt trap as repayment is tied to the future sales of the farmers' produce. Even though women often care for the livestock in agricultural households, they are rarely involved in transactions such as the purchase or sale of inputs, animals or milk.

To capitalise on the unmet demand for financial services among women and the rural poor, MDF supported two microfinance organisations to research and develop a viable business model for providing financial services in rural areas; women farmers would be a key focus. MDF supported Khushhali Microfinance Bank Limited (KMBL) to link with an MDF dairy partner and create a mobile banking service. KMBL introduced a van to disburse livestock loans and other financial services in remote areas to help farmers overcome mobility challenges. MDF also partnered with Kashf Foundation to develop a financial product specifically targeting female dairy farmers. MDF carefully monitored the interventions to understand the impact on partners, farming enterprises and women.

MDF's interventions were designed to provide proof of concept that a business model specifically targeting women could be expanded into new markets to increase their client base and profitability. These interventions demonstrated to local partners that women in rural households comprise a large segment of the market, particularly among smallholder farmers where women play a key role in livestock care and management. For the project to be well received, it was vital to understand this context and the duty and responsibilities of rural women to ensure that the products were socially appropriate to the new clientele. Providing loans to rural women proved to be a viable investment, with high uptake, repayment rates and repeat clientele. The success of these initial interventions encouraged the private sector to continue to invest in new products and to adapt them for different client needs as their rural network expanded.

Access to formal finance at affordable interest rates unlocked opportunities and enabled farming households to increase herd sizes and production. Livestock health also improved because farmers were able to afford quality inputs and access better information on good husbandry practices. Improving women's access to financial services and related extension support resulted in increased agency, particularly in the ability to influence household decision-making. MDF assessments found that women saw a link between the new services and increased access to opportunities and information, as well as better control over their finances.

For more details, please [click here](#).

Managing the risks and opportunities of ICT-based interventions

Information and communication technology (ICT) is an appealing solution for development interventions because it promises to efficiently deliver services to many people living in hard-to-reach places. ICT has sometimes been heralded as revolutionary for agricultural development. MDF worked with a Pakistani telecommunications provider, Telenor, to distribute reliable weather and agricultural information to farmers in remote Gilgit Baltistan and Chitral, as well as in the other regions in which Telenor was already present, including Punjab.

The weather advisory service by Telenor provided real-time weather updates to farmers and had a tangible, positive outcome. Accurate weather information is crucial for farmers to make informed decisions about when to sow, plant, spray or harvest crops in relation to local weather patterns. Telenor used a global weather service that was more accurate than what was available locally, making it a more reliable option for farmers in need of more detailed weather information. While the weather advisory was the primary draw for subscribers, it was also packaged with advice and ideas to help improve productivity. The agricultural advisory information was relatively generic and less practical. Furthermore, relevant and updated agricultural information was difficult for Telenor to compile on its own as a non-agricultural player, distant from farmers' realities.

Providing a new, convenient service helped Telenor retain its existing customers and expand its presence into new regions. The experience provides insight into how strategic ICT interventions can deliver meaningful impact when potential risks are mitigated. Where the appropriate technology exists, ICT-based solutions can overcome geographic barriers that hamper more conventional solutions. Telenor's service had reached 193,913 farmers by 2020. By using ICT as a means of reaching many people with vital information, ideas and advice, the intervention reduced the need for expensive and time-consuming one-on-one communication methods in remote areas.

Part of the learning from this intervention lies in the potential pitfalls. ICT-based solutions are often seen as remotely delivered, standalone game-changers that can overcome deep-rooted problems. This approach presents a risk for users, service providers and development agencies. For instance, a service delivered remotely

perpetuates the separation between service provider and user, making it difficult to understand needs, build trust, capture feedback and measure effectiveness. The generic nature of the agricultural information provided by Telenor was not easy for farmers to understand or act upon. In contrast, the weather advisory services were clear and specific, enabling farmers to take actions, with tangible results. Similarly, standalone solutions are often ineffective because users remain isolated from other things they need to put the solution into practice (e.g. advice on planting without access to appropriate tools). For the service provider, a standalone solution can be difficult to deliver because it is disconnected from the context and the networks needed to develop and deliver the service effectively. Telenor's weather service was successful because MDF helped it understand the context of remote, regional needs and linked it with other relevant service providers, to ensure its work was localised, specific and actionable.

ICT can be a powerful tool but only when it is combined with useful, granular and local information. Therefore, when developing and delivering effective ICT-based solutions for remote areas, it is important to be realistic about what this service can achieve and strategic about which market actors to involve.

For full text, please [click here](#).



Choosing effective private sector partners in challenging contexts

The borderlands of Pakistan are geographically remote, with low population density and limited physical and communication infrastructure. The region is also politically unstable and poverty levels are high. These factors combine to make the borderlands a tough place for businesses to invest and operate. However, the local economy also has a vibrant vegetable and fruit farming industry that provides a livelihood to many households.

MDF's horticulture portfolio included several successful **partnerships** in the challenging borderlands region. MDF identified that interventions in the sector might enable smallholder farmers to increase productivity and sell more produce to meet increasing urban demand. The private sector saw commercial opportunity in selling agricultural inputs, increasing their sales or market share by entering new areas, and reaching a new customer segment. The partnerships focused on improving the availability of inputs, such as seeds, pesticides, herbicides and farm implements, combined with agricultural information, for smallholder farmers.

Some of MDF's horticulture interventions were successful while others were not. The nature of the private sector partner was a critical factor in determining intervention effectiveness. MDF wanted to understand whether there were any defining characteristics that could help better predict what kind of partner was most likely to implement an intervention successfully. To help measure this, MDF reviewed its interventions using two sets of criteria. The first covered factors relating to the socio-economic and geographic context of the intervention, such as population size and density, purchasing power, commercial linkages, infrastructure and security. The second considered the nature of the partner involved in the intervention, such as firm size, financial capacity to bear the risk of innovation, ability to operate across challenging contexts, relevant experience, incentives to invest, and whether or not the partner had received support from development agencies in the past. MDF's analysis found that irrespective of geography and socio-economic categorisation, the most successful interventions were executed by partners characterised by experience in the sector, especially within a challenging context, combined with clear incentives to invest. Less experienced and smaller businesses were associated with failed interventions. Prior development support appeared to indicate diluted commercial incentives and/or underlying weakness in business capacity or model.

These criteria complement and deepen the traditional 'will-skill' assessment used by Market Systems Development programs to select partners and monitor the ongoing effectiveness of partnerships. A more rigorous understanding of these criteria would help programs improve their partner selection and better tailor interventions to account for partner strengths and weaknesses. This insight is particularly useful when programs are considering interventions in challenging contexts, when the demands on commercial partners are extreme.

For full text, please [click here](#).





Sector

Dairy and Meat





Market System 1

Access to Low-Cost Nutritious Fodder



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance					
Mature	<ol style="list-style-type: none"> 1. Increasing silage availability (Pioneer 3, Pioneer 5, Silage Interior Sindh, Silage GB and Talha Enterprises) 2. Building awareness of silage business model (Silage Media) 3. Silage engagement and influencing events (Pioneer/ Cattlekit) 4. Increasing access to silage making machinery (Cattlekit 2) 5. Developing financial products and improving access to machinery for silage (Cattlekit/Bank Alfalah) 6. Increasing smallholder farmers' access to alfalfa haylage in Gilgit region (Green Diamond) 	<p>MDF's interventions continued to yield strong results in 2020, with more entrepreneurs entering the market ('crowding in') to provide small-baled silage to farmers. As a result, many farmers have benefitted from increased milk yields resulting from feeding silage to their animals. More results are expected to materialise in 2021 from MDF's interventions in silage production and rental models.</p> <p>To popularise the small-baled silage model through a media campaign, MDF developed an intervention with Cattlekit. The project is airing a commercial for regional TV, an informative documentary for social media and print advertisements. Monitoring for the intervention is planned for 2021, and high impact numbers are expected.</p>					
EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
88,309	70,195	USD 45,574,000 AUD 59,507,000	USD 34,917,000 AUD 45,592,000	USD 48,429,000 AUD 63,235,000	USD 26,788,000 AUD 34,977,000	USD 1,783,000 AUD 2,328,000	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 10px; height: 10px; background-color: red; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: orange; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: green; border-radius: 50%;"></div> </div>

Market System 2

Access to Finance For Livestock and Quality Inputs



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance					
Developing	Expanding access to finance (Khushhali Microfinance Bank and Kashf Foundation)	Field assessments and monitoring conducted in 2020 revealed that developing suitable financial products for female farmers and rural farmers successfully led to increased livestock productivity and yield without paying high interest rates. MDF's interventions also resulted in significant partner expansion, with Kashf Foundation opening 22 rural branches in less than 18 months since its first rural branch. This indicates the sustainability and scalability of the investment. There is early signs of systemic change as new, innovative loan products have been developed and offered to rural farmers. Key performance measures have performed well, and further impact is expected in 2021.					
EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
47,046	44,620	USD 9,563,000 AUD 12,486,000	USD 9,071,000 AUD 11,844,000	USD 15,438,000 AUD 20,157,000	USD 15,079,000 AUD 19,689,000	USD 77,000 AUD 100,500	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 10px; height: 10px; background-color: red; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: orange; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: green; border-radius: 50%;"></div> </div>



Market System 3

Access to Aggregation Services and Other Inputs



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance					
Developing	<ol style="list-style-type: none"> Increasing market access to smallholder farmers (Al-Saffah) Increasing availability of quality healthcare products for farmers in Balochistan (UM Enterprises) Establishing best practices and access to the formal milk processing market (Fauji) 	MDF was unable to measure the impact of its interventions with Al-Saffah and UM Enterprises, which were designed to provide market access and better healthcare products to farmers, because the program was discontinued. MDF supported Fauji Foods to establish milk collection centres and extension services in selected villages of Layyah and Muzaffargarh. MDF's intervention with Fauji has benefitted a limited number of farmer due to changes in the partner's internal management and sourcing strategy.					
EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
7,114	7,016	USD 11,518,000 AUD 15,039,000	USD 11,297,000 AUD 14,750,000	USD 20,643,000 AUD 26,954,000	USD 20,617,000 AUD 26,920,000	USD 1,010,000 AUD 1,318,000	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 10px; height: 10px; background-color: red; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: orange; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: green; border-radius: 50%;"></div> </div>

Sector

Horticulture





Market System 1

Access to Inputs



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance
Developing	<ol style="list-style-type: none"> Broadening access to quality seeds and cultivation information (Haji Sons) Expanding access to quality pesticides and cultivation information (Ali Akbar 2, FMC) Improving access to cultivation and weather information (Telenor) 	<p>After a successful intervention on vertical farming practices in Khyber Pakhtunkhwa (KPK), MDF partnered with Haji Sons to promote vertical farming practices and the use of higher quality seeds in the interior of the Sindh region.</p> <p>The interventions with Ali Akbar (AAG) and FMC aimed to provide access to quality inputs to farmers in Baluchistan and KPK. Discussions with AAG indicate that partner sales continued to increase in 2020.</p> <p>MDF's intervention with Telenor continued to provide strong results in 2020 as more farmers subscribed to the service, reducing crop losses in the remote regions of Gilgit-Baltistan and Chitral. Following high uptake of the information product in these regions, Telenor launched health and medical insurance services for communities in Gilgit-Baltistan and Chitral. Early results indicate that over 13,000 people have obtained the insurance services offered by Telenor.</p>

EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
Access to inputs	136,080	133,551	USD 29,856,000 AUD 38,983,000	USD 28,719,000 AUD 37,498,000	USD 4,661,000 AUD 6,086,000	USD 349,000 AUD 455,200	<div style="display: flex; align-items: center;"> <div style="width: 10px; height: 10px; background-color: red; border-radius: 50%; margin-right: 5px;"></div> <div style="width: 10px; height: 10px; background-color: orange; border-radius: 50%; margin-right: 5px;"></div> <div style="width: 10px; height: 10px; background-color: green; border-radius: 50%;"></div> </div>

Market System 2

Off-Take of Horticulture Produce

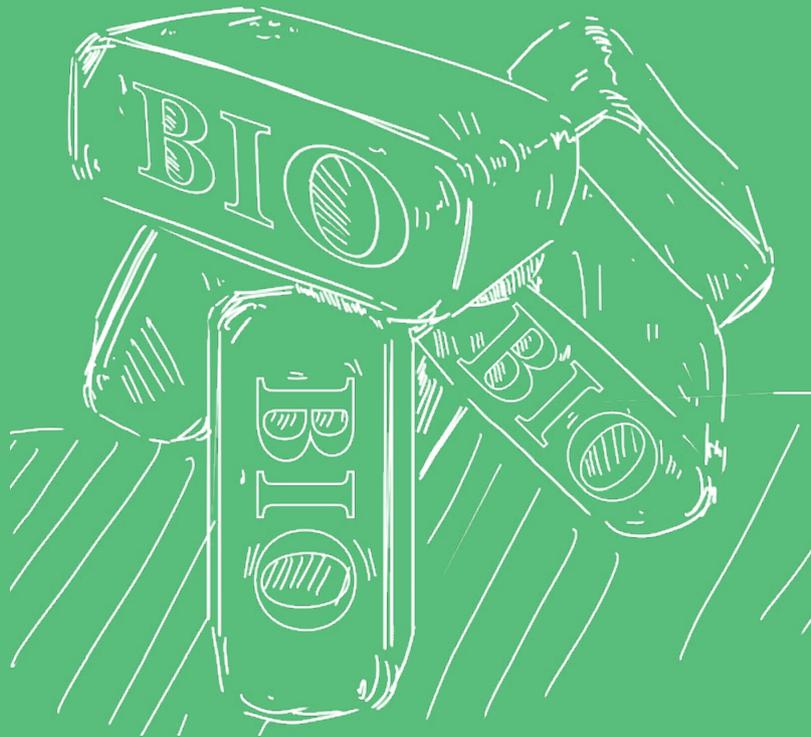


Status of the market system		Interventions (active and/or monitored in 2020)		Summary of performance			
Mature		No interventions in this MSS were monitored or active in 2020		Plans to develop further interventions within this market system were terminated due to the close-out of the country program. All interventions were measured and closed by 2019.			
EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
1,342	1,342	USD 183,000 AUD 238,900	USD 177,000 AUD 231,000	USD 1,582,000 AUD 2,065,000	USD 1,568,000 AUD 2,047,000	USD 328,000 AUD 428,000	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 10px; height: 10px; background-color: red; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: orange; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: green; border-radius: 50%;"></div> </div>



Market System 3

Sustainable Technologies



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance					
Emerging	<ol style="list-style-type: none"> Sourcing agri-waste from farmers (RBDC) Increasing access to low-cost fuel (Bio Gold) 	<p>MDF's partnership with RBDC supports the development of a biomass supply chain producing briquettes to be used in industrial boilers. The intervention was designed to benefit smallholder cotton farmers and labourers through increased income from the sale of agri-waste. Monitoring of the intervention is planned for 2021.</p> <p>Due to the close-out of the program, MDF was unable to measure the impact of its intervention with Bio Gold, which aimed to provide access to low-cost and more efficient cooking and heating fuel in the Northern region of Pakistan.</p>					
EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
1,838	-	USD 839,000 AUD 1,095,000	-	USD 356,000 AUD 464,800	-	USD 67,000 AUD 87,500	<p>🔴</p> <p>🟡</p> <p>🟢</p>

Sector

Leather





Market System 1

Access to Inputs and Markets



Status of the market system		Interventions (active and/or monitored in 2020)		Summary of performance			
Developing		No interventions in this MSS were monitored or active in 2020		MDF's findings confirmed that shoe manufacturers continued to use inputs from MDF partners, resulting in new orders. However, this growth did not translate into additional job generation, as the new orders were absorbed by the existing workforce. MDF's key learning was that improving business competitiveness does not necessarily result in direct employment. MDF has developed a comprehensive learning piece outlining what the team learned from this market system.			
EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
188	188	USD 556,000 AUD 725,900	USD 556,000 AUD 725,900	USD 6,442,000 AUD 8,411,000	USD 6,442,000 AUD 8,411,000	USD 1,051,000 AUD 1,372,000	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 10px; height: 10px; background-color: red; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: orange; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: green; border-radius: 50%;"></div> </div>

Market System 2

Inclusive Workspaces



Status of the market system		Interventions (active and/or monitored in 2020)		Summary of performance			
Developing		Creating job opportunities and a female friendly work environment (Tradewell)		MDF partnered with Tradewell to set up a women-only stitching and laser cutting/ embroidery unit to connect women with employment and skills development opportunities. The pandemic delayed monitoring of this intervention; a field assessment will be carried out in the first half of 2021.			
EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
255	255	USD 1,402,000 AUD 1,830,000	USD 594,000 AUD 775,600	USD 13,189,000 AUD 17,221,000	USD 9,135,000 AUD 11,927,000	USD 474,000 AUD 618,900	● ● ●

Acknowledgements

MDF Pakistan would like to thank the following organisations for their support and collaboration over the past year:

Agha Khan Development Network

Austrade

Engro

Food and Agriculture Organisation (FAO)

United States Agency for International Development (USAID)

The Australian Centre for International Agricultural Research (ACIAR)

MDF would also like to extend its thanks to all its partners in Pakistan, without whom the team's achievements would not have been possible.



Quick Facts Papua New Guinea



Population
8.9 million

Urban
13%

Rural
87%

Population Growth Rate: **2.7%**



Official
Languages

English,
Tok Pisin and
Hiri Motu

(800+ unofficial
languages)

Literacy Rate
64.2%

The percentage of the
population who can
read and write with
understanding in
English, Pidgin,
Motu or Tokples.

Labour Force
Participation Rate

Total: **48.3%**

Female
46%

Male
49%

Unemployment
Rate

Total: **2.4%**

GDP
(USD)

37 billion

GDP Per Capita
(USD)

2,854

Currency

Papua New Guinea
Kina (PGK)

Key GDP Contribution Sectors



Exports
40%



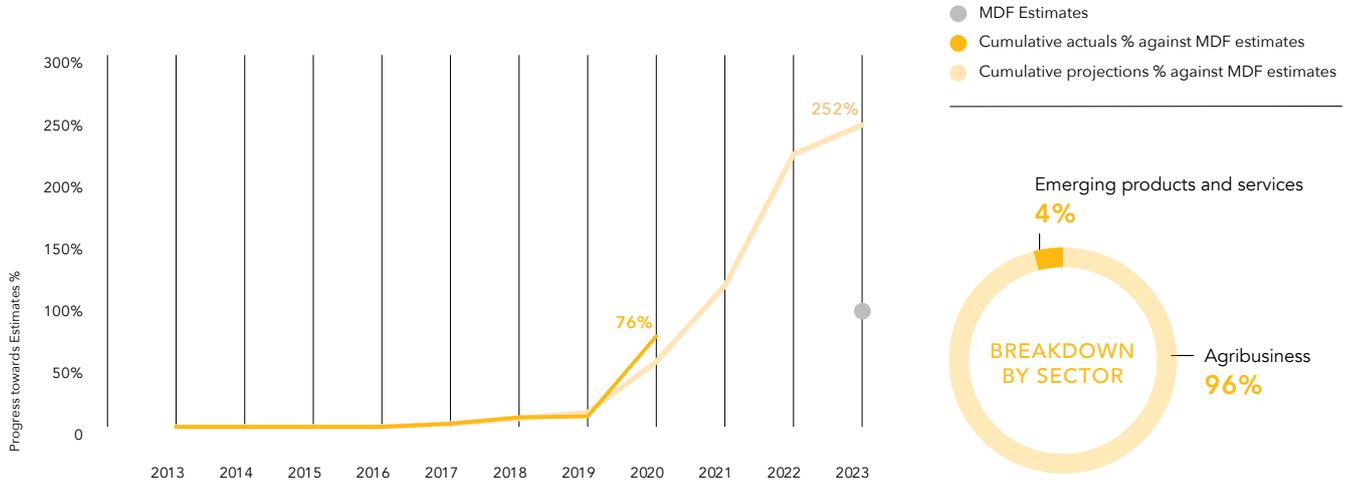
Agriculture, Forestry and
Fishing
13%



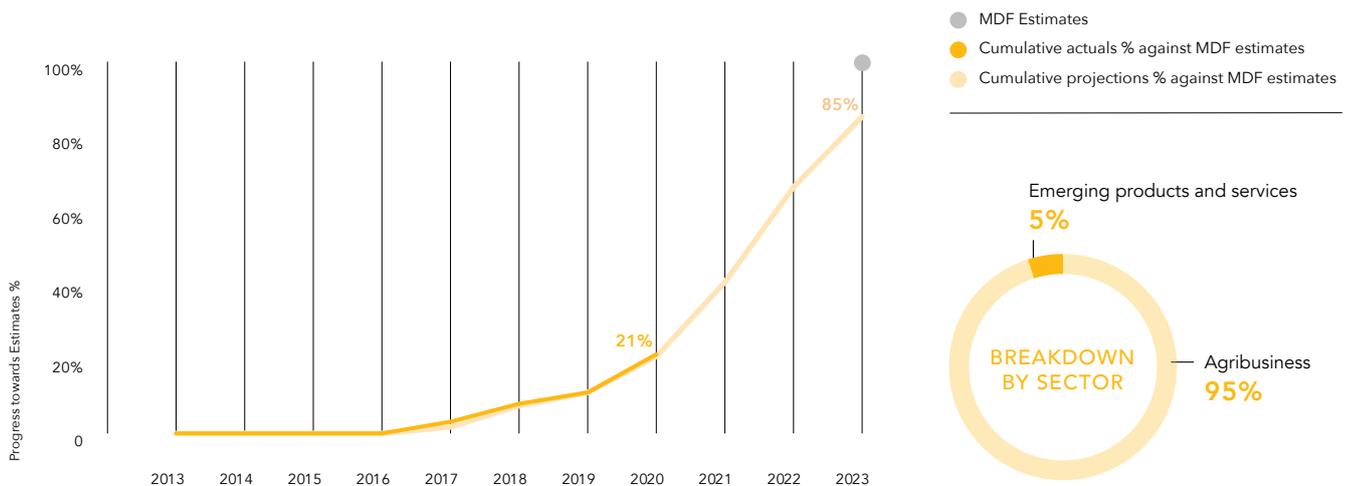
Oil and Gas Extraction
18%

Highlights

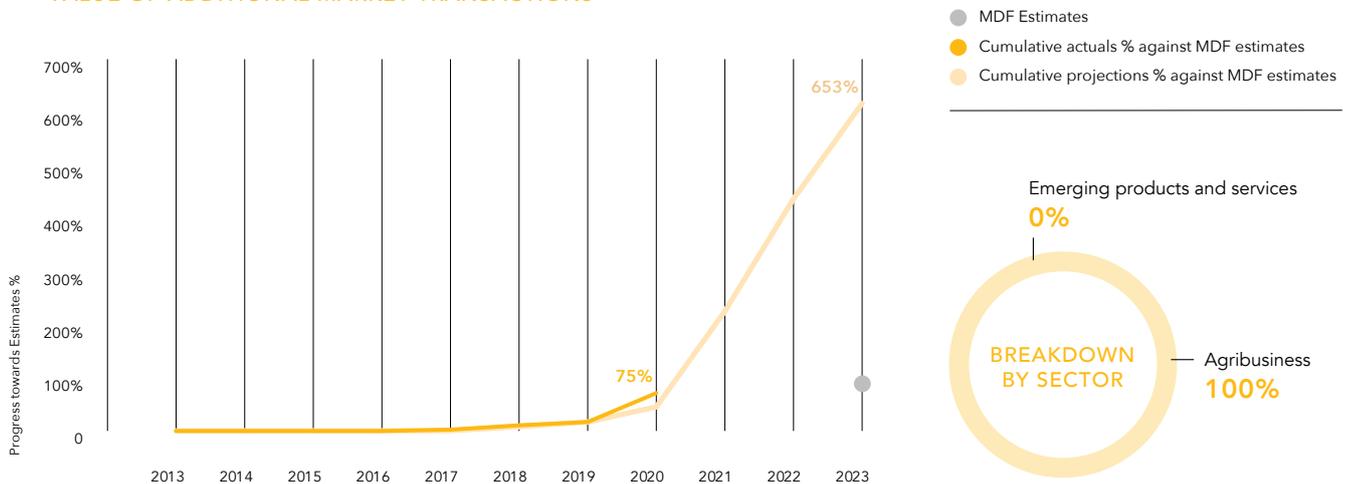
EFFECTIVE OUTREACH



NET ADDITIONAL INCOME (USD)



VALUE OF ADDITIONAL MARKET TRANSACTIONS



EFFECTIVE OUTREACH

- MDF PNG achieved 76 per cent of its estimates, largely due to a successful portfolio reset in 2019.
- The high-grade coffee sector has brought in early impact and contributed 87 per cent to growth in effective outreach. In 2020, the sector accounted for the majority of outreach results, with 5,990 beneficiaries. The remaining outreach numbers are through interventions in honey and other smaller interventions in emerging product and services.
- Despite a challenging year, the portfolio generated strong outreach 22 per cent higher than what was projected in 2019.
- MDF PNG anticipates achieving effective outreach estimates by 2023 as interventions in coffee, cocoa and vanilla continue to roll out in 2021.

NET ADDITIONAL INCOME (USD)

- In 2020, cumulative net additional income increased 50 per cent from 2019 levels. This reflects early impact from the Morobe Mountain Coffee Export Limited (MMCEL) partnership, which produced results in the year of implementation.
- The increase in additional income does not correspond with growth in effective outreach, as beneficiaries receive an "in transition premium"; MDF expects the premium margin to expand in 2022, resulting in further growth in additional income.
- Agribusiness interventions have performed the best in the portfolio, with two coffee partnerships (SMS and MMCEL) contributing the most to additional income in 2020.
- The rapid expansion of MDF's portfolio in 2020 is projected to generate significant additional income in 2021. MDF is on track to achieve 85 per cent of estimates by 2023.

VALUE OF ADDITIONAL MARKET TRANSACTIONS

- MDF PNG anticipates achieving its estimates for value of additional market transactions (VAMT) by the end of 2021.
- The portfolio has generated VAMT of USD3,030,342, mostly through partner profits from exporting certified coffee.
- To date, MDF has achieved 75 per cent of its VAMT estimates. Cumulative VAMT continued to grow in 2020 despite supply chain disruption in the first quarter of the year.
- Through a suite of new partnerships and interventions, particularly in certified coffee exports, MDF PNG anticipates 239 per cent growth in sales and exports in 2021.

Overview of Portfolio and Progress in 2020



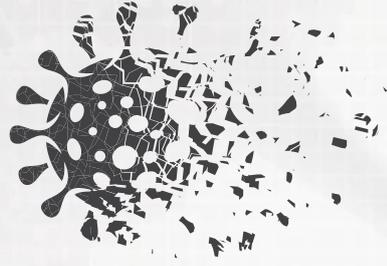
Country update

COVID-19 was the dominant challenge to Papua New Guinea in 2020. By the end of the year, PNG recorded more than 750 cases of COVID-19 and seven deaths. To mitigate the depressing effects of COVID-19 on the economy, the government announced a stimulus budget worth USD172 million (AUD224.6 million). This increased public expenditure did not stave off an economic downturn that has reduced the government's revenue and cost 10,000 workers their jobs. Stringent movement restrictions during the early days of the State of Emergency and a drop in demand for extractive commodities hit the hospitality and extractive sectors hard. The agricultural sector, however, proved to be more resilient.

During the first quarter, lockdowns and widespread fear of COVID-19 disrupted agricultural supply chains, causing food shortages and a decline in exports. After the government eased movement restrictions, the sector recovered. Domestic commodity supply chains remained intact, driven by relatively stable global

demand and the presence of large international traders in PNG. However, as the year ended, the long-standing structural impediments to the growth of the agriculture sector emerged.

The PNG team worked hard to support private and public stakeholders in their response to the COVID-19 crisis. MDF collected, analysed and shared market intelligence on the ways in which the pandemic affected the real economy, particularly agribusiness. MDF assisted businesses to pivot activities and cope with the pandemic. The PNG team also focussed their efforts on raising COVID-19 awareness in rural communities that lacked reliable information about the contagion. A suite of interventions helped dispel unwarranted fears and improved the general understanding of COVID-19 and how to conduct business safely amid the pandemic. Working through lead farmers, church pastors, market intermediaries and other influencers, MDF estimates that its COVID-19 awareness campaign reached at least 52,100 smallholders across five provinces.



Response to COVID-19

At the height of the crisis, agricultural supply chains were severely disrupted by movement restrictions and a lack of awareness about the pandemic, resulting in fear and misinformation. The situation was exacerbated by a poorly coordinated national COVID-19 response. To mitigate the impact of COVID-19 on agricultural supply chains and strengthen sectoral resilience, MDF supported the private sector through a suite of interventions concentrating on pandemic awareness and response advocacy. The main objectives were to improve smallholder understanding of the disease and enable safe business transactions to keep supply chains operating. MDF's partners also provided their agents, extension workers and farming communities with hand sanitiser, thermometers, personal protective equipment and informational material.



Generating market intelligence and engaging stakeholders.

MDF gathered market intelligence and analysed information from agribusinesses, logistics providers, transporters, financial service providers and government agencies. The focus of inquiry was on how COVID-19 had affected agribusinesses and what kind of private and public responses could help mitigate disruptions. MDF shared the market intelligence reports with partners, DFAT and other development agencies. MDF also used the information to inform the FAO Food Security Cluster, which coordinated the COVID-19 response of development agencies operating in the agricultural sector. MDF also engaged the Business Council of PNG (BCPNG) to use its platform to convey information about the impact of the lockdown on agriculture. MDF participated in BCPNG's agribusiness working group, leveraging its own network to strengthen the organisation. MDF plans to conduct further market surveys with BCPNG, targeting agribusinesses in select value chains to understand the impact of COVID-19 on agribusinesses.



Raising awareness about COVID-19.

MDF utilised agricultural supply chains as a vehicle for disseminating public health messages – a strategy that proved effective. In 2020, MDF completed two interventions with NKW Fresh and Outspan Ltd, supporting supply chain resilience by sharing pandemic-related information with smallholders across five provinces. The partners' extension teams were trained on COVID-19 risks and prevention and how smallholders can safely conduct business during the pandemic. This information was then embedded in their regular extension messaging, using a variety of agents and influencers. In the Eastern Highlands province, MDF supported the Outspan extension team to train church pastors. These community leaders then shared the information with coffee smallholders. MDF supported NKW Fresh's extension team to conduct a COVID-19 information campaign for lead farmers in Morobe. MDF has also partnered Kamapim to train its extension staff on proper pandemic management protocols. Kamapim's extension team will conduct a COVID-19 awareness campaign in Madang and Morobe in 2021. In Morobe, East Sepik and East New Britain, fermentary operators were trained in COVID-19 awareness in order to reach cocoa and vanilla producers.

In total, MDF's COVID-19 awareness interventions reached 5,210 lead farmers, fermentary operators, church pastors and other influencers. As each influencer communicates with at least 10 other community members, the PNG country team estimates that MDF-supported COVID-19 awareness has reached at least 52,100 smallholders across five provinces. The awareness effort clearly dispelled some of the misconceptions smallholders had about the virus, and it encouraged them to harvest and sell commodities, while taking the necessary precautions. Farmers reported that the training had tackled prevailing fears and cleared up misinformation. The training also highlighted the importance of good hygiene practices, such as handwashing, covering the face while coughing and using facemasks made from material at home. Moreover, by supporting firms and their extension agents to embed health-related information within their regular extension activities, raising awareness can continue and expand without recourse.



Results

The MDF PNG country portfolio grew significantly in 2020. Since the 2019 reset of the country portfolio, interventions in new market systems have benefitted 6,715 smallholders (1,212 female and 5,503 male). To put this into perspective, this represents a nine-fold increase compared to 2019, when MDF's effective outreach was only 790 households due to portfolio underperformance.

These 6,715 beneficiaries have earned cumulative net additional income of USD855,232 (AUD1.1 million), and interventions in the coffee sector were responsible

for most of this growth. The private sector generated USD3,052,720 (AUD3,986,028) in new value added transactions, and 17,326 smallholder farmers accessed valuable new goods or services. MDF's leading indicators (e.g. access outreach), by which the program estimates future results, suggest that impact will continue to grow materially. As more interventions roll out in coffee, cocoa and vanilla, effective outreach is expected to rise to 10,466 smallholders in 2021 and 20,329 smallholders in 2022, exceeding the end-of-program effective outreach estimate of 12,270.



Portfolio direction

During 2020, MDF's portfolio proved resilient and growth oriented. Partners remained solvent and most implemented planned activities, albeit with some delays. Portfolio rebuilding, focussing on high grade commodity and value-added sectors in partnership with leading agribusinesses, gained momentum. In 2021, MDF will support its partners and continue to bolster the high grade and value-added commodity market. Interventions will concentrate on alleviating the effects of the COVID-19 downturn and building resilience to shocks. COVID-19 awareness will be embedded into partner extension activities. Interventions to scale up extension, certification, finance, processing technology, traceability and biosecurity are being developed. MDF will expand its portfolio in livestock, particularly in SME piggeries and the mitigation of African Swine Fever.

Engaging with the private sector in PNG is a long-term endeavour. A history of unmet expectations, disappointment and mistrust characterises the way in which most businesses view the government and development partners. This challenge is compounded by the commonly held expectation that development partners will provide free money and high levels of ongoing subsidisation. It has taken MDF several years to build the level of trust required for genuine partnerships, which are now starting to deliver results. The country team is optimistic that 2021 will enjoy a similar trajectory to 2020.

Country Strategy and Sector Selection



The agriculture sector, which accounts for 22.1 per cent of GDP and 17 per cent of exports, remains MDF's main focus. Agriculture offers opportunities for economic diversification, resilience and pro-poor impact. Since the onset of the global pandemic, household food security has become a more pressing challenge. As resource sector exports decrease, a stable agriculture sector can offer the much-needed influx of foreign exchange, directly into the hands of poor households.

PNG's 2011 census records that 74 per cent of households grow their own food and 58 per cent of the formally employed population is also involved in farming to supplement their food supply. Cash crops are vital to the viability of PNG's agriculture sector. Income and savings generated from cash crops build smallholder resilience and provide resources for farm investment. In PNG, coffee, cocoa, copra and palm oil are the main smallholder cash crops. More than 2.4 million people

depend on coffee for their earnings; cocoa and copra meet the cash needs of 1.9 million people; and palm oil supports 220,000 people. Fresh produce is increasingly becoming an important source of cash for farmers.

Agricultural commodity exports have the potential to grow, provided the country moves from primary production to value addition. Agribusinesses currently export small quantities of value-added products, such as copra oil, tea, rubber and vanilla. Historically, commercial agriculture in PNG was plantation-based, which established the country as a major exporter of coffee and fine grade cocoa. With the demise of plantations over the past 30 years, agriculture has become smallholder centric. This has led to a steady decline in productivity as economies of scale were lost, investment dropped and quality control was neglected, undermining export performance.

Smallholder agriculture suffers from several constraints. Many farmers in PNG have a subsistence mindset that discourages long-term investment. This is compounded by the absence of key market functions, such as inputs, information and extension, equipment, finance, logistics, and storage. Poor public services, a tenuous land tenure system, failing infrastructure, precarious law and order, poor regulation, and ill-conceived subsidies add to the challenge.

Because of its strategic significance, MDF has been working with the private sector to develop the high quality and value-added commodity market. MDF focuses on promising agricultural markets with value addition and growth potential, where smallholder production can be competitive. Coffee and cocoa are the most established export commodities but the PNG team is also exploring opportunities in honey and vanilla. In 2020, MDF worked to link specialty producers with buyers in the Australian market. There will be more focus on this sector in 2021 as the MDF Australian Business Engagement Unit gains momentum. Interventions will include the active promotion of PNG speciality coffee and high quality cocoa through existing networks.

MDF has also identified growth potential in the livestock sector, especially in pigs. Although domestic demand is strong and increasing, the sector is inefficient and adds limited value. All sectors face similar impediments to quality, value addition and growth for different reasons. Some of the common obstacles are limited access to premium markets, information, inputs, finance, processing technology, as well as certification and traceability.

In 2020, demand for many of PNG's agricultural commodities remained strong but supply was disrupted by COVID-19, keeping commodity prices relatively high. Exporters continued to trade but they often had to renegotiate orders because they could not meet demand. According to the Bank of PNG, in the first quarter of 2020, coffee exports fell to a seven-year low and cocoa exports were at their lowest in three decades. Palm oil, copra and tea also experienced significant declines.

COVID-19 has highlighted the gap between the needs of the private sector and public sector response. Effective public-private dialogue and collaboration are essential if agriculture sector is to reach its full potential. MDF's partnership with the Business Council of PNG will strengthen the group's capacity to gather agribusiness market intelligence. The intervention will support the council to understand the effects of COVID-19 in agriculture and articulate this to policymakers, paving the way for more effective policy formulation. MDF will publish an industry newsletter on coffee and cocoa to help stakeholders better understand the effects of

COVID-19 on the commodity trade. MDF will continue to contribute to the national dialogue, especially in relation to agribusiness, through active participation in the Food Security Cluster, coordinated by the Food and Agriculture Organization (FAO).

Farm yields are also vulnerable to climate change and pest attacks. In 2020, changing temperatures and rainfall patterns disrupted cocoa and coffee flowering. Agricultural experts find that the changing climate is triggering epidemics. The cocoa pod borer epidemic, which started from East New Britain in 2006 and spread throughout the country, decimated cocoa production. The coffee pod borer now threatens coffee production in the same way, as does Fall Army Worm (FAW) in PNG's fledgling cereal sector. African Swine Fever (ASF) is devastating the pig sector.

DFAT has made substantial investments to support the government to contain the spread of ASF. The National Agriculture and Quarantine Inspection Authority (NAQIA), with support from development partners, executed a campaign across the Highlands to raise awareness and contain the spread. Despite these efforts, the disease is expanding to other parts of the highlands. FAW infestation has circulated in the western provinces and seriously threatens Madang and Morobe, areas characterised by significant maize and sugar cane cultivation. It also poses a risk to important staple foods, such as sweet potato. Stringent biosecurity measures are required to contain the spread of FAW, including pheromone traps, natural predators and suitable pesticides. MDF will continue to seek entry points, in collaboration with government and development partners, to support private sector readiness to respond to these ongoing threats.

The pandemic threatens the growth, openness and stability of the Indo-Pacific region. It has also created challenges for PNG's economic and political security. In this context, MDF's country strategy aligns with the government's economic priorities, DFAT's Partnerships for Recovery: Australia's COVID-19 Development Response, as well as to Pacific Step-up policies. Interventions will support agribusinesses as they cope with the pandemic-triggered economic crisis as well as improve the capacity of local businesses. This work aims to aid PNG's economic recovery and improve resilience against shocks.



Building sustainable, climate-resilient supply chains

PNG's agriculture sector is feeling the impact of climate change and environmental degradation. Local experts report that changing climate patterns are affecting crop yields. In 2020, the cocoa harvest fell victim to increasing temperatures, which impacted flowering. Sporadic rainfall in the highlands damaged coffee flowering as well, resulting in lower yields.

Modelling by the Commonwealth and Industrial Research Organisation (CSIRO) predicts that temperature changes may push coffee cultivation to higher altitudes over the next decade and cause increased rainfall and pest attacks. Habitat loss, deforestation and mining are also eroding PNG's environment. The Fly River, for example, has been heavily polluted by mine tailings. Left unmitigated, these environmental changes threaten the livelihoods of millions of smallholder farmers.

As climate change threatens PNG's agriculture, it is important that farmers adopt practices that protect non-renewable resources, such as soil and water. Voluntary sustainability standards (VSS) create incentives for smallholders to adopt sound environmental practices in return for higher crop prices. VSS schemes include Fairtrade, Organic, Rainforest Alliance, 4 C and UTZ, nearly all of which incorporate some aspect of environmental sustainability. Since 2014, all major coffee certification schemes ban the clearing of forested areas for coffee farming – all farming must use existing farmland. Rainforest Alliance certification promotes rainforest habitation in coffee farming areas. In PNG, the group focuses on planting more than 10 different native tree species in or around coffee farms. Organic certification requires all value chain actors to comply with organic standards, adopting practices that do not harm plant, animal or human health and welfare. It encourages growers to work within natural systems at all levels, from soil to plants and animals.

MDF works with five leading coffee and cocoa exporters to develop sustainable supply chains across the eastern and western highlands. MDF supports these partners to train and certify smallholders in sustainable coffee production in a way that complies with VSS. Smallholders

benefit in two ways: 1) they protect their land by adopting environmentally sustainable practices and 2) they can then sell their coffee harvest at a premium price when they are certified by a VSS body. To date, 5,960 smallholders have been trained and certified, and are benefiting from premium prices for selling certified coffee. MDF's field monitoring has observed that certified coffee farmers are now aware of the importance of growing their crops under a natural canopy. They understand and practise natural means of rehabilitating soil and water, and integrated pest management. Tangible market incentives increase the likelihood that these practices will continue and contribute to greater climate resilience for PNG's agriculture sector.

MDF is also assessing the potential for promoting carbon capture. MDF partner SMS is involved in a study to investigate the amount of carbon absorbed by coffee trees in relation to tree age.



Systemic Change Story

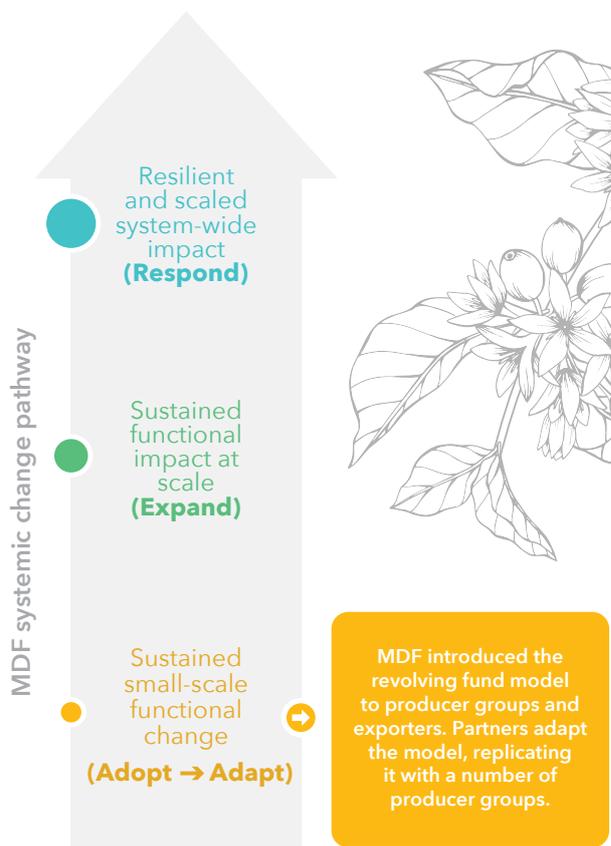
Supporting the shift from commodity to high grade coffee

To shift PNG’s coffee market from commodity grade to high grade and sustainable coffee, the sector’s extension, finance, transportation, and certification market functions needed to improve. To bring about these changes, since 2018, MDF has been supporting coffee exporters to develop and scale up their extension networks. These extension officers trained smallholders on market requirements and explained why certification, better cultivation and improved processing were key to gain access to premium markets and earn more profit.

MDF observed that training only smallholders and linking them to high grade markets had limited results. Aggregators perform a vital function in the supply chain, sourcing coffee on behalf of exporters. However, aggregators often run short of cash during the buying season, which limits the volumes of coffee they can buy from farmers. This forces smallholders to sell their certified coffee to roadside buyers for lower prices or wait weeks for payment from aggregators and ultimately affected exporters’ sourcing of high grade, sustainable coffee. By supporting exporters to establish revolving funds, MDF mitigated the liquidity problem, enabling aggregators to increase their buying volume and farmers to sell more premium coffee. As a result of this intervention, NCTS exported 125 MT of additional certified coffee in 2020.

MDF’s partners are accelerating their shift into high grade, sustainable coffee. NCTS and MMCEL have expanded their extension services and liquidity support, resulting in an increase in export volumes. MMCEL intends to invest more in its revolving fund and certify additional farmers. NCTS is encouraging its three affiliated cooperatives to certify farmers and, if they do so, they will buy their coffee. As exports of certified coffee have increased, traders are paying higher prices to their

farmers, sourcing additional volumes of coffee from smallholders. This demonstrates that once extension, finance and certifications are in place, exporters are able to carve out a bigger share of the high grade coffee trade, increasing their suppliers’ incomes.





Sector

Agriculture





Sector on a page

Agriculture



6,715

Effective outreach



USD

\$855,232

Additional income



91

Jobs created



7

Interventions



5,210

COVID-19 campaign reach



VISION OF CHANGE

- Smallholders export more high-grade coffee thanks to stronger, more resilient supply chains.
- Processors improve their ability to add value, which leads to more exports of better quality cocoa, vanilla and honey.
- Aggregators provide market information, inputs and market access to small holders, which leads to higher returns for aggregators and small holders.



CONSTRAINTS

- Access to inputs remains limited.
- Information and production channels are inadequate.
- Formal markets are inaccessible.
- Financial services are underdeveloped.
- COVID-19 disrupted movement and market access.



Value-Added Cocoa

- Paradise Food Limited (PFL)



Certified High-Grade Coffee

- Morobe Mountain Coffee Export (MMCEL)
- PNG Coffee Exports (PNGCE)
- Niugini Coffee Tea & Spices (NCTS)



Livestock

- Kale Piggery Limited
- Jiwaka Province and Western Highlands Province



COVID-19 Awareness Campaign

- Outspan
- NKW Fresh

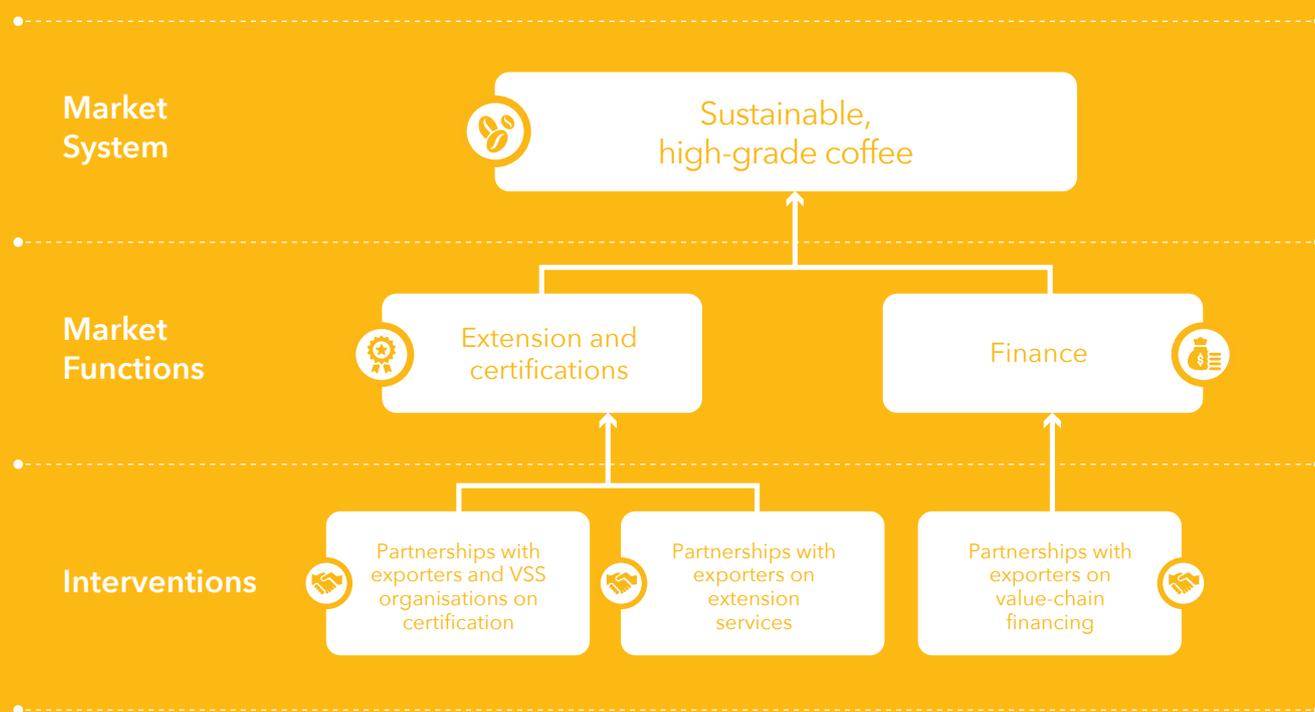


Locally Produced Honey

- New Guinea Fruits (NGF)

Market System 1

Sustainable and High Grade Coffee



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance
Developing	<ol style="list-style-type: none"> Growing extension and sustainability teams, develop training content and train and certify smallholder farmers (Morobe Mountain Coffee Export Ltd., PNG Coffee Export, Niugini Highlands Coffee and SMS) Improving partner capacity to source higher volume of sustainable and high quality coffee (Niugini Coffee Tea & Spice and Morobe Mountain Coffee Export Ltd.) 	In 2020, the coffee sector faced delays in export payments as well as an overall decrease in coffee production due to poor flowering and changing rainfall patterns. This intensified competition between exporters as they tried to fulfil orders, driving up prices and placing greater pressure on liquidity. MDF supported exporters and voluntary sustainable standard organisations to develop the market for sustainable, high-grade coffee in PNG through certification and the establishment of revolving funds to provide aggregators with the access to finance essential during buying season. The revolving fund resulted in increased, consistent sourcing of high-grade coffee from smallholders. All interventions in this market systems showed promising results and projections are expected to increase in 2021, surpassing results estimates.

EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
15,453	5,990	USD 2,369,400 AUD 3,094,000	USD 342,500 AUD 447,000	USD 24,201,000 AUD 31,600,000	USD 1,436,000 AUD 1,875,000	USD 328,000 AUD 428,000	<div style="display: flex; align-items: center; gap: 5px;"> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: #ccc;"></div> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: #ccc;"></div> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: #008000;"></div> </div>

Market on a Page Sustainable and High Grade Coffee



Coffee is an important household crop in PNG and supports over 3.3 million people with an export value of USD143.9 million.



MDF, in partnership with four coffee exporters, is working to improve high-grade coffee aggregation and is linking smallholder high-grade coffee farmers with premium markets.



Although there are 22 coffee exporters in the country, seven firms dominate 78 per cent of the trade – four are global commodity conglomerate partners and three are owned by Papua New Guineans.



Over the last five years, the certified coffee trade increased 22 per cent, by 3,482 tonnes.

Market System 1

Sustainable and High Grade Coffee

MDF is working to increase the export of sustainably produced high grade coffee from PNG. The long-term market conditions for high grade coffee are favourable and coffee exporters are interested in expanding these supply chains. Existing interventions support exporters to establish sustainability teams, extension services and revolving funds. MDF is also working to make certification more efficient and affordable.

The coffee sector bore the brunt of the lockdown because the timing coincided with the coffee harvest. The lockdown slowed the supply of coffee going into factories for processing and from factories to ports for export. According to Bank of PNG, during the first quarter of 2020, coffee exports fell by 2,200 tonnes, which is a 26 per cent drop compared to the same period in 2019. The industry estimates that during 2020, coffee exports may have plunged to less than 600,000 bags. It was the sector's worst performance in almost a decade, except in 2018 when an earthquake disturbed supply chains in the highlands. The Coffee Industry Corporation Ltd. reports that the logistical shock was compounded by a drop in farm yields, caused by changing climatic conditions that affected coffee flowering. MDF data indicates that a shortage of liquidity in the supply chain also restricted sourcing – an issue compounded by the tax authorities, who did not deliver an earlier promised rebate to small coffee aggregators, undermining the aggregators' ability to buy and transport coffee beans out of remote areas.

The long running decline of PNG's plantation sector and shift to smallholder-based coffee production inevitably led to a drop in coffee quality and volume. An industry based on low-yield, commodity grade coffee is increasingly unviable for a small-scale producer like PNG, when faced with competitively produced and priced coffee from Brazil and Vietnam that floods the international market.

To improve their competitive positioning and secure better margins, PNG's exporters are turning to high grade and specialty coffee markets. The market for high grade coffee has been consistently growing in Australia, Europe and the United States, where consumers are demanding sustainably produced, better quality coffee. As a result, international coffee traders are expanding their global supply chains for this product. PNG's exporters see this as an opportunity to reverse their declining fortunes. They have few options to change the fundamental structure of the coffee sector – land tenure challenges mean that the smallholder model is here to

stay. Graduating into premium market segments is the only way for exporters, and the sector, to remain viable. The supply constraints faced in 2020 have intensified competition between exporters, pushed up prices, and highlighted the potential of high grade coffee in PNG but also the need to upgrade the sector's performance. This strategy is not without risks. To succeed in the high grade and specialty segments, exporters need to invest heavily and learn how to deal with PNG's notoriously unpredictable smallholder supply chains.



Sustainable, high grade and specialty coffee

'Sustainable coffee' refers to coffee grown in a way that conserves nature and provides better livelihoods to smallholders. Coffee is certified as sustainable by international bodies such as Fairtrade, Organic, UTZ, Rainforest Alliance and 4C.

'High grade' coffee is a categorisation above 'Y grade.' It includes Premium Smallholder Coffee (PSC), Plantation Grade (A and AX) and specialty coffee (which also includes single origin and micro-lots).

Against this backdrop, MDF commenced interventions in high grade certified coffee, focusing on partnering with exporters to help increase their supply of certified coffee. MDF works with the exporters to help them identify champions in their supply chains and develop clusters of specialty coffee producers. There are also opportunities to address the role of women in the coffee market system, as they are involved at nearly every stage of the production and marketing chain. MDF's interventions focus on smallholder households as a unit, supporting partners to provide training to women and men. Training covers household budget management, the role of gender in coffee production and household asset management.

Market function 1

Extension and certification

In 2018, MDF signed its first partnership in high grade coffee with Sustainable Management Services (SMS). Through this partnership, SMS expanded its sustainability team and extension services and audited an additional 1,064 farming households. In 2020, SMS partner company Monpi Coffee Export Ltd. bought certified coffee from 1,064 smallholders, who earned additional income of USD134,698 (AUD175,879) from these sales. SMS has continued to provide its smallholder network with extension support, retraining farmers where necessary and auditing them annually using external auditors.

Based on these early results and evolving market dynamics, in 2020 MDF signed new partnerships with New Guinea Highland Coffee Exports (NGHCE), PNG Coffee Exports (PNGCE) and Morobe Mountain Coffee Export Ltd. (MMCEL). MMCEL certified its supply chain and purchased Fairtrade Organic coffee from 1,916 farming households at a premium in 2020. PNGCE trained 2,263 farming households but was unable to conduct certification audits because external auditors could not fly into PNG. NGHCE registered 1,679 farming households but was unable to complete curriculum development as planned, again due to international flight restrictions. In 2020, a total 2,980 farming households were certified and sold high grade coffee to MDF's partners, earning USD342,505 (AUD447,219) in additional income. Partners are optimistic about 2021 and plan to source certified coffee from around 2,000 additional farmers.

Market function 2

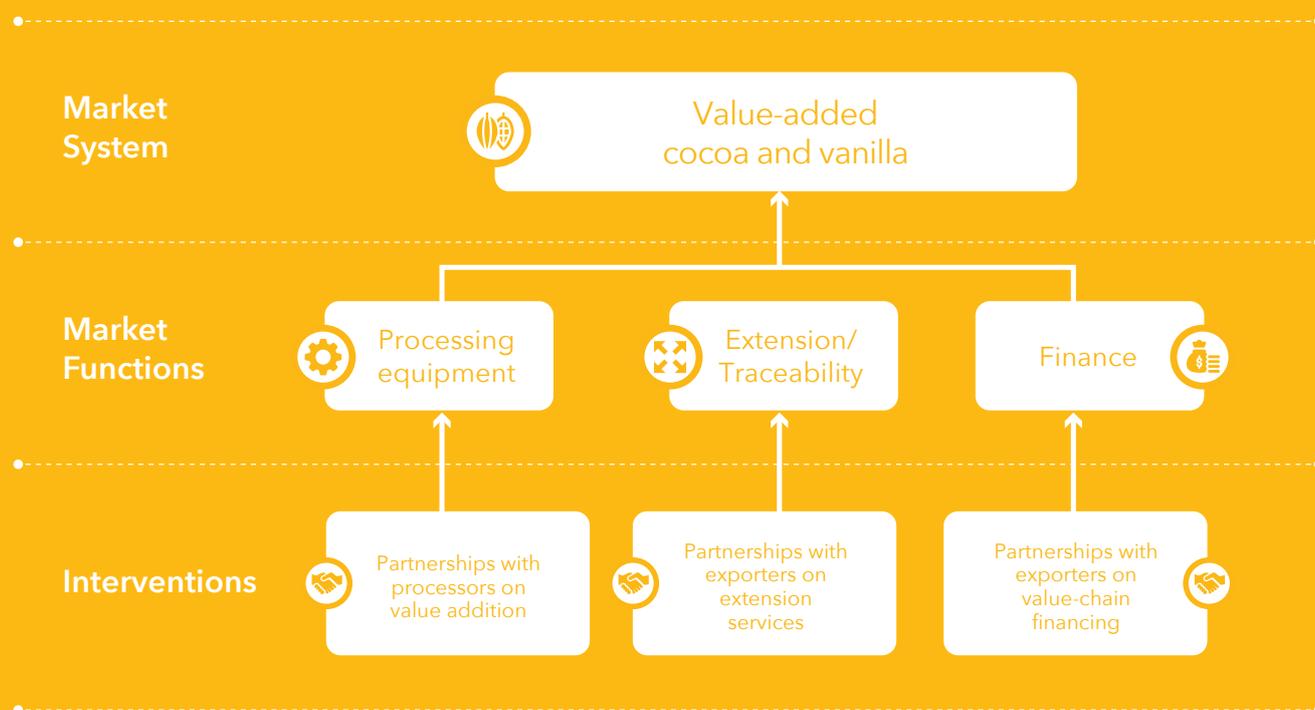
Value chain finance

There has long been a shortage of working capital in the coffee supply chain due to low levels of trust between exporters and aggregators. Aggregators, deemed high-risk borrowers, are not served by the banking sector. Government subsidies for the sector have not reached aggregators, as bridging finance to coffee value chain actors is not included in policy. Consequently, aggregators – small entrepreneurs or cooperatives – purchase only the amount of coffee that they can pre-finance themselves. The remaining coffee crop, even if it has been certified, is left to be sold in local markets at low prices. This is a lose-lose situation for farmers, aggregators and exporters. To address the liquidity problem, in 2020 MDF co-invested with Niugini Coffee Tea and Spice Company Ltd. (NCTS) to establish and expand revolving funds for coffee aggregators, working with the Unen Choit cooperative. This injects additional working capital into the supply chain to allow aggregators to purchase more certified coffee from smallholder farmers, which can in turn be sold for export.

The NCTS revolving fund enabled 3,500 smallholder farmers to sell additional volumes of certified coffee. The partner used the funds to buy nearly 125 tonnes of additional certified coffee from Fairtrade farmers. At the time of writing, MDF has been unable to verify the exact impact, partly due to weak data management by the Unen Choit cooperative and partly because the coffee season was not over. Nevertheless, MDF's intervention appears to have had two consequences. The first is that, because more cash was available, the cooperative expanded its sourcing network, bringing in new farmers that they plan to certify as Fairtrade Organic in 2021. Second, the revolving fund improved the sourcing capacity of NCTS while decreasing its risk.

Prior to the revolving fund, NCTS extended small amounts of credit to cooperatives because lending larger sums is a risk, as debt recovery can be challenging. By establishing a collective fund, the exporter's risk was reduced, and more money was made available to the cooperative, enabling it to source additional volumes of certified coffee. The revolving fund also helped build trust between the exporter and the cooperative. Encouraged by positive results, NCTS is replicating the revolving fund model with two other cooperatives, including Nagnasi, one of the biggest cooperatives in Morobe province. MDF has also replicated a variant of the model with MMCE, enabling it to purchase additional volumes of certified coffee from its supply chain of more than 1,916 smallholder farmers.

Market System 2 Value-Added Cocoa and Vanilla



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance
Emerging	Upgrading processing equipment, improving marketing and extension services, traceability and credit access (PFL, Elliven and Kamapim)	The cocoa market experienced a slowdown in the first quarter of 2020 but regained former levels of price and production afterwards, aided by favourable weather. Cocoa exporters exceeded targets. Vanilla, however, experienced a decline in price as vanilla harvesting in Madagascar commenced. Exporters are still actively buying vanilla and are optimistic about the sector's outlook. MDF supported the private sector to upgrade processing equipment and establish traceability systems, enabling the businesses to trade cocoa and vanilla at premium prices. Although the interventions are still in the early stages, they are on track and expected to achieve significant results going forward.

EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
6,405	-	USD 371,000 AUD 484,000	-	USD 323,000 AUD 422,000	-	-	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: #f08080; margin-bottom: 2px;"></div> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: #ffff00; margin-bottom: 2px;"></div> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: #008000; margin-bottom: 2px;"></div> </div>

Market on a Page Value-Added Cocoa and Vanilla



With an annual production of 30,000 - 45,000 tonnes, PNG is the largest cocoa producer in the Pacific.



MDF is working to support farmers in remote communities to improve the quality and traceability of vanilla beans.



Cocoa production has declined since the cocoa pod borer infestation of 2016.



Although 50,000 more farmers grow vanilla compared to a few years ago, PNG only produces 10 per cent of the global supply.



MDF is working with partners to produce quality, value-added cocoa products and improve cocoa bean supply chain tracking. This will result in more smallholder bean sales and improved product transparency.

Market System 2

Value-Added Cocoa and Vanilla

PNG is one of 23 countries that produce cocoa characterised by a fine flavour. Yet despite its sought-after taste profile, domestically produced cocoa is largely exported to bulk commodity markets in Asia at low-to-average quality and prices. Three factors impinge on the quality of PNG's cocoa production. First, food processors lack the equipment and expertise to add value to their produce beyond basic drying. Second, fermentary operators lack the financial incentives to maintain their fermentaries, resulting in inconsistent fermented bean quality. Third, PNG's fermentary regulations are unevenly monitored. This allows fermentary operators (in most cases, smallholders) to mix cocoa from registered and unregistered fermentary units, affecting quality and traceability. To address these problems, MDF is working with cocoa exporters and a food processor to develop the capacity to produce high quality, traceable cocoa. MDF is focusing on supporting market actors to improve processing equipment, extension services, financial access and traceability.

During the first quarter of 2020, cocoa exports fell by 3,300 tonnes, the lowest quarterly production since 1990. As the year progressed, more cocoa started to flow in, offsetting the initial loss in production. PNG's leading cocoa exporters, Outspan and Elliven, reported 15 to 20 per cent more cocoa exports in 2020 than in 2019.

Vanilla is a more opportunistic crop for farmers than cocoa, but they grow well together in agroforestry systems. PNG's vanilla market is rudimentary and unregulated. There is no grading system, no traceability and no extension support for smallholder farmers. MDF is working with exporters to provide extension services to smallholders so they have information and incentives to adopt cultivation and harvesting best practices, which in turn supports the production and export of high grade vanilla from PNG. MDF is also working with exporters to develop traceability in supply chains.

Global vanilla prices plunged from the highs of 2018 by more than 50 per cent. The price drop was minimised to some extent by Madagascar, the world's biggest producer of vanilla, which set a minimum export price of USD350 (AUD457) per kilogram to avert a crash. The drop in prices did not affect PNG's vanilla production or exports. In 2019, 200 tonnes were exported and it is estimated that a similar volume was exported in 2020.

Market function 1

Processing equipment and marketing

In early 2020, MDF entered a partnership with Paradise Foods Ltd. (PFL) to support the group as it upgraded its equipment to process cocoa powder. The intervention was delayed because the foreign consultant recruited to assemble the processing equipment could not fly into PNG. PFL was able to adapt to the situation and successfully installed the equipment using its in-house technicians. The installation is nearly complete and the plant will begin producing cocoa powder in 2021. Once processing starts, PFL will ramp up buying from its supply chain of 3,200 cocoa farmers.

Market function 2

Traceability and extension

Traceability is increasingly necessary to compete in international commodity markets, including the high grade cocoa market. Environmental and health concerns are driving buyers to be more conscious about what they buy and from where, making traceability a priority. Traceability is a process that allows the end-buyer to follow the journey of a commodity from its origin to its final market. It helps buyers ensure the commodity meets ethical, environmental, social and quality requirements.

PNG has an established system of traceability. Every bag of cocoa has a fermentary registration number, which allows buyers to trace the cocoa to the smallholder cluster and fermentary that produced it. Regulations dictate that a fermentary operator must ensure the fermentary is maintained and that there is no mixing of cocoa from various locations. But this system has broken down. The licensing authority issued more fermentary licences than authorities can monitor. Inspectors have stopped visiting many fermentaries. Fermentary operators are left to maintain their facility as they deem fit, mixing beans from different locations but selling it under their registration. This has undermined foreign buyer confidence in PNG cocoa.



In 2020, MDF formed a partnership with cocoa trader Elliven to develop traceable supply chains for cocoa and vanilla. With MDF support, Elliven will develop a farmer database and train its team on traceability. Once a traceable system is established, Elliven will buy traceable cocoa and vanilla at premium prices from smallholder farmers. Intervention roll-out was delayed in 2020 because key personnel could not travel to PNG but the partner plans to commence activities once international travel restrictions ease.

In 2020, MDF also started a partnership with Kamapim, an emerging vanilla exporter, to support extension services to help farmers improve vanilla quality. The partner has already trained its extension team on pandemic response and registered more than 300 smallholders. In 2021, this first batch of farmers will receive extension support, including training on COVID-19 prevention.

Market System 3

Locally Processed Honey

Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance
Emerging	Supporting processors to improve inputs, extension, processing equipment, marketing and food safety standards (NGF Company)	MDF supports leading honey processor Niugini Fruits Company (NGF) to offer inputs and extension services to smallholder beekeepers. This partnership includes upgrading processing equipment, adopting food safety standards, developing new products, such as beeswax, and improving branding and marketing. With MDF support, the company is also working towards adopting international food safety standards. Progress in the market system was slow in 2020, and once market conditions improve, MDF may look for new opportunities to support processors and improve market functions, such as marketing and certification procedures.

EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
515	515	USD 475,000 AUD 620,000	USD 305,000 AUD 398,000	USD 1,660,000 AUD 2,167,000	USD 1,372,000 AUD 1,791,000	USD 199,000 AUD 260,000	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 10px; height: 10px; border: 1px solid red; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; border: 1px solid yellow; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; border: 1px solid green; border-radius: 50%;"></div> </div>



Market on a Page Locally Processed Honey



MDF is working with processors to improve local honey quality and product marketing, as well as collaborating with input suppliers to connect smallholders with effective, affordable beekeeping inputs.



There are over 700 beekeepers and 4,000 hives in Papua New Guinea.



MDF has shared information with women to increase female beekeeping participation.



Local hives produce about 75 tonnes of honey per year.



New Guinea Fruits is the largest domestic honey processor, servicing 90 per cent of local producers.



Most smallholder beekeepers and honey producers operate from the highlands region.

Market System 3

Locally Produced Honey

The PNG honey sector is small. MDF estimates that honey processors and importers sell around 120 tonnes of honey in the domestic market. There is no available data to estimate how much honey is informally produced and consumed at the village level. The sector consists of Niugini Fruits Company (NFC), a large honey processor, and several small processors including Mountain Honey, Maoro Honey, Vitis Industries and PNG Beekeepers, which source, process and sell small quantities.

Similar to coffee, cocoa and vanilla, PNG honey has a unique value proposition, stemming from the way bees are kept in the country. Smallholders situate their hives in their gardens, which in most cases are adjacent to coffee farms or forests. The honey produced therefore comes from coffee blossoms or wildflowers, giving PNG honey a rich texture, taste and colour. This potential is constrained because the branding for premium markets is underdeveloped and production costs are high, due to reliance on imported inputs. The lack of effective branding means that PNG honey cannot command premium prices and is undifferentiated on retail shelves. Combined with high production costs, this makes PNG honey uncompetitive with imported brands. Exports have failed to develop because most processors do not follow quality assurance standards. This makes it difficult to break into markets such as Australia, where quality requirements for foodstuffs are stringent. PNG honey has become an expensive commodity with generic attributes, prohibiting the sector's growth.

To address this, MDF has worked with a honey processor to build its supply chain, upgrade its honey processing equipment and implement health and hygiene standards. The processor has increased its sourcing but has yet to develop a durable market position because the branding remains ambiguous.

2020 was a difficult year for the honey sector. Most honey is processed by SMEs, which suffered from logistical disruptions and stagnant demand because of COVID-19, causing cashflow problems. This left honey processors reticent about approaching future expansion opportunities. Some managed to maintain sales, such as NGF and Mountain Honey, despite cashflow and logistical problems. Others shelved their plans and concentrated resources on other business lines, as in the case of Lae Biscuit, a large snack manufacturer with a small honey processing business.





Partnership update

The first phase of MDF's partnership with NGF set up extension services to focus on training farmers on bee keeping and building honey supply. However, NGF realised that it could not sell all the honey it purchased. To address the glut in the market, in 2019, MDF worked with NGF to upgrade its processing capacity, improve quality standards, obtain Hazard Analysis and Critical Control Point (HACCP) certification and formulate a brand-based marketing strategy.

Implementation commenced in 2019 but was delayed in 2020 because of logistical challenges, lockdown restrictions and cash flow issues. Nevertheless, NGF installed and operationalised its equipment in 2020; and has plans for modest expansion in 2021.



Market System 4 Livestock

Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance
Emerging	No active interventions in 2020	Commercial piggeries experienced significant pandemic-related business losses. Government mandated mobility restrictions decreased demand for pig carcasses and other meat products from hotels and supermarkets, resulting in lower sales compared with 2019. Although demand increased towards the end of 2020, large piggeries have been forced to scale down production by reducing breeding and stock size. Unlike the commercial operations, the informal pig sector was largely unaffected by the pandemic. However, the informal pig sector has been characterised by low productivity, high costs and was severely impacted by the African Swine Fever. In 2020, MDF scoped the system and identified key entry points. The interventions are expected to yield significant results in key performance measures going forward.

EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
30	30	USD 3,400 AUD 4,440	USD 3,400 AUD 4,440	-	-	-	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: #f08080; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: #ffff00; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: #00ced1; margin-bottom: 5px;"></div> </div>



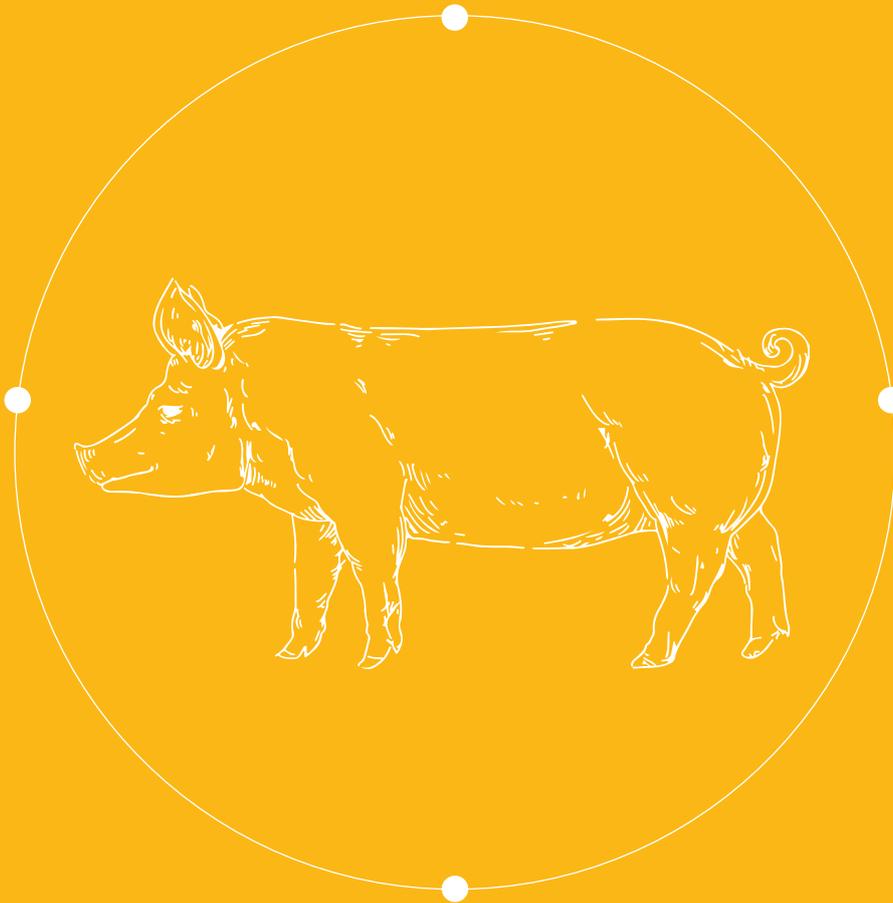
Market on a Page Livestock



PNG has an estimated domesticated pig population of 2 million animals, reared by close to 600,000 households.



Exact wild pig population numbers are unknown but have increased over the past 30 years due to a decline in hunting wild animals.



The average number of pigs per person varies by region: the ratio of humans to pigs is 1:0.3 in the lowlands, 1:0.5 in the mid-altitude areas and 1:1.2 in the highlands.



More than 60 per cent of pigs are produced by smallholder farmers in the populous highlands.

Market System 4

Livestock

The pig is the most important livestock animal in PNG, with an estimated 2 million domesticated animals, reared by 600,000 households (47 per cent of rural households). More than 60 per cent of pigs are raised by smallholders in the populous Highlands Region. Wild pigs are common in the lowlands and intermediate zones, and the population has increased over the past 30 years due to a reduction in hunting.

Demand for pork is rising and prices are high. Approximately 20 to 30 per cent of demand for pork is met through the formal market, but the bulk of demand is served by the informal market. The formal market comprises four large pig farms that have vertically integrated supply chains. They produce their own feed (feed accounts for 75 per cent of the cost of rearing pigs), using imported wheat and barley, combined with local fish meal and other ingredients. One, Boroma Piggery, sells small quantities of its feed. The informal market is dominated by smallholders that rear few animals at a time and use rudimentary and inefficient husbandry and feeding practices, which result in sub-optimal weight gain and herd growth. MDF has identified significant market potential for smallholders if they can increase their productivity through innovations in inputs and husbandry.

African Swine Fever (ASF) has heightened the urgency of innovation in the sector. ASF was discovered in March 2020 and has since spread to three provinces in the Western Highlands region. The estimated loss from this highly contagious disease is close to USD50 million, alongside the loss of an important source of dietary protein and fat. The government through NAQIA, DFAT through PHAMA Plus, and the UN through FAO have combined efforts to contain the spread of the disease. One of the focal strategies will be to manage the pig value chain and protect the non-diseased pig population from the contagion. MDF's partners' work has focussed on establishing biosecurity protocols. To complement this work, MDF is focussed on measures to help small to medium producers protect their farms from infection while increasing farm productivity through improved husbandry practices.

Market functions

Inputs and extension

MDF focuses on two key market functions in the Livestock market system: 1) inputs, including better piglet breeds, feed, medicines and other farm requirements, and 2) information and extension services. In response to ASF, MDF has also widened its ambit of partners to include SME piggeries.

MDF signed a partnership with Kale's Piggery Ltd., an SME piggery in Jiwaka Province. The intervention aims to improve on-farm biosecurity and pig productivity by improving fencing, pig pens and water supply for the piggery and its network of satellite pig farmers. MDF is supporting the partner to introduce extension services for his network of smallholders, explaining the nature of the disease and how better husbandry practices can simultaneously avoid ASF infection and raise pig productivity.

MDF PNG will draw on the experience of MDF Timor-Leste's successful ASF awareness campaign (see Timor-Leste country chapter). In 2021, MDF aims to replicate the SME piggery-satellite model with other SME piggeries in the Highlands, while continuing to develop other interventions in the pig market system, including local stock feed alternatives, veterinary medicine and extension services. These efforts will complement the activities of NAQIA and PHAMA Plus in the pig sector.





Observations and Lessons



COVID-19 highlighted the positive correlation between the presence of global trading firms in PNG and the resilience of the commodity sector.

PNG's agriculture commodity sector was able to withstand the COVID-19-triggered economic crisis because of global trading firms and their broad network of buyers. It enabled these traders to sell PNG coffee despite market disruption. These traders establish an important link between farmers and markets, so they act as important scale agents to promote industry resilience. Hence, they should be considered key partners for any sustainable reform of the commodity sector.



COVID-19 heightened large firms' awareness of the importance of maintaining their supply chains.

This increased exporters' awareness and appetite to invest backwards, creating opportunities for MDF to engage with such firms. This engagement will help shape MDF's portfolio in 2021.



Third parties in interventions can cause challenges at the assessment stage.

MDF's partnership with NCTS highlighted the challenges of measuring the impact of an intervention when implemented through a third party. MDF, NCTS and Fairtrade established a revolving fund to enable the Unen Choit cooperative to source more certified coffee. Unen Choit was closely assisted by NCTS, as it lacked the capacity to manage these funds. It was not realised that the cooperative also lacked the capacity to manage buying and selling data. Hence, when MDF attempted to assess the intervention, there were major discrepancies in Unen Choit's data, which obfuscated the exact impact of the intervention. Although MDF will determine the exact nature of the impact in the future, a key lesson was that intervention design should also include assisting third parties to build capacity in data gathering and management.



COVID-19 Case Study

Resilience in the face of a pandemic

Arnold is a lead cocoa farmer in the small village of Naparpar, inland of the Papua New Guinean province of East New Britain. As the pandemic hit PNG, Arnold was more scared of dying of COVID-19 than of his bags of fermented cocoa never making it to market.

“I had no idea about this new disease that people were talking about! When I read that it was caused by a virus and that it was already among us, I thought we were going to drop dead like chickens everywhere,” Arnold confessed.

PNG’s first locally transmitted case of COVID-19 was confirmed in April 2020 in East New Britain, causing panic and chaos among locals. To control the spread of the virus, the province was shut down for about a month. Like most households in his village, Arnold’s family relies mainly on cocoa for income. Arnold’s eldest daughter is in college and most of his savings from cocoa are put aside for her fees. During the lockdown, Arnold was not able to sell any of his fermented cocoa and had to store it instead, which reduced his income. Arnold, his wife and their three daughters had to survive by eating their garden produce.

When the pandemic reached PNG, MDF’s immediate response was to gather market intelligence from its extensive networks in the agriculture sector. MDF saw that accurate information about COVID-19 was not reaching rural people. The majority of PNG’s population live in rural areas and have limited or no access to the latest information or news; many people, including farmers, were not even aware of the lockdown or of the global COVID-19 outbreak.

To help farmers like Arnold understand more about the virus and how to protect themselves while continuing to safely farm and sell their produce, MDF PNG partnered with agribusiness Outspan Limited to launch an awareness campaign. The initiative distributed information about

COVID-19 across four provinces – Eastern Highlands, East Sepik, Morobe and East New Britain. Cocoa and coffee buyers, smallholder farmers, church leaders and communities were educated about the virus and what precautions they needed to take. MDF and Outspan focused on engaging key market influencers, such as church leaders, village heads and community leaders, to ensure the information would reach the community and be credible to them. MDF also supported Outspan to provide the campaign’s trainers with personal protective equipment and distribute hand sanitiser and soap to households as a way to promote handwashing and other good hygiene practices.

Accessing reliable information on COVID-19 has helped save lives. When the lockdown was lifted, Arnold brought his cocoa beans into town, following the precautionary measures he learned through the Outspan initiative. Arnold and his wife have also been conducting awareness sessions in their village and church to educate people on the virus and ways they can protect themselves. MDF’s awareness campaign with Outspan reached over 4,900 people. When combined with similar activities with other partners, it is estimated that 52,100 people were reached, across five provinces. MDF’s success with Outspan led to a new partnership with agribusiness Kamapim, focusing on the vanilla supply chain. MDF is working with the partner to introduce a similar business model of training Kamapim’s extension team on COVID-related information that is then shared with smallholder vanilla farmers.

By the third quarter of 2020, life in Naparpar village, like the rest of PNG, has returned to normal, albeit a new normal. Armed with better information, Arnold’s family and other households in the village continue to practice safe hygiene practices at home and in public spaces, and earnings from cocoa have begun to flow in again.



The training we received on COVID-19 was very helpful – on how the virus is transmitted and how we can protect ourselves. We were confused and scared when we first heard of this new disease, but not anymore. We understand that we can continue farming and selling in a safe way and continue our daily activities.

Arnold,
Lead cocoa farmer, Papua New Guinea.



Pro-poor Growth Story

The long road to sustainable coffee in PNG



Life in rural Papua New Guinea is not the same as it was a decade ago. Basic living standards have improved as a result of many factors, such as promising new industries. In inland PNG, coffee farming has been a major contributor to this

change. Coffee provides income and improves traditional village ways of life by helping the community access amenities, such as electricity. For smallholder farmer Catherine Abaida, who have advanced from cultivating to aggregating coffee, the sector has changed her life.

Catherine is a single mother from rural Menyamya in Morobe Province. With three children to support, she farmed vegetables and sold them at the Menyamya government station to provide for her household. However, her earnings were not enough to meet her family's needs.



I made about 40 to 50 kinas (USD11-13) a fortnight, and that was enough for basics like oil, soap and salt. But I could not save enough for my children's school fees, and most of the time I would ask my relatives to assist me. We have land in the village, so we farmed vegetables and relied on our garden, said Catherine.

When Catherine's parents passed on, she inherited a block of land with coffee trees and in 2004, she started farming coffee. Over time, her income from this endeavour grew. Seeing this, Catherine planted an additional 500 trees in 2008, extended her coffee garden, and invested more time and resources into coffee farming.

However, Catherine and most coffee farmers in her village never received any formal training on improved methods of farming or other important complementary skills, such as financial management, that would help them increase their productivity and income.

In 2020, as part of MDF's work in the coffee market system, the PNG country team partnered with Morobe Mountain Coffee Export Limited (MMCEL) to support coffee farmers to produce high quality coffee beans in remote areas of Morobe, including Watut, Wau, Bulolo and Menyamya. The intervention introduced a coffee certification program designed to help coffee farmers meet international farming standards and obtain a referenceable accreditation. Becoming a certified coffee producer connects farmers to a higher-end market in which they can charge a higher price for their coffee beans.





We had never had training like this before! Some of the things we learned were new, so we are very interested to continue working together with the extension officers to improve our skills. I feel that this is good and we will benefit more from it, Catherine said.

The MMCEL training Catherine attended helps farmers develop skills in sustainable farming practices to meet the certification requirements, while also exposing them to a new world of coffee outside the village. Catherine now has a better understanding of the coffee supply chain from farmer to consumer and the important role she plays in ensuring quality coffee is produced to meet consumer demand. Catherine is now a certified farmer in Menyamyra and earns a premium price for her coffee. With MDF support, MMCEL's extension team worked with the villages in Morobe, and through farmer training and monitoring, a total of 1,917 farmers, including 479 women, were certified as of end-2020.

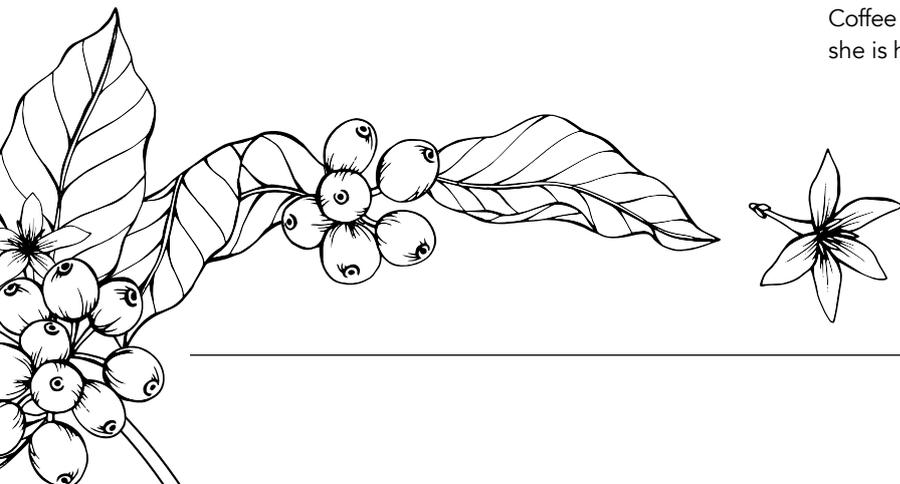
With more money in her pocket now, Catherine's way of living has become more comfortable, along with the lifestyles of other coffee farming households in her village.



I did not have electricity in my house before. With the money I earned from the coffee sales, I was able to purchase a generator and a freezer. I now have light in my house and I sell cold drinks and ice blocks. I also have a small 'piksa haus' (village cinema) that people come to pay and watch movies, Catherine said, beaming.

Catherine has also started supplying coffee to exporters in the city of Lae. Working as an aggregator of sorts, she purchases certified coffee bean from smallholders in her village and supplies it to exporters, with a small mark-up. This new business venture has enabled her to start a new market in her home where she sells other store goods to people in her village.

Coffee has improved Catherine's lifestyle in the village and she is hopeful and optimistic for what the future holds.



Acknowledgements

MDF Papua New Guinea would like to thank the following organisations and individuals for their support and collaboration over the past year:

Australian Centre for International Agriculture Research (ACIAR)

Australian Consulate-General, Lae

The Australian National University

Business Council of PNG

Care International

Coffee Industry Cooperation

Eastern Highlands Community Development

Eastern Highlands Pastors Fraternity

Eastern Highlands Provincial Authority

EM TECH Limited

East New Britain Provincial Market Authority

Food and Agriculture Organisation (FAO)

National Agriculture and Quarantine Inspection Authority (NAQIA)

Pacific Trade Invest

PHAMA Plus

PNG Chamber of Commerce

PNG Department of Agriculture and Livestock

STREIT Program - FAO

Western Highlands Provincial Market Authority

MDF would also like to extend its thanks to all of its partners in Papua New Guinea, without whom the team's achievements would not have been possible.

Quick Facts

Sri Lanka

Population
21.9 million



Labour force participation



Female Labour Force
Participation rate
32.4%



Male Labour Force
Participation rate
72.5%

Main sources of
foreign exchange earnings



Worker remittances



Apparel



Tourism

GDP
(USD)
81.1 billion

GDP growth rate
1.3%

GDP contribution
by key sectors

8.4%

Agriculture

26.2%

Industries

59.7%

Services

25.9%

27.5%

46.7%

Employment by
key sectors



Key Focus Areas



Tourism

Tourist arrivals

507,704

(Jan-Dec 2020)

1,913,702

(Jan-Dec 2019)

Arrivals dropped 73.5% in 2020 compared to 2019

In the COVID-19 landscape, MDF supports the tourism industry to become more resilient, focus on policy and evidence-based decision-making, and improve industry coordination to enable the industry to 'build back better.'



Authentic Sri Lankan Goods

Specialty Coffee

- Price of single-origin, wet processed, graded Sri Lankan arabica coffee (Lak Parakum): USD7.99/kg*
- Average arabica coffee price (processed): USD1.33 - 6.39 *
- Coffee exports increased by 84% from 2017 to reach nearly USD355,000 in value by 2019
- Nearly 80% of specialty coffee produced in Sri Lanka originates from smallholder farms that are 0.5 hectares or smaller

*Estimates taken from MDF Arabica Coffee Value Chain Analysis

Blue Swimming Crab

- In the Indian Ocean region, Sri Lanka is the only country certified as a 'Good Alternative' (yellow rating) by Seafood Watch, the sustainable seafood advisory list for Blue Swimming Crabs

High Value Agriculture

- Sri Lanka is the ninth-largest global exporter of spices
- Sri Lanka's share of "true cinnamon" in the world market - 85%
- 70% of spices are grown by smallholder farmers, with only 30% in plantations

Giant Freshwater Prawn

- Sri Lanka has a competitive advantage in the GFWP market, growing the largest wild catch specimens in the world
- Average size of a male Sri Lankan Giant Freshwater Prawn:

Length 60.96cm

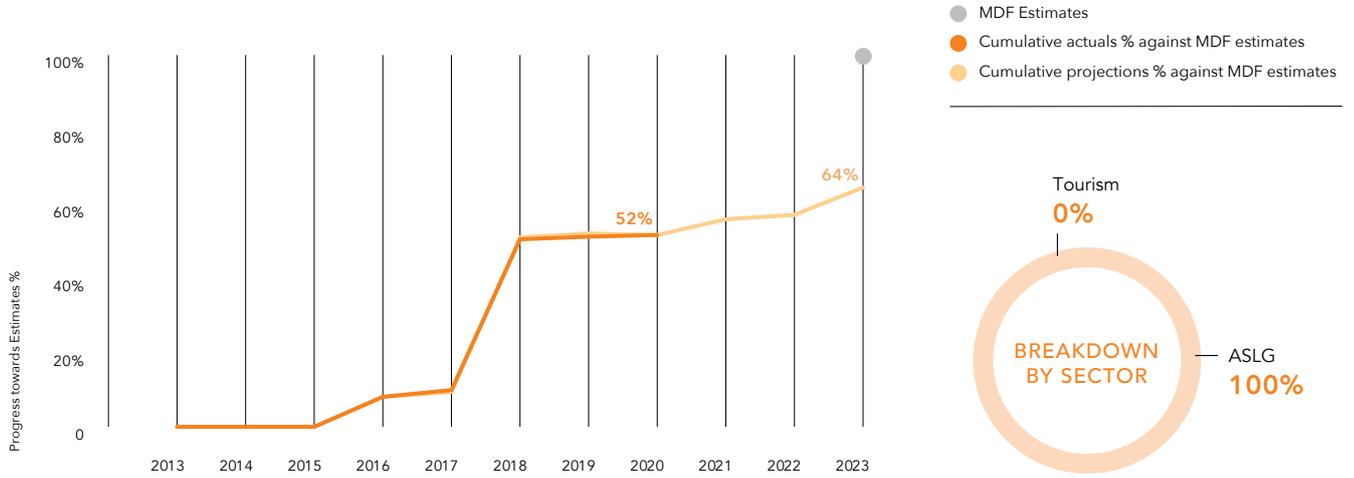


Weight 750g

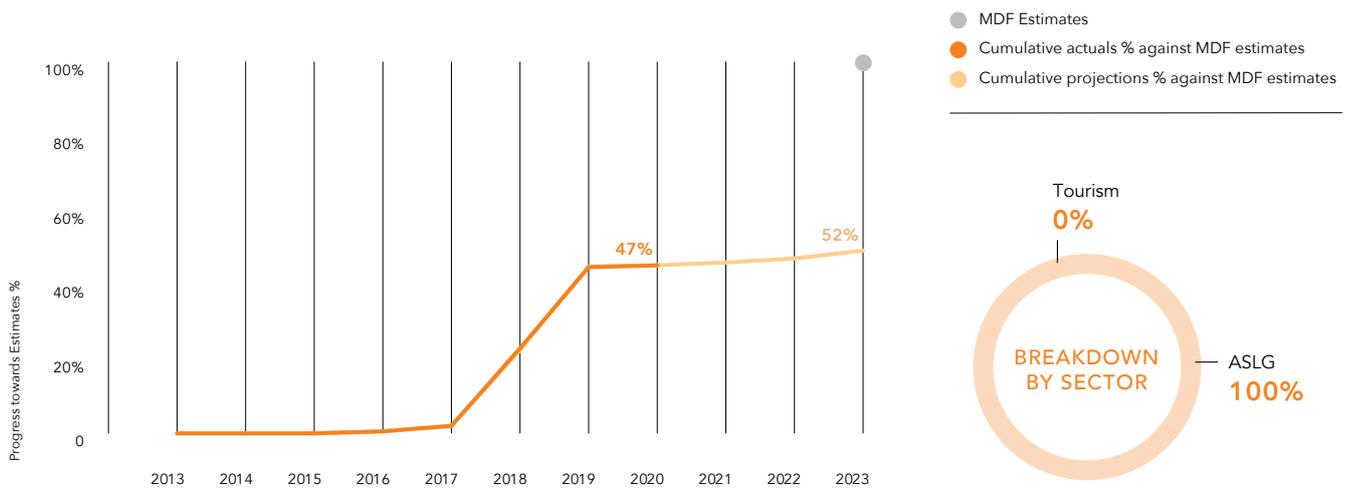
MDF supports increased productivity, improved supply chains, higher quality and better market linkages for export-oriented value chains including seafood, specialty coffee, and high value agriculture, leading to more jobs and higher incomes for farming and fishing households.

Highlights

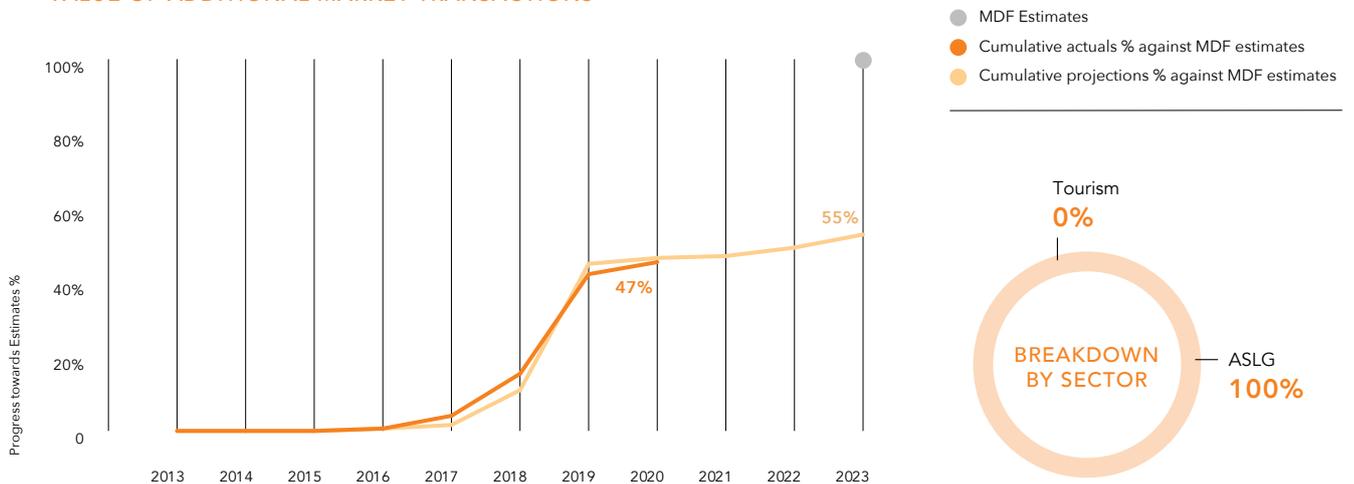
EFFECTIVE OUTREACH



NET ADDITIONAL INCOME (USD)



VALUE OF ADDITIONAL MARKET TRANSACTIONS



EFFECTIVE OUTREACH

- The current portfolio has achieved 52 per cent of estimates, and MDF Sri Lanka expects to reach 64 per cent of estimates by 2023. This will depend heavily on Sri Lanka's market conditions in 2021 and early 2022 amid COVID-19, while new interventions and partnerships gain the necessary momentum, particularly in the Authentic Sri Lankan Goods sector.
- Authentic Sri Lankan Goods accounts for 100 per cent of cumulative effective outreach to date. The Coffee and Organic Spices and Herbs market systems contributed the most in 2020. The export sector was affected by the pandemic, disrupting operations in the Authentic Sri Lankan Goods sector. However, as markets have resumed function, MDF expects a higher contribution from the Coffee, High Value Agriculture and Giant Fresh Water Prawn market systems going forward.
- The tourism sector did not contribute toward outreach as COVID-19 restrictions halted work in the sector. While it is unlikely that the situation improves significantly in the next few years, MDF Sri Lanka will continue to seek new avenues of growth through innovative interventions in High Value Tourism.

NET ADDITIONAL INCOME (USD)

- The current portfolio has achieved 47 per cent of estimates and is projected to achieve 52 per cent of estimates by 2023. New interventions in agritech and agrimechanisation, due to be rolled out in 2021, have the potential to generate significant impact and narrow the gap between projections and estimates.
- The MDF Sri Lanka portfolio includes a few interventions that will only see results (actualised) beyond 2022. Existing and planned interventions in climate change mitigation, in particular, will yield results and trigger systemic change in the longer term.
- Authentic Sri Lankan Goods continues to contribute 100 per cent of additional income. The High Value Agriculture market system contributed significantly to income in 2020.
- COVID-19 restrictions affected the export market and impacted the operational capabilities of most MDF partners, resulting in reduced or no income generated in most interventions. With exports resuming, MDF expects the Coffee, High Value Agriculture and Giant Fresh Water Prawn market systems to contribute the most toward future projections.
- MDF Sri Lanka's interventions in the tourism sector have pivoted to focus on collaboration with industry associations to create a conducive growth environment and improve High Value Tourism. Through this, MDF expects substantial qualitative changes as the program continues to support decision making, coordination, and data and promotion.

VALUE OF ADDITIONAL MARKET TRANSACTIONS

- The current portfolio has achieved 47 per cent of estimates and MDF Sri Lanka is projected to reach 55 per cent of estimates by the end of the phase. Value of Additional Market Transactions (VAMT) growth is projected from the Coffee, High Value Agriculture and Giant Fresh Water Prawn market systems.
- Cumulative actual VAMT was growing well in Sri Lanka over the past few years but was disrupted in 2020, likely due to pandemic-related market challenges. Going forward, MDF expects strong contributions to VAMT from the newly streamlined portfolio, as well as new interventions in climate change mitigation, agritech and agrimechanisation.

Overview of Portfolio and Progress in 2020



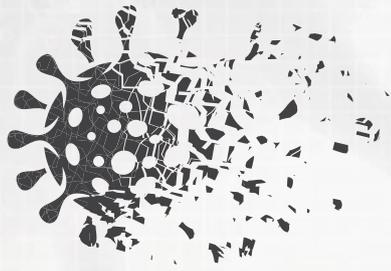
Country update

In early 2020, the coronavirus pandemic struck Sri Lanka, triggering a country-wide lockdown. These strong restrictions helped Sri Lanka avoid a major health crisis. However, the population remains vulnerable as mobility constraints weaken, especially in regard to insufficient testing and co-morbidities.

The pandemic has impacted all aspects of public and economic life. Business closures and trade disruptions led to huge economic disruption. Disadvantaged groups, including women and informal workers, were most affected. They lost their livelihoods as sectors, such as tourism, apparel and food processing shut down and laid

off staff. Women faced increased care responsibilities as schools closed for long periods, further depressing already low rates of female labour force participation.

The abrupt closure of international tourism also damaged Sri Lanka's (already precarious) fiscal position. Without the much-needed foreign exchange from tourism, and a very high existing debt burden, Sri Lanka's debt-to-GDP ratio rose to about 100 per cent in 2020, up from 86.8 per cent in 2019. At the end of 2020, Sri Lanka's credit rating was downgraded by Fitch and S&P to CCC and CCC+ respectively, an all-time low. Investment in tourism dried up and many proposed projects were suspended.



COVID-19 Pivot

In 2020, the pandemic impacted all areas of MDF's work, from operations to strategy. Nevertheless, MDF successfully pivoted the portfolio to focus on immediate response initiatives, supporting recovery and opportunities to 'build back better.'



In tourism, recognising the extent of the global demand collapse and the lengthy trajectory to recovery, MDF shifted its work towards policy, industry collaboration and advocacy for a more sustainable approach to tourism.



In agriculture, MDF worked with agribusinesses to adapt business models to maintain critical supply chains and ensure business continuity.



MDF also commenced work on digital extension and technology-enabled supply chain solutions to ensure firms can continue to communicate with their farmer networks and are able to secure harvests with minimum losses. This will also prepare firms to meet the growing traceability requirements of international buyers.



On-the-ground networks built over the life of the program enabled MDF to start collecting and disseminating real-time market intelligence on the impact of COVID-19 to the local economy.

MDF shared this insight and intelligence with DFAT, partners as well as the broader industry and relevant government departments. As part of this work, MDF introduced the spice, herb and coffee industries to storage solution providers to manage supply chain disruptions. MDF connected tourism policy makers and industry leaders to global expertise to chart the course of the post-COVID recovery. This work contributed to the development and roll-out of Sri Lanka's tourism re-opening strategy.



Results

Cumulatively, MDF Sri Lanka has achieved 52 per cent of its end-of-program outreach estimates and 47 per cent of its end-of-program income estimates. The actual impact achieved for the year was below earlier expectations and cumulative results increased only

marginally in 2020 (28,458 outreach in 2019 versus 28,713 in 2020). This is largely due to two factors. First, COVID-19 induced movement restrictions and trade disruptions impacted the roll-out of MDF's partnership activities, and for agribusinesses, trade volumes were

lower than expected. The second reason was the team's inability to conduct field research due to movement restrictions, which prevented MDF from measuring and verifying intervention impact. This means that program impact in 2020 may be higher than reported, but the team are unable to verify this.

Encouragingly, all MDF partners (except those in tourism) had resumed operations by the end of the year and MDF is optimistic that the results trajectory will be significantly improved in the coming year. In 2020, MDF Sri Lanka's projections, that is, the results the team is confident of achieving, increased significantly. Through interventions added in 2020, MDF expects to create sustainable income earning opportunities for 9,600 Sri

Lankans (4,700 men and 4,900 women) over the course of the measurement period. This is the largest addition to projected results for MDF Sri Lanka in any year thus far and is a leading indicator of the accelerating trend of results. The developments come mainly from the portfolio's expansion into climate change mitigation, increased stakeholder interest in the coffee sector, expansion of Giant Freshwater Prawn fishing and investments in digital agricultural technologies.

The planned activities for 2021 in areas, such as agricultural technology, inputs and machinery as well as climate change mitigation and adaption, show promise to deliver impact at scale. This will give the program the ability to improve results even further.



Portfolio direction

Interventions added to the portfolio in the second half of 2020 are indicative of the direction the program will take in the aftermath of COVID-19. These interventions are designed to contribute to economic recovery, leveraging the groundwork laid in MDF's first four years in Sri Lanka in tourism, fisheries and agriculture.

MDF deepened its relationship with Sri Lanka Tourism to share expertise on research and promotion strategies. This work will help the sector build back better by helping the industry segment, target and attract early travellers in the short term and higher yielding travellers in the medium term. This will be the bedrock upon which Sri Lankan tourism transitions to a more evidence-based and value-driven industry. MDF continues to engage with the private and public sectors to support this transition.

In fisheries, MDF has been working on scaling up successful innovations from early MDF partnerships. This work focusses on providing opportunities for additional households to access lucrative export markets. This will contribute to greater income at household level and increase the flow of much needed foreign exchange. In parallel, MDF is supporting, through the Fisheries Improvement Plan, a more environmentally sustainable fishery industry.

In agriculture, MDF is supporting agri-processors, large food retailers and input suppliers to improve smallholder productivity and streamline supply chains. As the program pivoted during the year, it was decided to expand the scope of the agricultural portfolio to include domestic-

oriented production, which enables MDF to reach a larger number of farmers with market-driven innovations. A strong focus on agricultural technology (agritech) is emerging globally. These innovations promise to better distribute economic returns along the value chain, including to smallholders. It also promises to help grow food production in a more socially and environmentally sustainable manner. Sri Lanka needs to adapt to these rapid global changes if it is to remain competitive, and MDF is actively supporting this transition. As an example, MDF's initial investments in smallholder tea cultivation, if successful, could deliver improvements to farmer incomes at significant scale. And through a new intervention aimed at increasing the supply of carbon-neutral fuel to Sri Lanka's manufacturing industry, MDF is testing the potential of climate change mitigation as a stand-alone area of work.

As the global economy continues to grapple with COVID-19, the potential for demand shocks and supply chain disruptions are central to MDF's planning.

MDF commenced 18 new activities in 2020. This rapid expansion highlights the opportunities in crisis that can be leveraged by nimble programs, such as MDF. It also highlights that, especially in times of crisis, there are opportunities to find and support inclusive business models and leverage private sector investment for development outcomes. The private sector will be essential to spur post-COVID-19 growth and improve livelihoods for the most vulnerable men and women in Sri Lanka.

Country Strategy and Sector Selection

Country strategy

MDF operates in Sri Lanka against the backdrop of Sri Lanka's downgrading to lower middle-income country status and Partnerships for Recovery: Australia's COVID-19 Development Response plan. MDF in Sri Lanka works in sectors that:

1. Show strong prospects for export-oriented growth that play to Sri Lanka's natural competitive advantages
2. Have growing demand for quality and value-added products/services from the domestic market
3. Have the potential to provide greater opportunity for poor people, especially women, across the island but particularly in rural and conflict-affected areas

Based on these criteria, MDF has identified the tourism, agriculture and fishery sectors as the most promising for interventions.



Sector selection and rationale

In this context, MDF is investing in the resilient recovery of tourism, expansion of High Value Agriculture and promotion of sustainable fisheries.



Authentic Sri Lankan Goods

The agriculture and fishery sectors (collectively, the Authentic Sri Lankan Goods sector) are crucial for immediate COVID-19 recovery, as the majority of vulnerable Sri Lankans are engaged in agriculture. Connecting producers to firms seeking premium and value added products is essential to drive innovation in the value chain, improve efficiency and, as a result, increase prosperity in rural Sri Lanka. The focus on premium and value added agricultural products reflects the fact that Sri Lanka is not competitive in bulk commodity markets. The potential for export growth opportunities lies in premium agricultural exports, such as Giant Freshwater Prawns, or value added products such as processed spices, or Specialty Coffee and tea. These sectors also give MDF opportunities to work in climate change adaptation and mitigation. MDF will promote sustainable practices by improving access to climate adaptive inputs, promoting efficient resource use and reducing wastage in supply chains.

The potential for women's economic empowerment is strong, as women play an active role in smallholder farming households and work in agriculture and fishery processing facilities. Market-led improvements in the agriculture and fishery sectors will continue to support women's livelihoods in the medium to long term as the economy rebuilds.



Tourism

Tourism, while not relevant to short-term recovery, remains a vital sector for Sri Lanka. A resilient tourism sector is crucial to Sri Lanka's continued transition towards economic diversification. MDF's investments in the tourism sector are focused on the enabling environment (evidenced-based policy and industry coordination) for a recovery that is more resilient, inclusive and environmentally sustainable. The ability of the tourism sector to engage and upskill large numbers of workers in remote and rural areas is matched by few other sectors. The labour-intensive nature of the sector also presents an opportunity to unlock female labour force participation.



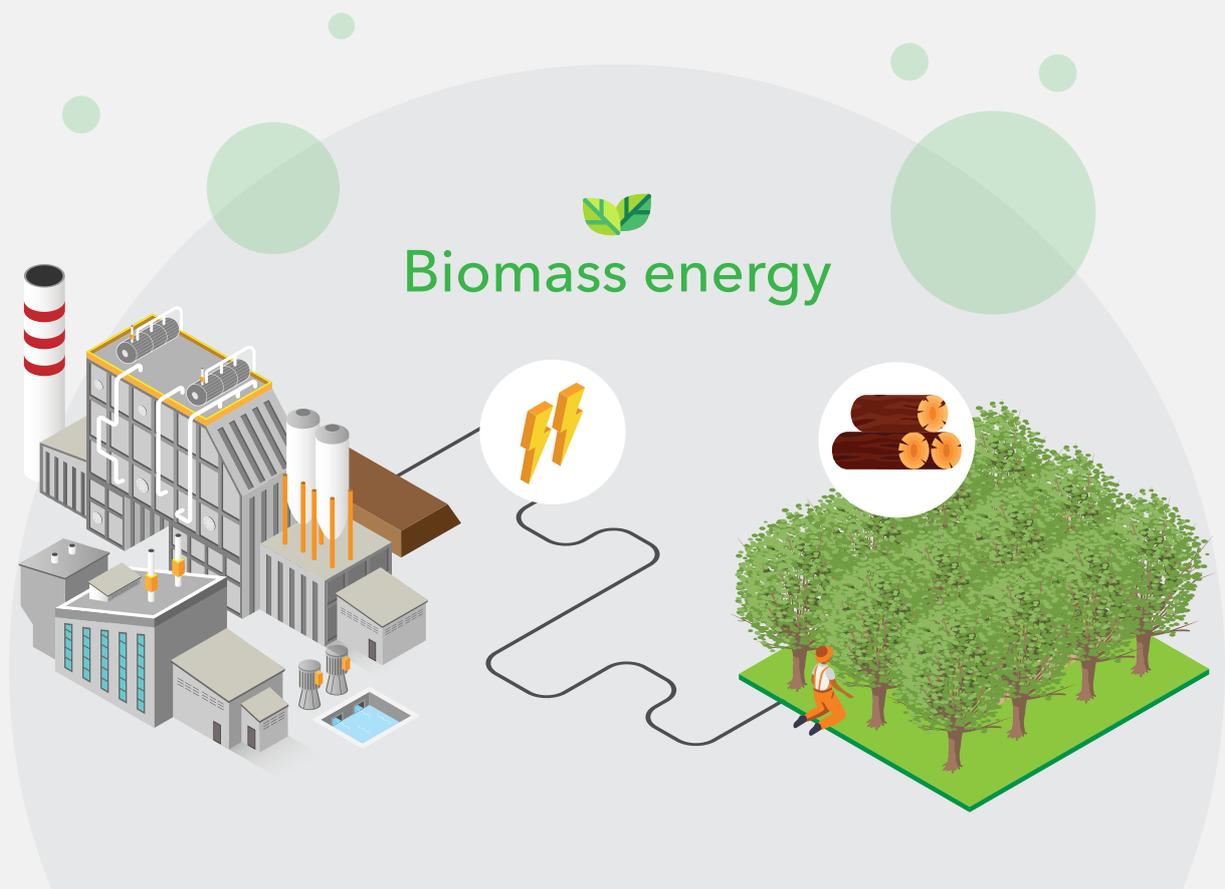


An emerging focus on climate change adaptation and mitigation

In 2020, MDF Sri Lanka signed a new partnership to address the impacts of climate change, with a focus on sustainable, certified and traceable biofuel for industrial use. MDF is supporting partner Biomass Supplies to develop a supply chain to source Gliricidia Sepium to meet industrial fuel needs. Gliricidia is a fast-growing tree found across Sri Lanka. Through the intervention, farming households will be encouraged to grow Gliricidia fencing around their farms. The tree offers soil-fixing benefits to farmlands, while the twigs can be harvested and collected as fuel. Meanwhile, the trees sequester carbon, classifying it as a carbon-neutral, deforestation-free fuel.

The MDF-Biomass partnership is developing a base of up to 4,600 rural Gliricidia farmers. Biomass will liaise with the farmers with the help of 180 female village coordinators, who will support the farmers to supply to agents appointed by the company. Biomass has secured forward orders from some of the largest manufacturing operations in Sri Lanka for the woodchips to be sourced through this model. Those manufacturers will use the carbon offsets in voluntary carbon markets and/or to meet increasingly stringent market environmental standards.

This initial investment is only a first step. MDF will continue its scoping to develop a strategy to embed climate change adaptation and mitigation in the portfolio.



Systemic Change Story

The rapidly emerging Sri Lankan Specialty Coffee industry

The change

The Specialty Coffee sector in Sri Lanka has started to show early signs of system-wide change in areas supported by MDF. MDF-supported innovations in how firms interact with smallholder farmers are helping to save farmers' time and labour, while enabling processors to better manage coffee quality. This behavioural change is positioning the system for expansion.

Context

Sri Lanka was the world's third-largest exporter of coffee in the 1800s, but Coffee Leaf Rust disease devastated the country's plantations in the 1860s. Large-scale tea cultivation was introduced as an alternative crop for the beleaguered coffee plantations. The Sri Lankan coffee industry has never recovered, and exports have remained very low ever since.

Coffee is now making a gradual comeback. The government is expanding its support for coffee planting, traders are increasingly aggregating coffee produced in home gardens and new businesses are investing across the supply chain. Increasing urbanisation, a growing coffee culture in Colombo, and the tourism sector have all driven up demand. Globally, demand for coffee, particularly Specialty Coffee, continues to rise. Climate change is likely to further stress existing coffee producing regions, opening up opportunities for new entrants, such as Sri Lanka.

Constraints

MDF has identified several constraints that impede the coffee sector from reaching its potential. The foremost of these is poor quality. Harvesting techniques, post-harvest handling and processing methods are all suboptimal. Coffee cherries produced by smallholder farmers are typically processed on-farm into green beans, which are then collected by traders and sold in bulk without any grading. MDF's analysis shows that smallholders lack the incentive to invest in their coffee plants or cherry processing. Coffee constitutes only a portion of the crop portfolio of farmers and only accounts for an average 10 per cent of household income. Processing coffee is labour intensive, and traders offer no price incentive for higher quality green beans.

Adopt-Adapt

A successful intervention begins with a behaviour change (innovation) and a partner able to adopt and incentivise this change. If the change creates value for the partner, they adapt by investing more resources and/or mainstreaming the innovation across their operations. Adopt-adapt is the first marker of a successful intervention.

MDF introduced an innovation in the buyer-seller relationship, which changes farmers' incentive structures. In this model, trialled with MDF's partner Soul Coffee, instead of farmers processing the cherries into green

bean (the stage at which quality often deteriorates), they are given the option to sell unprocessed red cherries to Soul Coffee's collectors. They also provide tailored advice to educate farmers on how to manage crops and harvest coffee cherries using the right techniques. The model saved farmers' time spent on processing and the processor was able to better control quality during the processing stage. As a result, farmers were able to earn more for their coffee cherries.

Soul Coffee was able to adopt the behavioural change and adapted by continuing the cherry purchase model and building relationships with farmers.

Expand

Expansion occurs when other market actors also change their behaviour and adopt the introduced innovation. Expansion sometimes requires replication (e.g. MDF investing in other similar business models) or it can occur independently of MDF investment.

In 2020, MDF worked to expand the uptake of the new cherry purchase model with other partners, including Helanta Coffee, Colombo Coffee Company and Ella Coffee Cooperative. The win-win for smallholder farmers and coffee processors has helped to encourage the model's independent adoption among a number of independent processors. The cherry purchase model is seeing buy-in across the system, particularly from the smallholder farmers, many of whom are women.

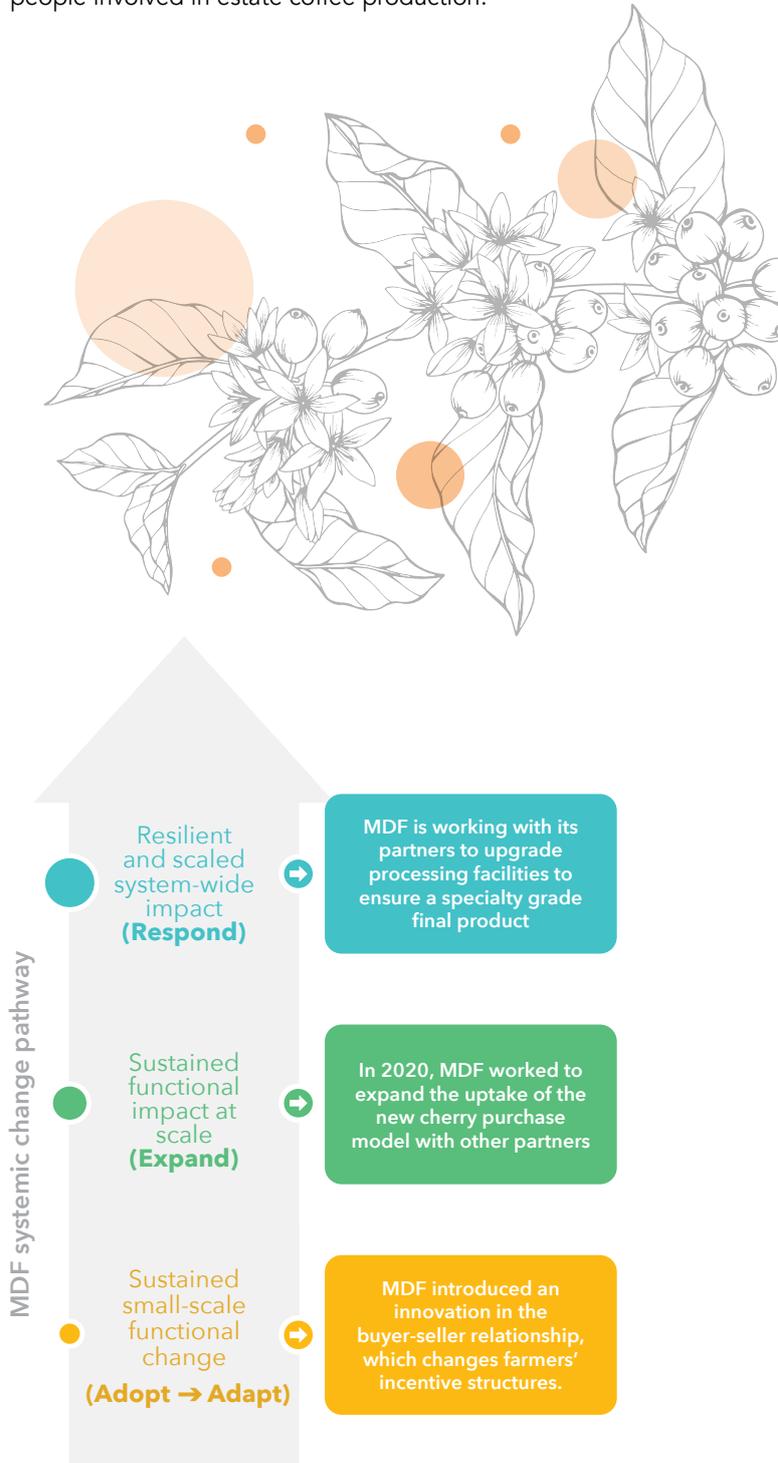
Respond

Response occurs when other functions in the system start changing as a result of the introduced innovation.

This pivotal change in the supply chain has successfully addressed a key bottleneck affecting coffee processors and is paving the way for MDF to address other functions in the market system, such as processing facilities and extension. Now that the supply of quality cherries has been established, MDF is working with its partners to upgrade processing facilities to ensure a specialty grade final product. MDF is also exploring avenues to increase the volume of coffee produced by smallholders, by improving extension services that can increase on-farm productivity.

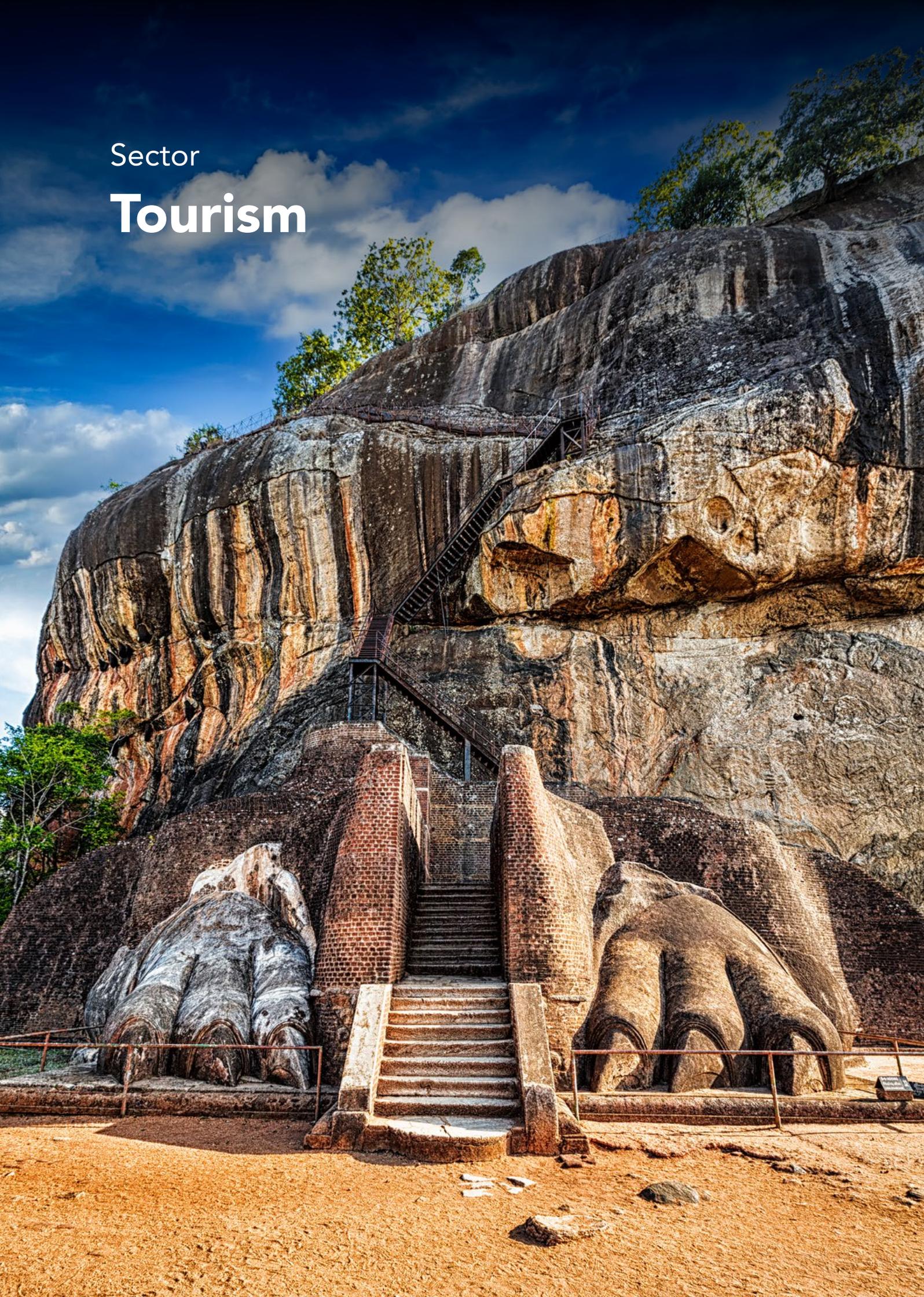
Unlocking systemic change

Connecting Sri Lankan coffee to the international specialty market stands to benefit over 10,000 smallholder coffee producers and approximately 900 people involved in estate coffee production.



Sector

Tourism





Sector on a page Tourism



500

Accommodation providers better informed on COVID-19 risk management



12

Districts host COVID-19 risk management workshops



1,000+

Members of Sri Lanka Tourism Alliance



VISION OF CHANGE

- Sri Lanka builds a post-pandemic tourism sector resilient to external shocks.
- The industry uses data and smart promotion to implement recovery business models that strategically target domestic and nearshore markets.
- The industry repositions itself for High-Value Tourism (lower volume and higher yield tourist segments) when global tourism resumes.
- Public and private sector decision-making on promotion and product development is informed by consistently collected and analysed data.
- Business membership organisations become more inclusive, provide relevant services to members and advocate for a more resilient, sustainable tourism industry.
- All stakeholders pursue better industry coordination to ensure a strong recovery and more resilient sector.



CONSTRAINTS

- The severe impact of COVID-19 and predicted slow recovery are likely to unfold through 2024.
- Data analytics remain underutilised for evidence-based decision making.
- Industry collaboration remains limited.
- SMEs possess limited capacity and digital savviness.



Data and Promotion

- Improving tourism data collection, research and analytics
 - Sri Lanka Tourism Development Authority
- Forming strategic partnerships and strengthening institutions
 - Sri Lanka Tourism Promotion Bureau



Coordination

- Improving private sector associations' organisation
 - Sri Lanka Tourism Alliance
 - The Hotels Association of Sri Lanka

The impact of COVID-19 on tourism

Globally



Tourist numbers are down **98%** in May compared to 2019



Airlines have cut more than **70,000** jobs



International tourist arrivals are likely to be down by **78%** YoY



Tourism spending is unlikely to return to pre-crisis level until 2024



100-120 million direct tourism jobs are at risk



Global Revenue Passenger Kilometres (RPKs) are projected to only return to 2019 levels after 2023



Actual demand for air transport against its full capacity is **32% - 41%** below pre-COVID trajectory

In Sri Lanka



Airports were closed to international tourists from March 2020 - January 2021



40% of all tourism businesses are struggling to meet financial obligations due to lack of cashflow



Total tourist arrivals for 2020 were 507,704 - a decline of **73.5%** compared to 2019



The Sri Lankan domestic market is too small to offer full economic recovery

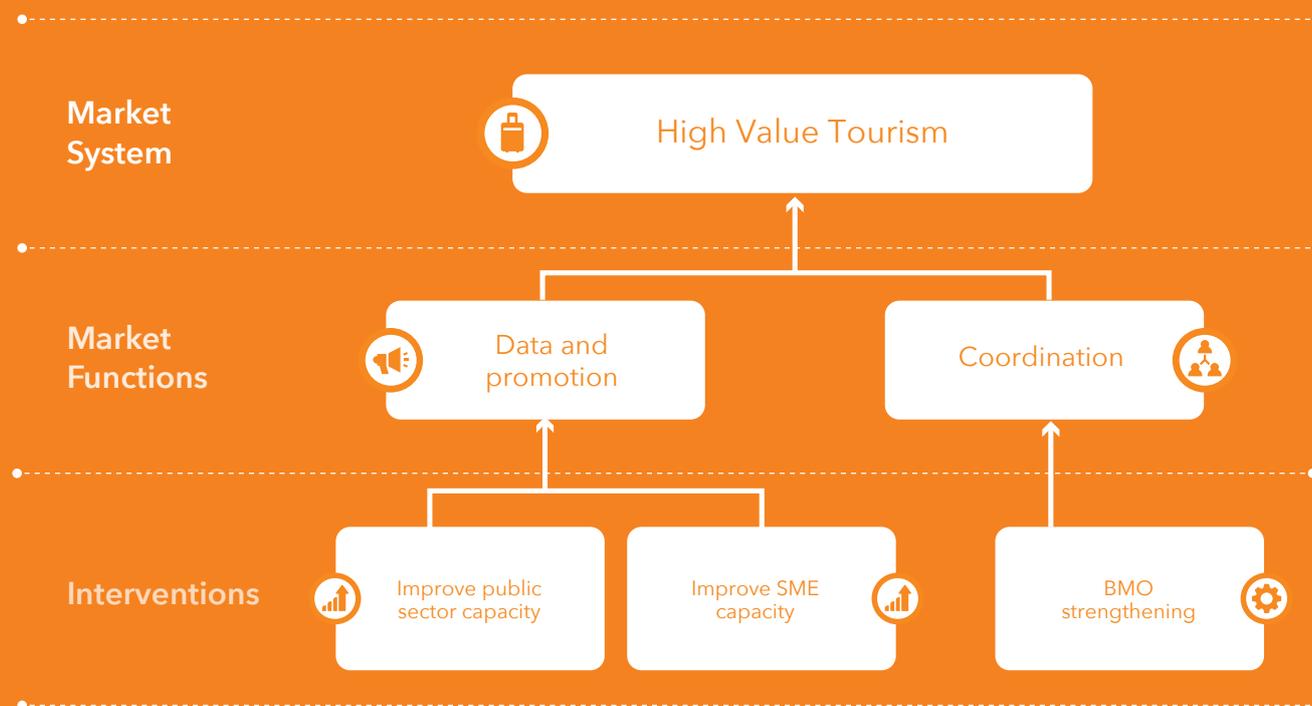


In 2018, SLTDA recorded total tourist nights booked at registered accommodation facilities to be **2,937,067** for domestic travellers compared to **19,112,956** for international tourists





Market System 1 High Value Tourism



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance
Emerging	<ol style="list-style-type: none"> 1. Developing Research Roadmap (SLTDA) 2. Supporting capacity building initiative (SLTPB) 3. Supporting increased industry engagement and outreach to increase membership (through Community Engagement position for a limited time) (SLTA) 4. Providing technical assistance to build strategic and institutional capacity (SLTA) 5. Supporting improved service provision to members through COVID-19 response (THASL) 6. Supporting Love Sri Lanka campaign (SLTA) 	<p>COVID-19 severely impacted this sector, which prompted MDF to slow down intervention activities and re-strategise. Two intervention areas have commenced. First, MDF invested in strengthening the government’s capacity to collect data, make detailed analysis and use it for decision-making. MDF worked with the Sri Lanka Tourism Development Authority (SLTDA) to conduct a thorough gap analysis of the existing practices and develop a five-year roadmap to align the department’s activities to global best practice. In parallel, MDF supported SLTDA and Sri Lanka Tourism Promotions Bureau (SLTPB) to change organisation management processes by providing technical advice, connecting to Australian expertise, and bringing in resources to support the change. The second intervention is building the capacity of MSMEs to access and understand key metrics to be able to utilise the information and improve product offering, pricing and marketing. Achieving results in this MSS is expected to be slow. However, there are positive signs on key performance measures such as collaboration.</p>

EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expended	Progress (Traffic Light)
41	41	USD 26,000 AUD 33,900	USD 26,000 AUD 33,900	USD 140,000 AUD 182,800	USD 140,000 AUD 182,800	USD 330,000 AUD 430,800	<div style="display: flex; align-items: center; gap: 5px;"> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: #ccc;"></div> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: #ffc107;"></div> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: #20c997;"></div> </div>

Market on a Page High Value Tourism



In 2020, global international tourism arrivals decreased 74% and recovery is expected to slowly unfold through 2024.



MDF is working to build the tourism sector's digital capacity to access and understand key metrics, and gain skills that will be crucial to attract international clientele.



Sri Lanka has slowly started to utilise digital promotional strategies, such as Couch Safaris.



Sri Lanka's international arrivals dropped by 73.5% in 2020.



Post COVID-19, tourism will be fiercely competitive, and accurate tourism data analysis and data-driven decisions will be vital to Sri Lanka's recovery.



An evidence-based, traveler-focused research roadmap targeting high-value tourists is a key transformational feature in the Sri Lanka Tourism Promotion Bureau's 2017-2020 strategic plan.

Market System 1

High Value Tourism

At the onset of 2020, Sri Lanka's tourism industry was recovering steadily from the devastating 2019 Easter Sunday terrorist attacks. A newly elected government heralded years of relative stability after a period of political uncertainty. Interest in Sri Lanka was at an all-time high, after being ranked as a top destination by several influential publications including Conde Nast Traveller, Forbes, CNN as well as Travel and Leisure. A new five-year global promotional campaign worth an estimated USD190 million (AUD248 million) was on the cards, promising to convert interest into arrivals.

This positive momentum was halted by COVID-19, and the impact has been nothing short of devastating for the industry and the wider economy. Travel from China, a key source market for Sri Lanka, slowed in the beginning of the year and then stopped completely in March 2020. When Sri Lanka went into lockdown, tourism businesses responded by cutting costs, leading to mass layoffs of all contract and part-time workers. Despite some government relief, countless small and medium businesses went into an indefinite hiatus and it is too early to say how many will be able to come back.

The industry employed more than 200,000 informal workers, who have been disproportionately affected by the crisis. Informal workers, lacking any formal protections, are usually the first to lose their livelihoods. Sri Lanka's 1.2 million tuk-tuk drivers took a big hit, with drivers earning no income during the lockdown. Tuk-tuk drivers now report a daily income of USD2.5 (AUD3.2) compared to USD10-15 (AUD13-20) pre-pandemic.

The decline in the tourism sector severely undermined Sri Lanka's previously optimistic prospects for poverty alleviation and women's economic empowerment. Few other sectors matched tourism in its ability to generate new semi-skilled and skilled jobs. Employment in the sector offered a viable pathway out of poverty across regions and ethnicities. While women's participation lagged regional peers, the industry was well positioned to follow the footsteps of the export apparel sector in improving women's participation in the labour force.

The complete collapse of the tourism industry means that MDF recorded no beneficiary level impact in 2020. While this was to be expected, it has severely impacted the overall performance of the portfolio.

Previously, MDF's tourism portfolio focused on five market systems: coordination, data, promotion, product development and labour. The portfolio has been rationalised into a single market system – High Value Tourism – to reflect more realistic, pragmatic ambitions for the sector in 2021, given the diminished feasibility of working in areas such as labour and product development in the medium term.

Within this market system, MDF is working in two functions: 1) data and promotion, and 2) coordination. These cross-cutting functions are the most immediately relevant to the industry's ability not only to recover from the COVID-19 crisis, but to do so in a way which is sustainable and inclusive. MDF's work in the tourism sector is important and necessary but focusses on the medium to long term. While this work will contribute to qualitative changes that impact the trajectory of the industry, it will not significantly contribute to the headline indicators on which MDF reports.



Continuing the women's economic empowerment agenda in tourism

As the tourism industry strives to cope with COVID-19, it is important that it does not lose sight of the inclusivity challenge that it faces. Recovery should pave the way for more women to enter the industry.

Before the pandemic, the rate of female participation in the tourism industry was less than 10 per cent; far behind the global average in tourism (53 per cent) and Sri Lanka's overall labour force participation (34 per cent). As tourism grows, labour shortages present an opportunity to work with the industry to establish a supportive environment that could attract more women to work in the sector.

MDF began 2020 with an ambitious agenda of increasing women's employment in the tourism labour market system. In collaboration with THASL, MDF contracted PricewaterhouseCoopers to conduct nationwide research on the causes of low female participation in the hospitality sector and identify strategies to improve participation. The analysis had shown that the hospitality sector had limited understanding of the business case for employing women; managers regarded it solely as a diversity issue, while bemoaning the difficulty of finding staff. The practical implication of this misunderstanding was that hospitality businesses did not see the business case for investing in the strategies, infrastructure and workplace culture conducive to attracting and retaining women. MDF organised a series of 'scenario-planning workshops,' utilising the experience of managers from progressive companies, such as the Jetwing Group, to influence their peers from other organisations. However, only the first workshop for hoteliers in Negombo could be conducted before the pandemic disrupted activities.

Demand for labour in the hospitality sector will recover slowly and achieving short-term gains in women's participation will be difficult. However, through its work in industry coordination, MDF will continue to build industry understanding of the business case for employing women and the conditions needed to attract and retain more women in the workforce.



Market function 1

Data and promotion

This was a new area of work added after the Easter Sunday attacks to support the recovery and resilience of the industry in the face of a demand shock. The importance of strengthening the data function in tourism was heightened by the COVID-19 context. Sri Lanka lags behind its peers in adopting data-driven strategies, policies and promotions. Post-COVID-19 tourism will be fiercely competitive; targeted promotion guided by insightful data will be vital to Sri Lanka's tourism recovery. Moreover, tourism operators will need to be smarter and do more with less, as traditional sources of promotion revenue (e.g. the Tourism Development Levy) have dried up.

MDF invested in two intervention areas in 2020. The first was in strengthening the government's capacity to collect and analyse data and use it in decision-making. In Sri Lanka, MDF worked with the Sri Lanka Tourism Development Authority (SLTDA) to conduct a gap analysis of existing practices and develop a five-year roadmap to align the department's activities to global best practice. In parallel, MDF trained the research and promotions divisions of SLTDA and Sri Lanka Tourism Promotion Bureau (SLTPB) on tourism research principles and objectives, accessing international databases and experiential tourism development.

In 2020, MDF contributed to the roll-out of a global digital promotional campaign, which is now slated for 2021. In early 2020, MDF also completed a scoping of Sri Lanka's wellness tourism segment, partnering with the Export Development Board. The SLTDA later used MDF's analysis to secure funding from the European Union to develop the analysis into a national wellness tourism strategy.

In 2018-19, MDF's attempts to assist the SLTDA strengthening its research function were unsuccessful due to challenges in influencing its leadership. With new leadership, the program has now gained the commitment and cooperation required to proceed. This was made possible thanks to strong support by the Australian High Commission in Colombo. The Australian High Commission's assistance with the development of the Tourism Strategic Plan 2017-20 positioned Australia as a close partner for Sri Lanka in tourism. Subsequent high-level private sector engagement with former Tourism Australia Chairperson, Andrew Fairley, further cemented Australia's position as a source of best practice expertise, culminating in 2019 with a study tour to Tourism Australia for members of SLTDA

and private sector representatives. As a result of these efforts, MDF is well positioned to influence and achieve transformational change in this area.

MDF is also building the capacity of tourism SMEs to access and understand marketing data so they can use this information to improve product offerings, pricing and marketing. In 2020, MDF signed a partnership with an analytics firm offering channel management services which helps service providers, such as guest houses, to more effectively manage room inventories across multiple online booking platforms. In parallel, these solutions provide a host of data to assist businesses in aligning their products and pricing with the market. The partner had to delay plans to train and onboard SMEs to its platform but will resume activities once borders reopen. In 2021, other activities are planned to improve SME digital capability and access to international clientele.

Market function 2

Coordination

MDF has long recognised the need for more effective coordination in the tourism sector but failed to gain meaningful traction until after the Easter Sunday attacks. Multiple private sector associations existed, with varying degrees of voice, but rarely worked towards common goals. Businesses looked after their individual interests, leading to ad hoc decision-making and policy formulation. After the attacks, the need for structured collaboration became more apparent. This presented MDF with a new entry point.

The Tourism Alliance, formed in the immediate aftermath of the Easter attacks, represents the first concerted effort to build an industry-wide coordination mechanism. Through MDF's support and Australian expertise, the Tourism Alliance drafted its Resilience Action Plan, which was set to launch in 2020. MDF's plan with the Alliance for the year was to increase recognition and membership of the Alliance, establish sustainable revenue streams, and provide industry leadership on inclusive and sustainable tourism growth. Aside from developing revenue sources, these aims were achieved in 2020.

Successful coordination requires strong business membership organisations (BMOs) with the wherewithal to generate consensus on issues affecting the entire industry. While the Alliance is exhibiting signs of becoming a successful BMO, further work is still needed by the Alliance as well as other industry associations to unite

a fractured industry with sometimes contradictory incentives, make membership more inclusive and representative, and develop sustainable revenue streams.

Strengthening the Tourism Alliance was a good example of effective donor coordination and leveraging multiple partnerships. The Alliance has been supported by a number of donors, particularly DFAT and USAID, but also German NGOs. The group has received contributions and in-kind support from its leadership and several private sector organisations, including Wunderman Thompson and Antyra Solutions. MDF played a pivotal role in making this possible, from facilitating the initial industry consultations to the ongoing support in driving the Alliance's vision and strategy.

In 2020, MDF worked closely with The Hotels Association of Sri Lanka (THASL). In collaboration with THASL and SLTDA, MDF organised nationwide awareness seminars for hotel operators on the government's COVID-19 preparedness guidelines, enabling participants to

seek safety certification. The awareness campaign was disrupted due to the second wave of COVID-19 in Sri Lanka but will continue in 2021 to ensure that providers across the country are prepared to operate under the new guidelines as tourism reopens.



Love Sri Lanka: Tourism Alliance demonstrates relevance in a second crisis

At the end of 2020, the Tourism Alliance had more than 1,000 members (compared to a nominal number of members at the end of 2019) representing individuals, small operators, informal businesses and large corporates. It remains the only tourism industry organisation with no admission restrictions. The Alliance regularly communicates with its members via social media and newsletters. This is a progressive shift from the structure of traditional BMOs, where there are barriers to entry and communication takes place through annual general meetings.

When tourism arrivals stopped abruptly in March, the Alliance switched gears rapidly and engaged the industry through a series of webinars intended to share global insight and strategies. By the end of September, the webinar content had been watched for a cumulative 90,400 minutes. The webinars tackled topics of COVID-19 recovery, experiential tourism and sustainability, bringing insight from global speakers, such as Trip Advisor, Google and Twenty31. Australian expertise from Katherine Droga and Andrew Fairley was a key highlight.

Tourism businesses are engaging with Alliance content online as they try to adapt to COVID-19 challenges. Web analytics founds that search terms that brought people to the Alliance website included 'how to upgrade tourism industries in pandemic situations' and 'SME success in tourism trade in Sri Lanka.'

Through MDF support, the Tourism Alliance launched its consumer website in 2020 (lovesrilanka.org), featuring over 19 destinations. The Tourism Alliance continues to grow the rich content library, which will be an essential resource for future travellers to Sri Lanka looking to learn about diverse experiences and attractions.

The Tourism Alliance registered as an organisation in July 2020 and began offering services to its members. These services included three scholarships awarded for the Transformational Travel Designer Program and a grant program for tourism SMEs. The Tourism Alliance also launched the 'Love Sri Lanka Locals' platform, offering more than 138 deals from local tourism businesses and accessed by over 8,000 visitors, for members to advertise and share deals with domestic clientele.

Sector

Authentic Sri Lankan Goods





Sector on a Page

Authentic Sri Lankan Goods



23,548

Effective outreach



USD

\$11,222,768

Additional income



USD

\$500

Additional Income per Beneficiary



22

Jobs created



13.6%

Female participation



VISION OF CHANGE

- Farmers grow and sell promising crops to meet international and domestic demand for high quality, high value products; strong demand improves productivity, supply chain management, quality standards and market linkages, leading to greater value for farming households.
- Private sector businesses integrate more farmers into their networks, leading to value-sharing relationships for farmers and private sector investment in quality inputs and mechanisation.
- Farmers' access to information and extension services improves so that smallholder farmers become more efficient in high value segments.
- Fisher communities and businesses follow sustainable fishing practices to encourage longevity and access to premium export markets for local seafood.
- Exports are competitive and farming communities are resilient as the agriculture industry enjoys technical adaptation (digitisation) and innovation.
- The Giant Freshwater Prawns (GFWP) sector experiences high, sustainable productivity levels as the community is actively involved in responsible catching practices and stocking behaviours.



CONSTRAINTS

- COVID-19 related curfews, lockdowns and regulatory measures have impacted business activity and the ability to access export markets.
- Widespread knowledge on suitable and sustainable fishing practices remains limited.
- Local coffee cannot compete in specialty coffee export markets because of low output quality and quantity.
- Organic produce supply is limited due to low productivity and high levels of losses in farming communities.
- The north lacks established infrastructure and information networks, which whilst lucrative for fishing, has remained cut off from export markets.
- Low productivity levels and the absence of new market entrants in Giant Freshwater Prawns.



Giant Freshwater Prawns

- Improving reservoir productivity
 - Divron Bioventures
 - National Aquaculture Development Authority (NAQDA)



Blue Swimming Crab

- Increasing processing and value addition
 - Cool Man Fish Canning
- Sustainability and resilience
 - Fisheries Improvement Project (FIP)



Climate Change

- Increasing the supply of carbon-neutral fuel for industrial use
 - Biomass Supplies



High Value Agriculture

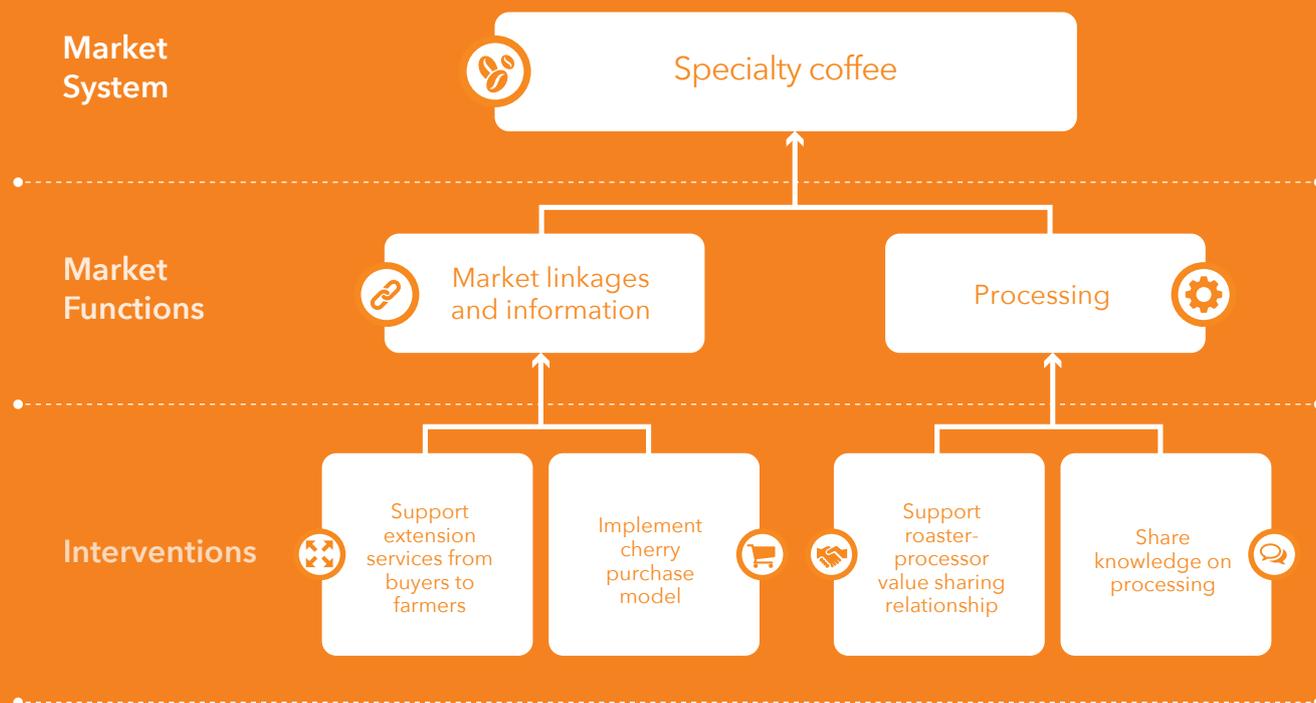
- Enhancing productivity inputs and services
 - Aruna Plant Nursery
 - Golden Dome
- Improving traditional extension services
 - Pasanka
 - English Tea Shop (ETS)
- Digital extension services
 - Marginalised Organic Producers Association (MOPA)
- Increasing market access
 - Good Market



Specialty Coffee

- Cherry purchase model
 - Colombo Coffee Company (CCC)
 - Ella Coffee Cooperative (ECC)
 - Whight & Co
 - Soul Coffee
- Improve processing
 - Helanta Coffee

Market System 1 Specialty Coffee



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance					
Developing	<ol style="list-style-type: none"> 1. Providing market linkages and information to smallholder farmers 2. Setting up cherry collection centres 	<p>This MSS has proven relatively resilient to the impact of COVID-19, even though the specialty sector was a large market for high quality coffee. Despite the shutdown of the tourism sector, coffee processors not only continued to source beans from smallholder farmers but also deepened and expanded backward linkages. MDF grew its initial intervention from coffee cherry collection and commenced a new intervention with three partnerships to purchase cherries while providing extension services. The model was replicated by other processors, resulting in an increase in the price of coffee compared to 2019. The interventions brought about a change in incentives that enabled MDF to invest in planting material with the Department of Export Agriculture. MDF is also supporting one enterprise to upgrade its processing facility to meet Specialty Coffee standards. MDF anticipates strong results in this market system from 2021, particularly additional income generated.</p>					
EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
1,373	437	USD 62,300 AUD 81,300	USD 52,500 AUD 68,500	USD 514,300 AUD 671,500	USD 478,500 AUD 624,700	USD 110,000 AUD 143,600	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: #ccc; margin-bottom: 2px;"></div> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: #ffc107; margin-bottom: 2px;"></div> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: #28a745;"></div> </div>

Market on a Page Specialty Coffee



Coffee was the 'original' crop of the Central Highlands, preceding the now-famous tea.



Nearly 80% of specialty coffee produced in Sri Lanka originates from smallholder farmers and backyard farmers, most of whom are women.



To maintain high product quality and increase supply, MDF is working to upgrade infrastructure, equipment, farmer knowledge and processing techniques.



In 2020, fewer tourist arrivals reduced demand for roasted coffee as a tourism product, but a COVID-19 induced ban on illegal green bean imports increased demand and price for locally sourced beans.



Sri Lanka is well positioned geographically and climatically to produce high quality specialty coffee.



A surge in local processing and roasting has developed the 'authentic Ceylonese coffee' brand.



As it stands, international demand for Sri Lankan coffee is five times higher than current production.

Market System 1

Specialty Coffee

The Specialty Coffee market system is well positioned for growth, evidenced by increasing private sector investment, efforts by coffee businesses to improve supply chains and the industry's appetite for collaboration. However, ongoing challenges in sourcing quality green bean is hampering industry growth. To make the smallholder production model work for speciality coffee, the Sri Lankan industry will have to follow in the footsteps of other countries and increase investment in supply chains.

The industry has so far been driven by the domestic market due to low volumes and poor quality. However, volumes are projected to grow as plantations get closer to harvesting trees planted in the past few years. As incentive structures change, smallholder farmers will be in a position to plant more coffee. MDF's foundational work in this market system is demonstrating the business case for Sri Lanka to operate in the higher-value, specialty segment.

The Specialty Coffee market system has proven relatively resilient to the impact of COVID-19, despite the loss of the growing tourism market. Coffee processors continued to source coffee from farmers and deepened and expanded backward linkages with 42 smallholders. This was due to a number of factors. Sri Lanka has a limited number of high quality arabica coffee trees and there has been fierce competition among processors to secure supply. Given that coffee green beans can be stored for up to 12 months, firms are willing to buy and store stocks in anticipation of a market recovery. As a result, firms continued to purchase coffee, benefiting smallholders. MDF expanded its work in the Specialty Coffee market system in 2020 and new investments established direct links between roasters and smallholder farmers to improve processing quality and consistency. MDF's earlier interventions benefitted 274 farmers by increasing their income. The new interventions will impact 1,373 individuals.

MDF is also supporting better stakeholder collaboration in the nascent Specialty Coffee segment. In addition to its main interventions, in 2020 MDF supported a webinar on coffee storage, organised in collaboration with the Export Development Board, sharing international expertise on storage solutions. MDF also facilitated several discussions over the year with coffee businesses, around the theme of forming a formal association to advocate for industry needs. This work will continue in 2021.

An emerging constraint to this sector is the lack of planting material for companies that want to expand their cultivation area. The Department of Export Agriculture controls the distribution of planting material and offers plants for free or at subsidised rates. This inevitably results in distortions and shortages in the market. MDF is in advanced negotiations with a nursery that is willing to expand their seedling production to test whether or not there is a viable commercial market for planting material.

Market function 1

Market linkages and information

MDF noticed early signs of market-wide uptake in 2020, which led to the initiation of some new activities. Interventions in this function benefitted 428 farmers, and 1,373 farmers are projected to eventually profit from the program.

MDF's first partnership in coffee was established in 2018 and demonstrated that creating a market for red cherries instead of green beans is a solution to overcome quality coffee sourcing constraints, which is a universal industry concern. By collecting cherries, coffee buyers have more control over the quality of the harvest, while farmers perform less labour and receive higher incomes. MDF worked with buyers, processors and roasters to disseminate information about this approach – particularly to large plantations that purchase coffee in bulk from outgrower farmers and processors. This created a link between smallholder farmers and buyers with an incentive to invest in their supply chain. In addition to providing higher incomes for farming households and reducing labour (work primarily performed by women), the cherry purchase model also incentivises farmers to take better care of their coffee plants. With coffee becoming a more lucrative venture, it may even encourage smallholders to expand cultivation.

In 2020, the cherry purchasing model saw further uptake, not only with MDF partners but also more widely. MDF initiated three new partnerships with coffee processors to purchase cherries while providing agricultural advice and extension support to farmers. The model was copied by other processors and implemented in a number of coffee-producing villages. As a result of this interest, the farmgate price of coffee cherries increased from 2019 levels.

Market function 2

Processing

MDF will provide technical expertise to build knowledge about processing infrastructure and improved techniques among Sri Lankan primary processors. The coffee association, which MDF is helping to establish, will be a platform to share this knowledge industry-wide. MDF's first investment in this area was with coffee roaster Helanta in 2020. This partnership aims to upgrade Helanta's processing facility and knowledge to enable the production of specialty grade coffee.

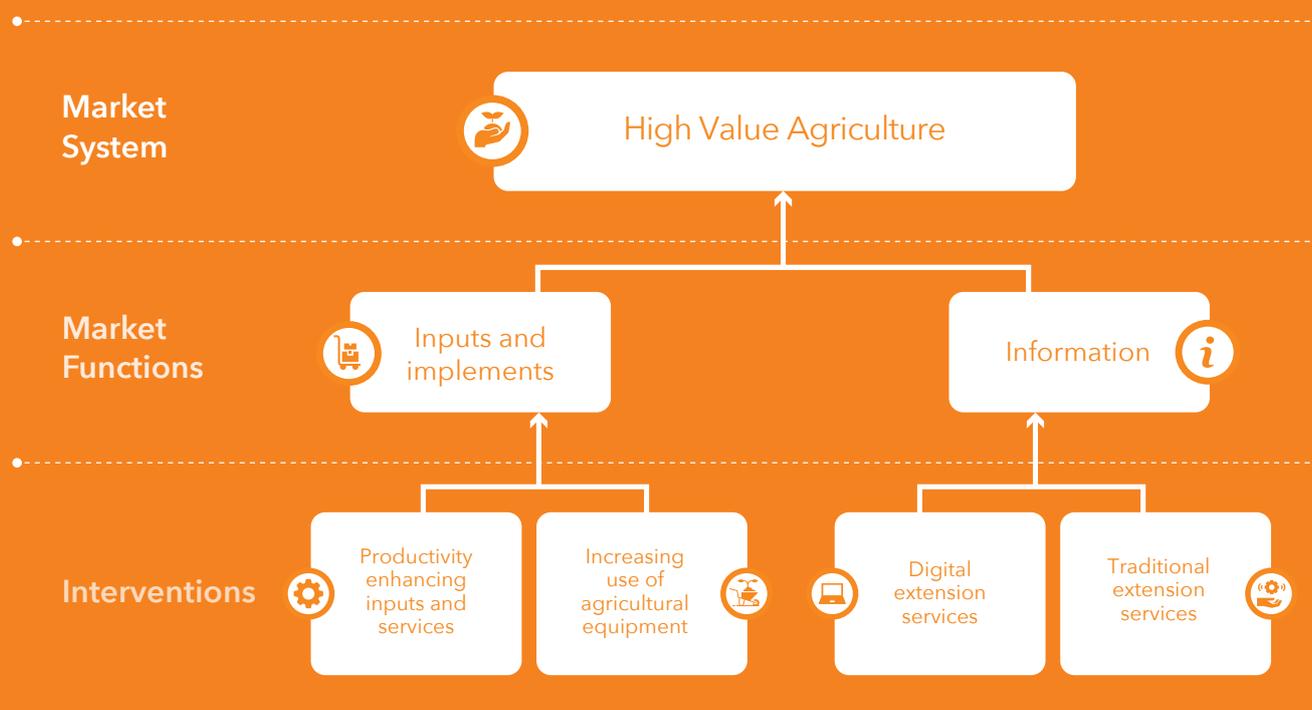
In the Specialty Coffee segment, quality is determined by cupping score, which must be carried out by certified specialists. Sri Lanka lacks cupping facilities and producers have no way of measuring the quality of their coffee. MDF has initiated the process of establishing cupping scores for Sri Lankan arabica coffee samples, to be conducted by an Australian coffee firm. Future plans include leveraging the experience of Australian coffee importers and roasters to provide advice and, perhaps in time, a new market for Sri Lankan Specialty Coffee.



Cupping refers to a process for assessing coffee to determine its quality. This is done on a standardised scale and includes scoring on categories such as fragrance/aroma, flavour, body, acidity and balance. To be categorised as 'specialty,' the coffee needs to have a cupping score of 80 or above.



Market System 2 High Value Agriculture



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance
Emerging	<ol style="list-style-type: none"> Supporting information provision and extension services to farmers Providing inputs and implements to farming households 	<p>During 2020, MDF expanded its work in organic spices and herbs to a broader High Value Agriculture market system, in response to growing domestic and export demand as well as private sector interest. Two key intervention areas have been developed and negotiations took place with national agri-input companies. MDF commenced an intervention to provide consumer goods to low-income individuals, collateral-free and on installment, with the aim of increasing farming productivity. MDF anticipates that this market system will yield significant results in the coming years.</p>

EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
1,966	898	USD 700,100 AUD 913,100	USD 227,800 AUD 297,400	USD 1,202,550 AUD 1,569,000	USD 505,800 AUD 660,400	USD 408,700 AUD 533,600	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="width: 10px; height: 10px; background-color: #ccc; border-radius: 50%;"></div> <div style="width: 10px; height: 10px; background-color: #ffc107; border-radius: 50%;"></div> <div style="width: 10px; height: 10px; background-color: #28a745; border-radius: 50%;"></div> </div>

Market on a Page High Value Agriculture



There are approximately 200 organic spice exporters currently in the market.



MDF is partnering with agritech to spark a new wave of innovation in the agriculture sector as firms work to build efficiencies and incorporate traceability in the supply chain.



More effective, affordable inputs, machinery and agritech solutions will result in higher yields and increase profit for farmers.



Farm productivity in Sri Lanka is below international benchmarks.



There is a growing demand for broader High Value Agriculture in the export and domestic markets, coupled with private sector investment.



COVID-19-related movement restrictions have triggered a rapid shift to digital extension services to ensure business continuity and improved, magnified reach.

Market System 2

High Value Agriculture

In 2020, MDF expanded its work in the organic spices and herbs market and moved to a broader definition of the market system: High Value Agriculture. This allows MDF to work in multiple fruit and vegetable value chains and has created opportunities to engage with large-scale agricultural input, machinery and technology providers. MDF initiated three activities under this market system in 2020 and designed a number of new interventions to be launched in 2021. This included an intervention providing carbon-neutral biomass to industries via a network of smallholder farmers. Interventions in High Value Agriculture are projected to impact 6,625 farmers over the life of the interventions (5,725 farmers by the end of MDF's measurement period), in addition to the income earning opportunities for 898 people already achieved.

In the immediate aftermath of COVID-19, export order cancellations of farm-level purchasing led to a sector-wide slowdown. However, demand is recovering and firms are sourcing produce again. The move into domestic fruit and vegetable production and agritech is based on changing patterns in the industry. Trends for domestic fruit and vegetables are changing, generating widespread interest from local investors. Agritech is the new innovation frontier in the agriculture sector, as firms strive to increase efficiency and incorporate traceability in their supply chains. MDF is negotiating with several scale actors to plan interventions on productivity enhancing mechanisation, supply chain digitisation, tech bundles (phone-plus-apps) to promote more efficient value chains and credit products to promote farm-level investment.

Market function 1

Inputs and implements

Supporting increased access to agricultural inputs and machinery typically provides Market System Development programs with an entry point to improve outcomes for smallholder farmers at scale. By changing the behaviour of a handful of agri-input providers, a large number of farmers can achieve sustainable, increased income because of the large number of possible applications

across value chains. However, when MDF's scope included only organic herbs and spices, there were limited opportunities to pursue scale interventions, as organic agriculture uses few inputs. Broadening the definition to High Value Agriculture has enabled MDF to operate at greater scale.

This represents a new area of work and results have not yet started flowing. This will increase as new partnerships are signed.

In 2020, MDF developed a new intervention area aimed at encouraging the adoption of tools and machinery to increase farm productivity. This addresses a number of challenges for farmers. Sri Lanka's farming population is aging, and there is a farm labour shortage. Mechanisation reduces the need for labour, enables farming households to expand cultivation and increases the returns to remaining labour. Equipment also helps address quality



and environmental issues. For instance, Sri Lankan agriculture suffers from excessive levels of pesticide and fertiliser application. The use of nets can reduce pest activity, decrease spending on pesticides and result in safer produce with acceptable levels of crop residues. Another example is drip irrigation, which is essential for climate-smart agriculture.

In 2020, MDF set the groundwork for the emergence of an exciting portfolio of work that will take shape over the coming year. Together, these interventions promise significant benefits for many smallholders.

MDF has signed a partnership to promote pollination through honeybees. Bees play an important role in ecosystems – healthy bee populations result in improved pollination and as a result, improve output from crops. This is particularly effective for fruit crops. MDF is working to test and pilot the development of bee pollination as a service for plantations, offered by smallholder beekeepers. This pilot, if successful, will not only increase the output of plantations, but also offer a new income stream to beekeepers.

MDF designed several interventions with agri-machinery providers to market their products better to smallholders. These partnerships are being negotiated with large-scale agri-input businesses and are poised to launch in early 2021. The biggest challenge in adopting higher quality inputs and machinery are the large, upfront investments required from farmers; this is even more challenging in the economic context of COVID-19.

In 2020, MDF entered into an MoU with Rukula, a platform providing finance to low-income individuals on instalments without any collateral requirements or penalties for late or missed payments. Rukula has tested this model for urban consumers, offering them a range of consumer goods on instalments. Through the MoU, MDF and Rukula will collaborate to expand the model in areas of interest to MDF – particularly investments in more productive farming.

MDF also designed an intervention to support agribusinesses with investing in upgrades for the machinery and equipment used by their farmer clusters. Agribusinesses are able to source machinery on credit for the farmers, who would otherwise lack the credentials to access loans through formal banking channels. With agribusinesses taking on part of the risk, they have a greater incentive to invest in the capacity and knowledge of farmers to ensure high output.

Market function 2 Information

Existing activities in the organic herbs and spices sector continued to deliver results in 2020. A cumulative 850 farmers have benefitted from MDF's work in improved extension services; an additional 6,600 farmers are projected to benefit over the life of the interventions and 5,700 farmers until the end of MDF's reporting period.

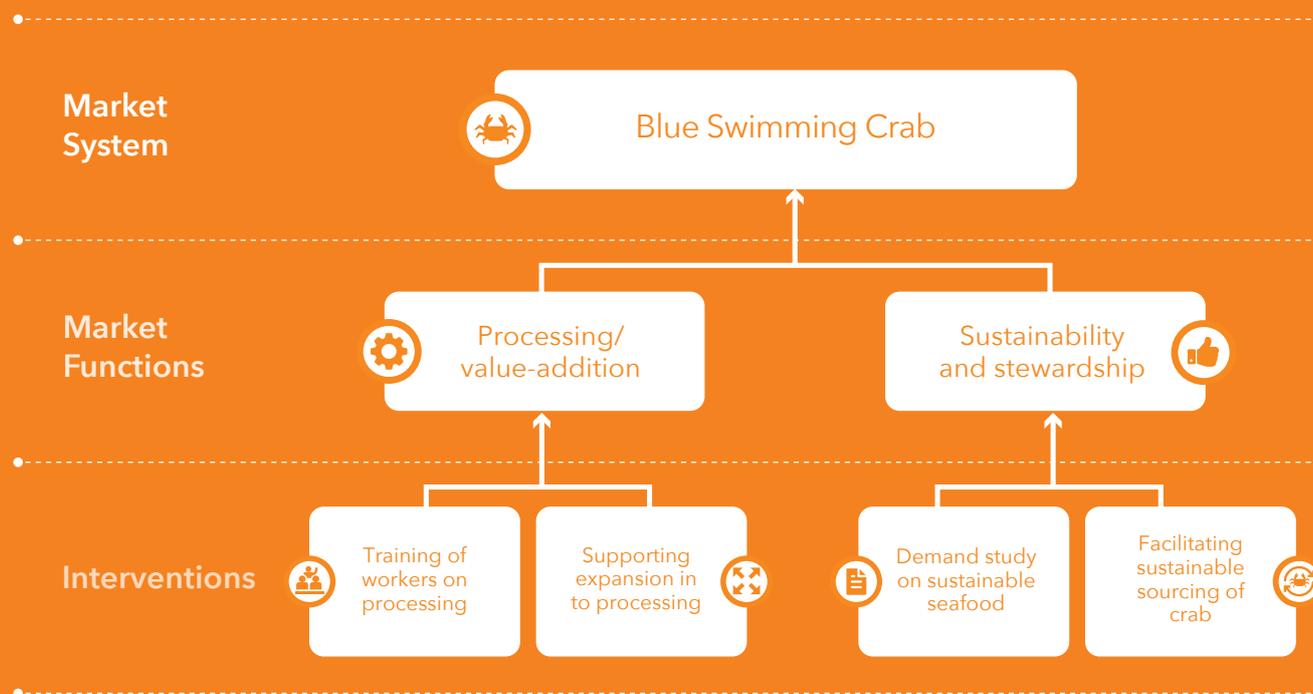
This market function consists of activities investing in improved extension services to farmers, and in some instances, information on markets and market access.

Extension services were disrupted in 2020 due to movement restrictions. In response, MDF adapted its approach and entered a new partnership to develop a digital extension system with Marginalised Organic Producers Association (MOPA), which has a network of over 10,000 farmers. Following the nationwide curfew, MOPA's key challenge was to maintain connections with its farmers to deliver extension advice. The partnership with MDF introduces a digital extension app to provide farmers with information on cultivation techniques and harvest and collection times. The app can record transactions and enable traceability, which is increasingly required by the international market. Development of the app was completed in 2020, ready for roll-out in 2021.

Another MDF activity with Good Market connected agriculture goods and craft producers with consumers via an online platform. This activity was designed in 2018 but proved to be well-suited in 2020 for the connectivity challenges prompted by COVID-19.

Towards the end of 2020, MDF began to scope agritech, noting the (COVID-19 accelerated) trend towards digital value chain solutions. Investment in digitisation is on the rise for a couple of reasons: 1) pandemic-induced supply chain disruptions alerted agribusinesses to the necessity of maintaining well connected supply chains, and 2) the heightened focus on health and safety increased consumer demand for more knowledge about the products they consume. Technologies based on blockchain, machine learning and artificial intelligence have been tested and are ready for commercial use. Agritech firms are advantageously placed to accelerate adoption in light of changing consumer demands and industry requirements. Sri Lanka is well positioned to make this transition, with an established IT sector and a diversity of agribusinesses operating in high value, premium segments. MDF has developed some preliminary agritech interventions that will be launched in early 2021.

Market System 3 Blue Swimming Crab



Status of the MS	Interventions (active and/or monitored in 2020)	Summary of Performance
Mature	Developing a fishery improvement plan	<p>Despite major disruption during the national lockdown, the export market has now recovered to near pre-COVID-19 levels. Nevertheless, the market has undergone a significant transition with several businesses dropping out, having struggled to maintain business amid the COVID-19 crisis, along with some new entrants.</p> <p>MDF signed a new intervention to continue the fishery improvement plan, including community engagement and the long-term sustainability of livelihoods. The activities were scheduled to start in August 2020 but have been delayed due to gathering restrictions. No further results are anticipated under this market system, beyond what has been already reported.</p>

EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
23,477	23,477	USD 12,575,500 AUD 16,420,000	USD 12,575,500 AUD 16,420,000	USD 7,156,000 AUD 9,343,000	USD 7,156,000 AUD 9,343,000	USD 52,820 AUD 68,900	<div style="display: flex; align-items: center; justify-content: center;"> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: #ccc; margin-right: 5px;"></div> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: #ffc107; margin-right: 5px;"></div> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: #28a745;"></div> </div>

Market on a Page Blue Swimming Crab



Crab fishing employs around 30,000 fishing households.



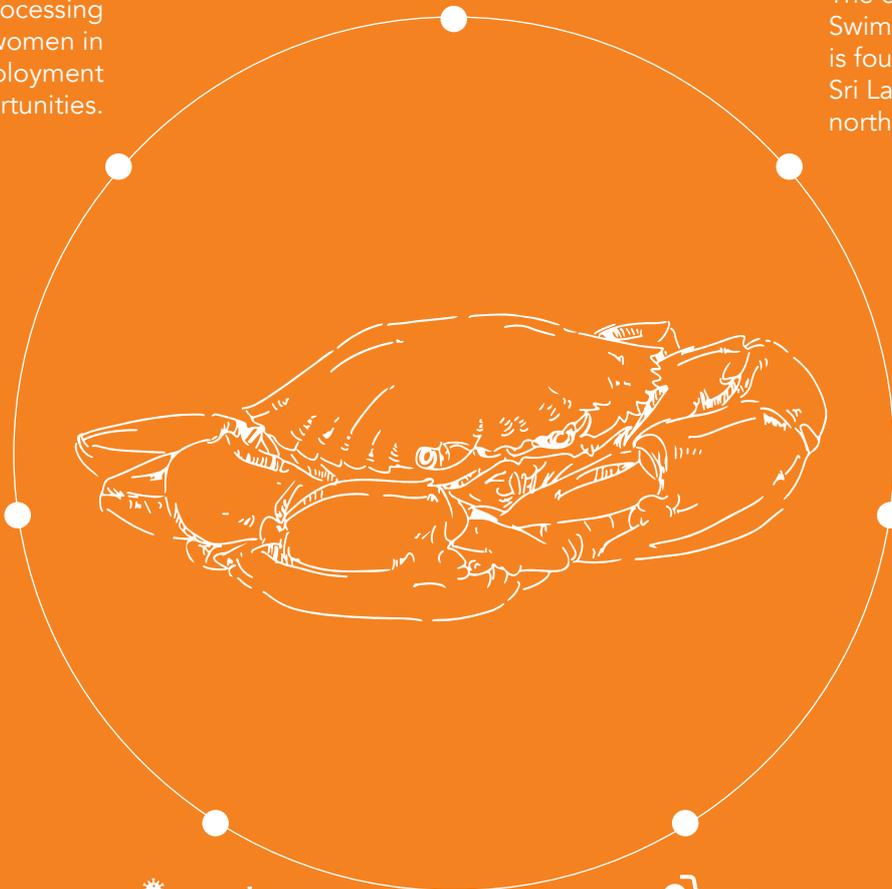
Crab processing facilities offer women in the north employment opportunities.



The distinctive Blue Swimming Crab species is found primarily along Sri Lanka's northern and northwestern coasts.



This industry is in recovery-mode; jobs and prices are on their way to reaching pre-COVID-19 levels.



Sri Lanka is the only South/Southeast Asian country rated a "Good Alternative" by Seafood Watch's sustainable seafood advisory list.



COVID-19 induced lockdowns locally, and restrictions globally, halted production and created logistical export challenges.



The Fishery Improvement Plan (FIP) and Marine Stewardship Council certification is supporting Sri Lanka's Blue Swimming Crab industry by improving access to premium international markets.

Market System 3

Blue Swimming Crab

Around 30,000 fishing households are involved in trading Blue Swimming Crabs in the Northern Province. The species is a high value export, and processing supports jobs for women in formerly conflict-affected communities. Earlier investments in value addition and processing unlocked the export markets. Now, investments in resilience, certification and sustainability are needed so that fishing communities continue to benefit.

During the initial phase of the lockdown in March and April, there was no fishing, trading, processing or export. Export demand was weak due to global lockdowns and a slump in purchasing power in importing markets. However, the market system has shown signs of resilience, with processing and exports resuming towards the end of the year.

MDF is not reporting any outreach from the Blue Swimming Crab market system for 2020 due to disruptions in trading and export activity. The work on sustainability and stewardship is still in the early stages.

In 2021, MDF will resume its work on sustainability and stewardship in this market system. In addition, MDF will monitor the price and volume recovery in Blue Swimming Crab trade.

Market function 1

Processing and value addition

MDF did not have plans to introduce new activities under this market function in 2020. However, MDF continues to monitor the impact on the market through earlier investments.

Trading activity and factory operations were disrupted for most of 2020 as a result of the pandemic and its knock-on effects. Towards August 2020, processors resumed activity, albeit at reduced capacity due to government restrictions on gatherings and COVID-19 outbreaks within facilities. However, as movement restrictions were relaxed, processors, including MDF partners, faced a different set of challenges: while fishers were able to go to the sea, processors were unable to secure curfew passes to collect and trade fish. This left fishing households unable to sell their catch as usual and

forced them to sell to domestic markets for low prices or even dump their catches back into the sea. During this period, processing facility employees (predominantly women) lost their incomes, as factories closed.

Anecdotal evidence suggests that there has been some recovery. MDF's partner, Coolman, is still supplying to its export buyers, albeit at lower volumes compared to 2019. Two other export processors have also resumed buying and trading. Encouragingly, processors are planning further investments in sustainability certification to reach higher value buyers. MDF will continue to monitor resilience and recovery in 2021.

Market function 2

Sustainability and stewardship

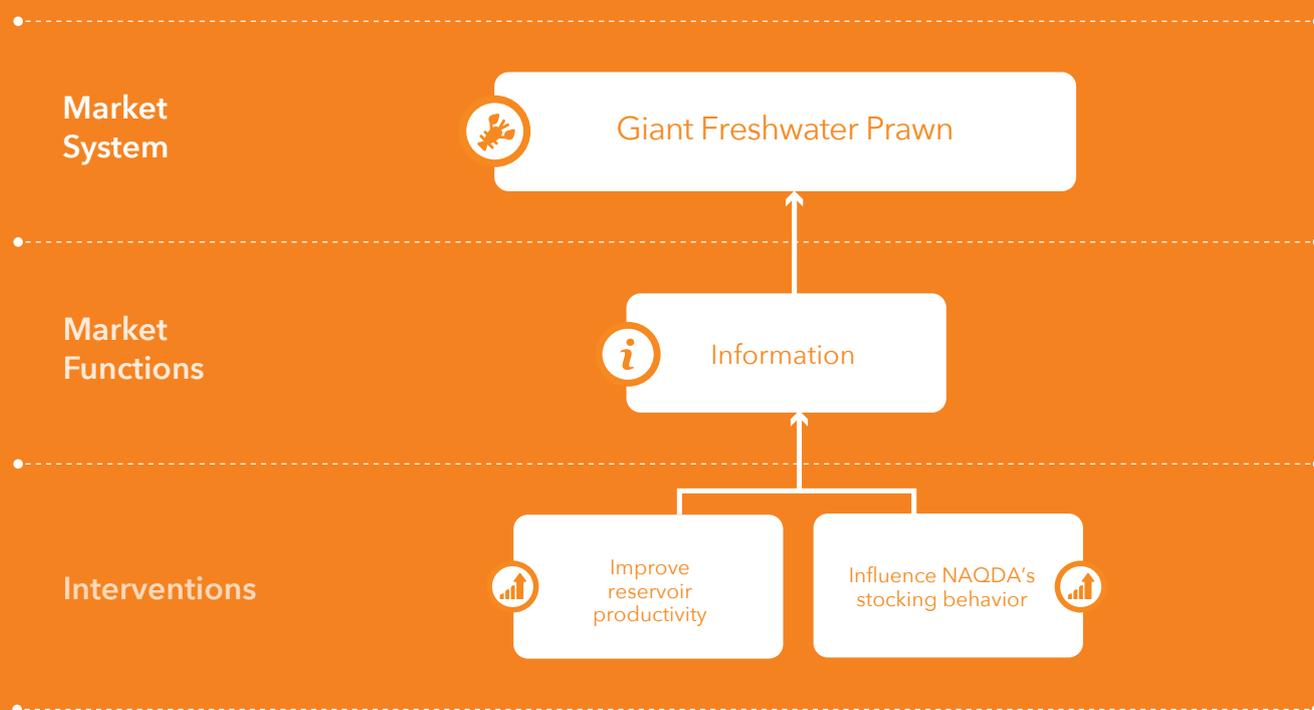
MDF began working in this area in 2020 to support the long-term sustainability of Blue Swimming Crab in Sri Lankan waters. With the increase in international demand for canned crab, the sustainability of wild catch is threatened. While the cut crab and whole crab markets are less susceptible to unsustainable practices because large crabs fetch premium prices, the canned crab market puts the species at risk as the size of the crab matters less. High demand for canned crab increases the risk of juvenile crabs being caught and processed.

The FIP is tackling this issue, with the notable achievement of establishing Sri Lanka as the only South/Southeast Asian country rated a 'Good Alternative' for Blue Swimming Crab by Seafood Watch. MDF invested in the next phase of the FIP in 2020, supporting the Department of Fisheries and Aquatic Resources to build staff capacity to enforce existing regulation around sustainability. Another aspect of the intervention includes community engagement to understand the importance of long-term sustainability for livelihoods. This did not progress in 2020 due to movement restrictions. Activities are planned in the second and third quarters of 2021 and results will be collated in the next reporting period.

In parallel, MDF is exploring the potential for applying technological solutions to better monitor fishing activity under its work in agritech. This will be a key area of activity for MDF in 2021.



Market System 4 Giant Freshwater Prawn



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance
Developing	Conducting action research	MDF achieved some of its earliest successes in this market system, albeit at enterprise level. Although the market has high potential, only a few exporters buy and trade in giant freshwater prawns. In 2020, MDF secured the interest of another firm to invest in GFWP. MDF also designed an intervention to conduct action research to understand the differences between high-performing and low-performing reservoirs. Through these activities, MDF projects that 6,000 individuals in inland-fishing households stand to benefit.

EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
4,993	3,667	USD 2,846,000 AUD 3,716,000	USD 2,009,000 AUD 2,623,000	USD 5,585,600 AUD 7,293,000	USD 4,091,000 AUD 5,341,000	USD 217,000 AUD 283,300	<div style="display: flex; justify-content: space-around;"> <div style="width: 10px; height: 10px; background-color: #ccc; border-radius: 50%;"></div> <div style="width: 10px; height: 10px; background-color: #ffc107; border-radius: 50%;"></div> <div style="width: 10px; height: 10px; background-color: #28a745; border-radius: 50%;"></div> </div>

Market on a Page Giant Freshwater Prawn



Sri Lanka is home to approximately 10,000 freshwater reservoirs, of which around 300 are viable for GFWP.



The crustacean thrives in inland water bodies across the island, where they naturally grow to twice the size of the global average.



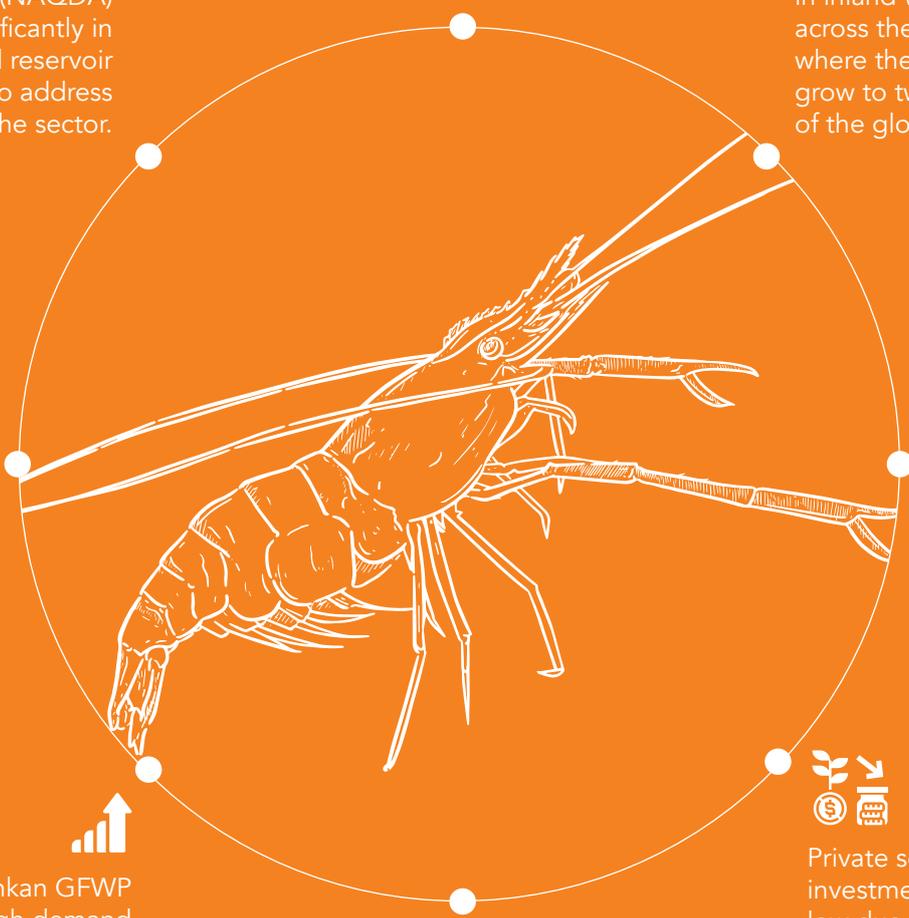
National Aquaculture Development Authority of Sri Lanka (NAQDA) is investing significantly in GFWP stocking and reservoir management to address productivity gaps in the sector.



New business opportunities have emerged in frozen prawn, encouraging new entrants into the market.



The GFWP market has strong potential for inclusive growth as close to 65,000 fishing households depend on inland fisheries.



Sri Lankan GFWP are in high demand in Southeast Asia, particularly in the Thai seafood market.



Private sector investment remains low due to high entry barriers.



The GFWP sector is currently underperforming due to low productivity, weak fisher-exporter linkages and a lack of market opportunity awareness.

Market System 4

Giant Freshwater Prawn



Sri Lanka's Giant Freshwater Prawn (GFWP) species (*macrobrachium rosenbergii*) is unique for its size and ability to thrive in a natural, uncontrolled habitat – primarily, inland waterbodies. While there is some local demand, the sector's potential lies in the export market where it attracts premium prices. Due to the expanse of inland reservoirs across Sri Lanka, the GFWP market system is intrinsically linked with the livelihoods of thousands of inland fishing communities.

Despite significant stress from COVID-19-related trade and logistics disruptions, the industry proved resilient in 2020 with trading activity continuing and exporters overcoming logistical challenges to find new markets. It shows ongoing signs of growth, evidenced by sustained trading relationships and new private sector investment. The private sector has committed more than AUD120,000 to develop inland reservoirs for GFWP production.

As a result, MDF interventions continued to generate results and estimates for what is possible in the market system have increased. Through MDF's initial investment with Divron Bioventures, 3,667 fishers and workers continue to benefit, and by the end of the measurement period, the team predicts that 4,884 fishers will benefit from increased productivity of inland reservoirs and access to export markets. In the longer term, through close collaboration with National Aquaculture Development Authority (NAQDA), all 65,000 inland fishers in Sri Lanka could benefit from this initiative. Positive signs of uptake from the market include investment by NAQDA to establish more hatcheries and the increased willingness of fishing societies to pay for restocking.

In 2020, MDF was able to secure the interest of another firm to invest in GFWP – Taprobane Seafood. MDF also designed an intervention to conduct action research to understand the differences between high performing and

low performing reservoirs. Through Taprobane Seafood, MDF projects that an additional 2,929 individuals will benefit from GFWP fishing over the life of the intervention.

Recent work by the Australian Centre for International Agricultural Research (ACIAR) complements MDF's interventions. ACIAR's ongoing research will provide the industry with information on the stocking requirements of different reservoirs – a crucial insight for potential new entrants into the market. MDF's work in developing NAQDA's market and regulatory capacity will ensure that the ACIAR research findings can be used by the private sector to create inclusive outcomes for inland fishing households.

Market function 1

Market linkages

MDF's first investment in this market system was in partnership with Divron Bioventures in 2016. Activities continued into 2017 and the intervention has since been in the monitoring phase. There were no further investments planned in this function for 2020. In 2019, 3,584 fishers benefitted from trading GFWP.

Divron's business model was severely tested by COVID-19 as the company specialises in delivering premium quality, fresh GFWP to East Asian markets within 24 hours of being caught. Air travel restrictions made this impossible and the subsequent 400 per cent spike in air cargo rates exacerbated the situation. However, the firm managed to find an alternative market through one of MDF's other partners, Taprobane Seafood, which was able to access the North American market via sea cargo.

As a sign of sustainability, Divron maintained its relationships with suppliers and continued to buy all prawns, contributing to inland fishing household livelihoods. This was particularly valuable in the COVID-19 induced economic crisis. Moreover, the collaboration with Taprobane Seafood resulted in a new market for Sri Lankan GFWP, and MDF formed a new partnership with Divron, which is explained in the following section.

Market function 2

Information

Low productivity has been the key barrier hindering crowding into the GFWP market system. It is caused by a lack of information and poor practices at multiple levels. Fishers are not informed of the preferred catching and storage methods and potential buyers and exporters lack information on the species and the technical aspects of growing prawns in uncontrolled habitats. The synchronisation between NAQDA's stocking cycles and export demand is insufficient. With its proposed investments, MDF is well-positioned to tackle these challenges.

MDF undertook two activities in this function in 2020, as planned in the Annual Strategic Plan 2020. This intervention is projected to sustainably increase the income of 4,993 men and women during MDF's measurement period and benefit more than 6,500 people over the life of the intervention.

MDF negotiated a new partnership with Taprobane Seafood in 2020. The activity will source international expertise to test methods of increasing reservoir productivity. Measures, such as building on-site nurseries and same-sex post larvae stocking, have worked in other contexts but have not been systematically tested in Sri Lanka. In 2021, Taprobane Seafood will start sourcing GFWP from 20 new reservoirs and train fishing communities in appropriate catching, handling and storage techniques. Additionally, the partnership will invest in improving financial literacy and women's participation.

MDF will also conduct action research with Divron to understand the factors contributing to high-performing versus low-performing reservoirs. Through this exercise, MDF hopes to lower barriers to entry for potential investors.

In 2020, MDF continued its close collaboration with NAQDA to build its capacity to effectively regulate the industry. MDF staff participated in a global GFWP conference, raising the awareness of Sri Lanka's premium catch which generated significant interest and may lead to future investment opportunities. The international experience in this intervention taught MDF and its partners valuable lessons.

Observations and Lessons



Partnerships without contracts

A small but not insignificant proportion of MDF's activities in 2020 were delivered through modalities that did not require a formal contract. MDF worked with a range of organisations and conducted activities for mutual benefit. This included collaboration with SLTDA on the COVID-19 recovery workshops. From SLTDA's side, the developers of the guidelines led sessions during the workshop, giving the industry an ability to directly raise concerns and ask questions. This shows that networks, connections and relationships are sometimes just as important as co-investments.



Business adaptation – opportunity in crisis

MDF found it challenging to entice businesses to test new ideas in the early stages of the pandemic. In retrospect, businesses faced with a complete lockdown lacked the bandwidth to address less than immediate concerns. As businesses got used to the new reality and had their immediate fixes in place, they started focusing on how to adapt. This presented a very large number of opportunities for MDF and the flexible nature of the program helped the Sri Lanka team capitalise on established strengths.



Visibility and reputation can open previously closed doors

MDF's success this year in progressing the tourism research and coordination agenda contrasts starkly with the challenges of previous years. While some of this is no doubt attributable to COVID-19, it is also abundantly clear that MDF's reputation, built through years of reliable partnership, encouraged the tourism stakeholders to reach out to MDF first. It showed that sometimes visibility, a good reputation, strong networks and greater brand recognition – that is, hard-won trust – are required to support and drive change.



Shocks to the system can accelerate trends

This seems to be true for the adoption of technology and digitisation. On the consumer side, millions became first-time digital consumers during the pandemic. For firms, future plans for supply chain improvements became more urgent overnight. The lesson for MDF is to be prepared to capitalise on these changing trends – being flexible and nimble – is essential to achieving results.



COVID-19 Case Study

Resilience in the face of a pandemic

Resilience has been the guiding theme for Sri Lanka's tourism industry for the past two years. Just as the industry was starting to bounce back from the Easter Sunday attacks of 2019, COVID-19 brought global travel and tourism to a standstill in 2020. However, the sector's unwavering commitment to build resilience and tackle the challenges brought on by the pandemic is keeping businesses afloat and ensuring the industry's survival.

MDF has long recognised the need for coordination among tourism's private sector actors to overcome industry-wide problems. Between 2015 and 2020, MDF built relationships and advocated for improved collaboration. MDF's understanding of, and close connections with, the private sector helped MDF react quickly when the COVID-19 crisis struck.

As an immediate response, MDF partnered with The Hotels Association of Sri Lanka (THASL) on an island-wide campaign to raise awareness among tourist accommodation providers about the Sri Lanka Tourism Development Authority (SLTDA) 'Sri Lanka Tourism Operational Guidelines with Health Protocols,' the blueprint for the sector to prepare itself for a safe reopening.

Harini De Costa, Personal Assistant to the General Manager of the Grand Hotel in Nuwara Eliya, says the hotel responded quickly when COVID-19 hit the country. She said, "the General Manager called a panel discussion with staff members to discuss how we were going to respond. Social distancing and other health and safety mechanisms were implemented immediately, as per advice from the local Public Health Inspector (PHI)."

Some hotels experienced more adverse consequences than others. Kasun De Silva, Assistant Resort Manager of Anantaya Resort and Spa in Chilaw, says the hotel closed down soon after the onset of the pandemic. The resort was careful to adhere to the quarantine process guidelines suggested by the local PHI strictly and promptly.

However, despite its best efforts and proactive measures, the hotel was stigmatised by the surrounding community because the virus was regarded as 'foreign' and tourism businesses were seen as contaminated. "We used to do a lot of Corporate Social Responsibility projects for the village, but we had to stop," said Kasun.

Both hotels participated in the THASL-MDF awareness workshops in their respective regions. The sessions aimed to help accommodation providers understand the importance and procedures of health and safety measures, enabling them to better prepare for and obtain SLTDA's 'Safe and Secure' COVID-19 safety standard certification. Properties are required to have this certification to receive international visitors when borders reopen.

Harini says the workshop acted as a welcome steppingstone for the hotel's recovery in this crucial and trying period.

"The workshop was an eye opener. Before the workshop, we were not aware of the visa process for foreigners or foreign reservations. We got vital clarifications directly from Dr. Prasad Jayasuriya [SLTDA's Director Tourism Planning and Development]," says Harini. "It was on that evening that we did the application for the Safe and Secure certification."

For the Anantaya Resort and Spa, Kasun says the workshops gave his team the confidence to go through the application process for the certification.



The workshop was very useful. Recently, we went through the first audit for the *Safe and Secure* certification. During the audit, we were confident that the staff were prepared and able to answer any questions.

Kasun De Silva,
Assistant Resort Manager,
Anantaya Resort and Spa, Chilaw.

The workshop helped the resort re-establish confidence in the community. Kasun said, "In the beginning, the fishing community in the surrounding area was not pleased with the resort being there, as they were concerned about being exposed to COVID-19 through tourists visiting the village. Since the program, even the PHIs have visited and informed the community that the resort is safe and that we are following the proper guidelines."

Following the workshop, The Grand Hotel and Anantaya Resort and Spa successfully earned the Safe and Secure certification from SLTDA. Kasun and Harini say that their properties are hopeful for the future and are waiting to safely welcome tourists once travel resumes.

Since the emergence of COVID-19, accommodation providers in Sri Lanka, regardless of size and star-category, have been working tirelessly to adapt their properties to the 'new normal' and protect their staff. MDF's timely support via THASL, the leading Business Member Organisation for the accommodation sector, opened new opportunities for the sector to come together for a much needed dialogue. MDF will continue to partner with the tourism sector to strengthen industry coordination so that the sector can prepare and position for recovery.



Over **500** accommodation providers have been better informed of COVID-19 risk management following MDF-supported awareness workshops.



Starting with a successful workshop in Bentota, **12** workshops were carried out in six provinces in 2020.



The workshops are endorsed by the Sri Lanka Tourism Development Authority.



Dr. Prasad Jayasuriya, the Director of Tourism, Planning and Development of SLTDA, led the development of the COVID-19 safety guidelines. Alongside Mr. Srilal Miththapala, the THASL former President and MDF Senior Tourism Advisor, Dr. Jayasuriya conducted the workshops.



Pro-poor Growth Story

Brewing innovation:

Direct private sector linkages are changing the game for smallholder coffee farmers in Sri Lanka

The global Specialty Coffee market is booming. In Sri Lanka, the coffee industry has seen increased investment from the private sector and higher local demand and consumption, thanks to a COVID-induced ban on green bean imports imposed by the government. With this new interest and opportunity, the time is ripe for authentic 'Ceylon Coffee' to make its mark in local and international markets.

Businesses are rushing to establish links with farmers to ensure a consistent, high quality supply of locally grown specialty arabica coffee. MDF partner Ella Coffee Cooperative (ECC), a joint venture between Soul Coffee Private Limited and Amba Estate, works with farmers in Sri Lanka's Central Highlands to purchase coffee cherries directly at farm gate. The beans are then processed at ECC's washing station, saving the farmers time and labour.

Farming Specialty Coffee in Sri Lanka has significant growth potential but the industry is underdeveloped. One reason for this is that unlike ECC, most coffee bean buyers only purchase processed green beans. The responsibility to process cherries lies at farm level, a task which is very labour intensive when done manually.

For over a year, MDF has been working with the private sector on a unique solution to the farmers' problem – a globally competitive cherry-purchasing business model to replace the traditional green bean model. This market intervention allows farmers, many of whom are women, to sell high quality coffee cherries, earning higher incomes and saving time that was previously spent on drying the cherries into green beans.

Karunawathy is a female coffee farmer who benefits from the reduced workload and additional income that comes from supplying to the Ella Coffee Cooperative through the cherry-purchasing business model.



I suffer with a kidney illness, so it is difficult for me to pick, process and dry coffee. It is easier to sell to ECC, since they come to my doorstep to collect the coffee cherries that I have harvested.

Karunawathy,
Coffee farmer.



Coffee farming offers Karunawathy a stable source of additional income. She uses this wage to pay for her medical expenses.

This steady, guaranteed source of income has proven vital for most farmers who are increasingly inclined to grow more coffee due to these benefits.

After only three months of selling to ECC, another coffee farmer, Bandara, says he is reassured about the prospects of growing coffee.



If this demand continues for coffee, we can earn more than we do with tea and it requires less labour. ECC has provided a consistent market for us. It is easier to sell in cherry form, so we intend to replace tea with coffee. We used to hate coffee trees before, but now we are saving them!

Bandara,
Coffee farmer.

Farmers who are involved in backyard coffee farming in Sri Lanka generally spend six to eight hours daily drying cherries into green beans. They then have to travel to town to sell these. Establishing a direct market for coffee cherries has allowed farmers to focus the time previously spent on drying coffee cherries on other farming activities, resulting in higher net profits. Moreover, since processing is not required, farmers no longer face the challenge of processing and drying

during the rainy season, and since they do not need to move the cherries to another location, the cost of transport is eliminated. It is a win-win for the farmers.

MDF sees great potential for the Specialty Coffee sector to become a sustainable export industry for Sri Lanka, taking the 'Ceylon' brand to international markets. MDF's introduction of this innovative business model has helped the private sector and farmers discover ways to collaborate so that both market entities benefit. As incomes increase, it will have a powerful impact on women's economic empowerment and more farmers will be drawn to the industry, contributing to poverty reduction and resulting in a positive influence on the economy.

Businesses like ECC can increase revenue by gaining access to coffee cherries that can then be processed into premium quality arabica beans. Then, working with roasters, the specialty product can be marketed to the local hospitality sector and select export markets.

Given a steady supply, the local coffee industry will be able to enter the world market with enthusiasm. Establishing the 'Ceylon Coffee' brand on the global map has the potential to elevate export earnings and greatly benefit the overall economy.





MDF is supporting ECC to establish a wet processing mill and an outgrower network to source arabica coffee cherries from smallholder farmers in the Badulla district. Farmers who are part of the outgrower network will gain access to a new market for their coffee cherries as well as coffee farming information and extension support.



MDF commissioned the report, *Arabica Coffee Value Chain Analysis* – a one-of-a-kind, in-depth analysis into Sri Lanka's specialty arabica coffee sector. The study collects information from bean to cup, charting pathways to scale and identifying opportunities for growth. The report's recommendations can be used by stakeholders to achieve sustainable growth in this niche industry.

Acknowledgements

MDF Sri Lanka would like to thank the following organisations and individuals for their support and collaboration over the past year:

Antyra Solutions Ltd.	Ministry of Agriculture, Sri Lanka
Association of Small and Medium Enterprises in Tourism (ASMET)	Ministry of Tourism and Aviation, Sri Lanka
Booking.com	Mr. Asoka Hettigoda, Managing Director, Siddhalepa Ayurveda
Department of Export Agriculture (DEA), Sri Lanka	Mr. Dileep Mudadeniya, Vice President, John Keells Group
Department of Fisheries and Aquatic Resources, Sri Lanka	Mr. Jayantha Wijeratne (S.L.A.S.), Chairman, National Aquaculture Development Authority (NAQDA)
Department of Fisheries and Aquatic Resources, Jaffna and Mannar District Offices, Sri Lanka	Mr. Julian Hawkins, CEO, VeriCatch
Dialog Axiata PLC	Mr. Malik Fernando, Co-chair, Sri Lanka Tourism Alliance (SLTA)
Dr. A. P. Heenkende, Director General, Department of Export Agriculture, Sri Lanka	Mr. Niranke Perera, CEO, Antyra Solutions
Dr. Ananda Subasinghe, Director, Department of Export Agriculture, Sri Lanka	Mr. Sanath Ukwatte, President, The Hotels Association of Sri Lanka (THASL)
Dr. Asoka Seneviratne, Former Director General, Department of Export Agriculture, Sri Lanka	Mr. Srilal Miththapala, Senior Tourism Adviser
Dr. Prasad Jayasuriya, Director of Planning and Development, Sri Lanka Tourism Development Authority (SLTDA)	Ms. Aarthi Dharmadasa, Director – Operations, SLTA
Dr. Steve Creech, Fishery Improvement Project (FIP) coordinator	Ms. Amal Goonetilleke, CEO, THASL
eMarketingEye (Pvt.) Ltd.	Ms. Dhammika Wijesinghe, Director General, SLTDA
Sri Lanka Export Development Board (EDB)	Ms. Katherine Droga, Founder, Droga & Co.
ILO Local Empowerment through Economic Development (LEED)	Ms. Kimarli Fernando, Chairperson, SLTDA
Institute of Hospitality, Sri Lanka Chapter	Ms. Madubhani Perera, Acting Managing Director, Sri Lanka Tourism Promotion Bureau (SLTPB)
	Ms. Shiromal Cooray, Co-chair, SLTA
	Ms. Seroshi Nandasiri, Consultant
	Regional Hotels Associations

MDF would also like to extend its thanks to all of its partners in Sri Lanka, without whom the team's achievements would not have been possible.



Quick Facts Timor-Leste



Population

1.3 million

 Urban
31%

 Rural
69%

Population Growth Rate: 2%



Official Languages

Tetum, Portuguese and 32 Austronesian and Papuan languages

Labour Force Participation Rate

 Female
61.4%

 Male
72.6%

GDP
(USD)

2.018 billion

GDP growth rate
- 6.8%

(sharpest fall since Timor-Leste's independence in 2002, due to the impact of COVID-19)

GDP Per Capita
(USD)

1,560.5

Key GDP contribution sectors

 Industry
16.4%

 Agriculture
17.5%

 Services
67.5%



Key Focus Areas



Agriculture

MDF supports increasing production and improving agricultural processing to meet domestic and export demand. MDF supports konjac, coffee, cocoa, pigs, cattle and aquaculture.

Crops

- The government State of Emergency restrictions on transport and public gatherings limited the movement of people and goods, impacting trading at local markets.
- Around two-thirds of Timorese households depend on agriculture for their livelihood.
- Close to 78% of poor households engage in farming.
- Fall Army Worm, an invasive crop pest, was reported in Timor-Leste in March 2020 and has infected 33% of maize crops (22% in Liquica and 71% in Ainaro).

Pigs

- Pigs are owned by 82% of households but Timor-Leste lost more than 50,000 pigs to African Swine Fever since 2019.



Tourism

MDF supports increasing marketing for Timor-Leste as an attractive tourist destination, especially through the development of tour products and services. To do this, interventions aim to improve policy discussion and coordination between the private and public sectors.

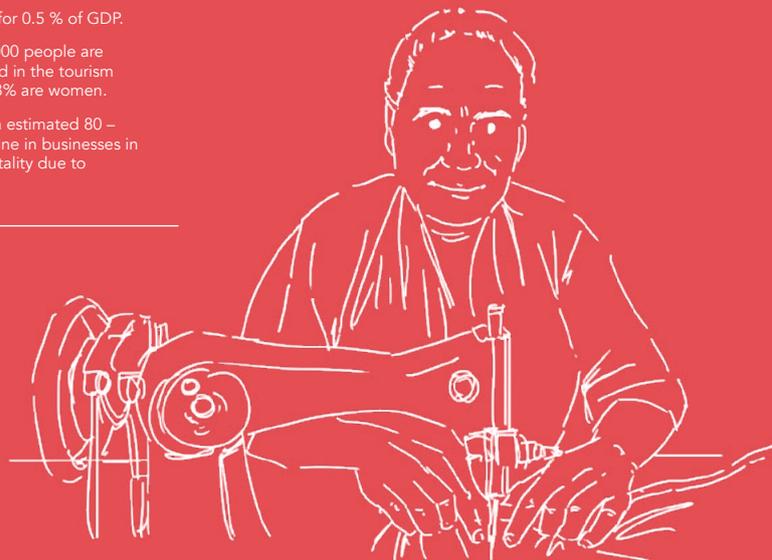
- Passenger arrivals at Dili airport declined by 62% in the first half of 2020.
- Tourism accounts for 0.5 % of GDP.
- Approximately 5,000 people are currently employed in the tourism sector, of which 68% are women.
- There has been an estimated 80 – 90% revenue decline in businesses in tourism and hospitality due to COVID-19.



Manufacturing

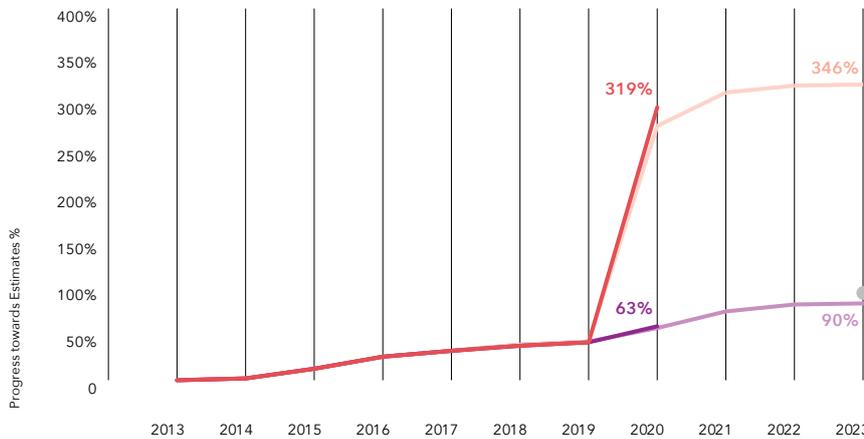
MDF supports start-up of new manufacturing enterprises and facilitates the development of cross-cutting functions, such as financial services.

- Manufacturing contributes less than 0.4% to GDP

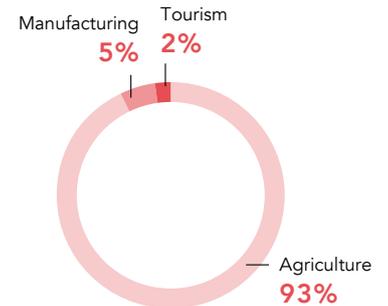


Highlights

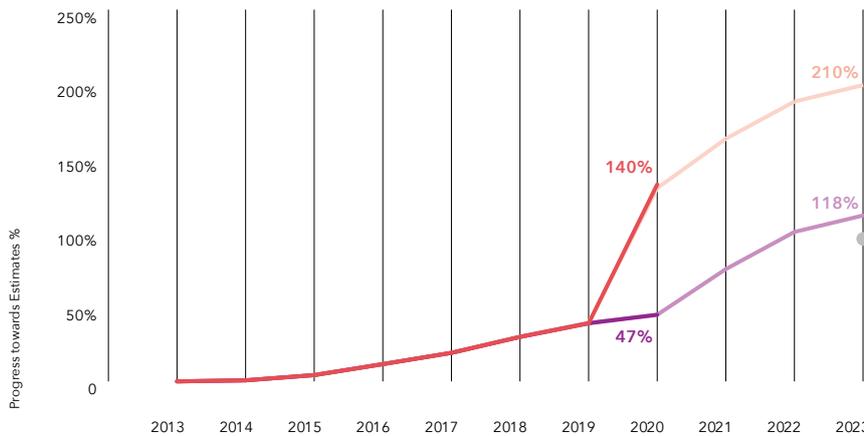
EFFECTIVE OUTREACH



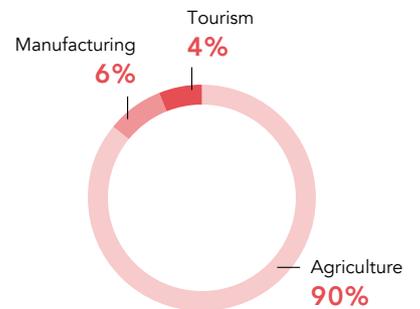
- MDF Estimates
- Cumulative actuals %
- Cumulative projections %
- Cumulative actuals % without ASF/coffee
- Cumulative projections % without ASF/coffee



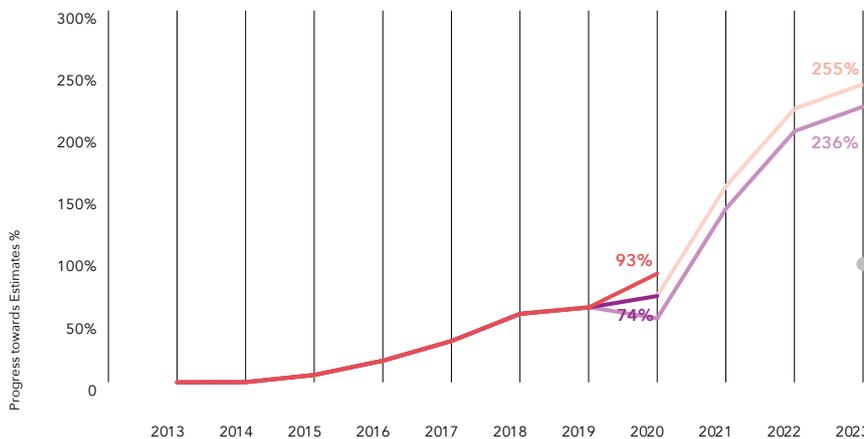
NET ADDITIONAL INCOME (USD)



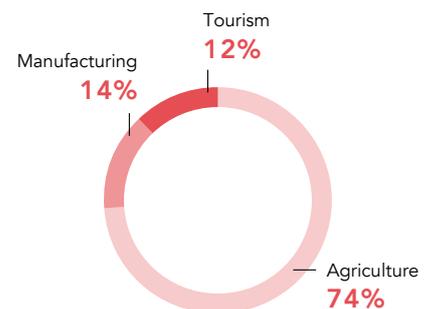
- MDF Estimates
- Cumulative actuals %
- Cumulative projections %
- Cumulative actuals % without ASF/coffee
- Cumulative projections % without ASF/coffee



VALUE OF ADDITIONAL MARKET TRANSACTIONS



- MDF Estimates
- Cumulative actuals %
- Cumulative projections %
- Cumulative actuals % without ASF/coffee
- Cumulative projections % without ASF/coffee



EFFECTIVE OUTREACH

- Timor-Leste's growing portfolio exceeded outreach estimates this year after executing a highly influential national pig health (African Swine Fever – ASF) campaign. After applying conservative assumptions, the campaign helped at least 54,000 pig farming adults sustain their remaining pig herds. Benefits of this intervention will compound into the future, with an expected surge in piglets starting 2021.
- In addition, 3,932 coffee farmers benefited from MDF's work that salvaged 2020 coffee harvest incomes. MDF secured in-bound flights for several key specialty coffee buying personnel in time to procure the 2020 harvest. Their introduction immediately boosted coffee cherry price and enabled a sales channel for coffee farmers without access to other buyers or other sources of income. This was a one-off event and benefit important for MDF's ongoing strategy to increase coffee farmer income through a shift to specialty coffee.
- Even without the abovementioned activities, Timor's portfolio generated good outreach results in a difficult year. Excluding the ASF campaign and coffee flights, cumulative actuals rose by 21 per cent on 2019 levels to 63 per cent of estimates. The main contributor to this growth was new specialty coffee and virgin coconut oil investments.
- Agriculture continues to be the key contributor (93 per cent) to increased actuals and projections.

NET ADDITIONAL INCOME (USD)

- End-of-program estimates for net additional income were also surpassed on the back of the two outlier results discussed above, with total additional income of USD7,696,409 achieved to date.
- Even if those two significant 2020 results are excluded, cumulative actuals grew to 41 per cent of estimates in 2020, and estimates are projected to be achieved in full in 2022.
- Agriculture contributed 90 per cent to additional income benefits, while 6 per cent came from manufacturing interventions. MDF does not project that significant additional income will be generated in the tourism sector over the remainder of the program due to travel restrictions related to COVID-19.
- MDF's rapidly expanding portfolio is projected to generate significant additional income in 2021, with growth led by the pig and coffee sectors.

VALUE OF ADDITIONAL MARKET TRANSACTIONS

- MDF Timor-Leste anticipates achieving value of additional market transactions (VAMT) estimates by the end of 2021, with projected results of a larger portfolio coming on stream over the coming year.
- To date, 94 per cent of estimates have been achieved (74 per cent if the ASF and coffee flight results are excluded).
- Despite the economic challenges of 2020, cumulative VAMT grew by 10 per cent in 2020 on 2019 levels, demonstrating the benefits of a diversified investment portfolio in a fragile economy such as Timor-Leste.
- VAMT is expected to continue growing through the remainder of the phase, led by MDF's pig portfolio in the domestic market and additional export growth in the specialty coffee, virgin coconut oil, konjac and cocoa sectors.

Overview of Portfolio and Progress in 2020



C OVID-19 caused profound disruptions to global health and economic systems in 2020, which resulted in a tumultuous year for MDF in Timor-Leste. The government and private sector pandemic responses resulted in wide-ranging impacts to regular economic activity and adversely affected the business operations and investment plans of MDF's partners. In spite of these

problems, MDF Timor-Leste had its most productive year on record. The team initiated several new interventions and made progress in many target market systems. MDF strove to make itself even more relevant, as the government sought to understand changes to business activity, maintain food security and stimulate the economy.

Key challenges stemming from COVID-19 included restrictions on local and international travel, which limited the movement of staff and collaborators from MDF and partner organisations. The movement of goods, including agricultural inputs and commodities, was also disrupted. Government restrictions, as well as uncertainty and fear, reduced demand for many goods and services. The consequences varied for different sectors, with the biggest effects being felt in the travel, hospitality and tourism sector.

In response to the pandemic, MDF remained practical, flexible and proactive. The team dedicated its resources and utilised its strong networks to gather business and economic information and synthesise it for interested parties including the government of Timor-Leste, DFAT, business associations and firms. MDF ensured its office and operations functioned effectively, in accordance with government requirements, and was therefore able to continue to deliver throughout the year. MDF utilised technology to allow staff to work remotely as needed and there was more regular engagement with the MDF Core Leadership Team Shared Resources.

The pandemic primarily impacted MDF's work by delaying partners' activity implementation. MDF simultaneously implements a diverse portfolio of interventions in several markets, which helps manage risks. This meant that the pandemic impacts were not equally shared across the entire portfolio of interventions and the repercussions were manageable in most cases. MDF's in-built flexibility meant that work in each sector, market and intervention was able to be adjusted as needed. Work in areas which faced the heaviest effects, such as tourism, was put on hold and resources were reallocated to other priorities. Partners faced challenges in different ways, such as adjusting the implementation schedules and contracts. In some cases, such as in the coffee sector, MDF initiated new interventions to ameliorate COVID-19 impacts on Timorese businesses.

The pandemic affected the achievement of results against estimates for MDF's headline indicators (End of Program Outcomes - EOPOs) in many target market systems. However, because of the strongly positive results of a handful of interventions, MDF Timor-Leste far exceeded most of its EOPO estimates in 2020. The number of individuals benefitting from MDF's interventions (effective outreach), shot up from 8,400 to 64,000. Additional income also rose sharply, from USD2.5 million (AUD3.2

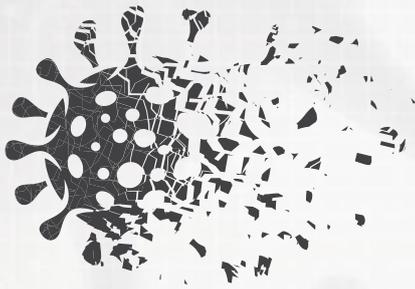
million) to USD7.7 million (AUD10 million). MDF's results on gender equality continued to be outstanding, with women comprising 51 per cent of beneficiaries.

Yet the story of MDF in 2020 wasn't entirely about the pandemic. MDF continued the strategic shift begun in 2019. By the end of the year, Market System Strategies for all priority markets were complete and all interventions started in 2020 were in line with these strategies. MDF achieved substantial increases in the efficiency of its outputs. In 2020, MDF commenced 28 new interventions – a 50 per cent increase compared to 2019. A total of 44 interventions were active at some point in 2020. This was a significant achievement in a difficult year, delivered by a very small team of just five Business Advisers.

Most of the Timor-Leste portfolio is in markets where work commenced within the past two years (owing to the strategic reset of 2018/19). This means that significant systemic changes are not yet evident in these markets. However, early signs of systemic change were observed in markets such as cocoa, coffee and pigs. In the coffee sector, MDF's interventions on quality continued to gain traction, and work began on rehabilitation to increase productivity. In pigs, MDF rolled out a highly successful public communications campaign on African Swine Fever. Initial findings suggest MDF achieved excellent outreach among pig farmers and high rates of behaviour change.

MDF continued to devote efforts toward supporting the broader Australian Government priorities in each sector and market in which the team worked. MDF played a helpful role for the embassy to combat African Swine Fever and Fall Army Worm. To support the embassy's public diplomacy efforts, the Timor-Leste country team published communications material. MDF increased its collaboration with government entities on tourism, agriculture and export/investment, including through more formal arrangements, such as Memoranda of Understanding. The annual stocktake of monitoring and evaluation (M&E) systems by M&E House found that MDF met all DFAT M&E standards and scored high, improving upon an already strong track record.

While the health implications of the pandemic are of paramount importance, the business and economic impacts are also extremely significant. MDF will therefore be even more relevant to Timor-Leste's development in the coming years, as the country and the Australian aid program implement economic recovery programs.



The impact of COVID-19 in Timor-Leste

The impacts of COVID-19 varied over the course of 2020. Some initial shocks ultimately eased, while other medium to long-term issues are just starting to emerge.



The Government of Timor-Leste implemented a State of Emergency early. The restrictions on international travel, domestic movements and business operations were initially very strict but have since eased. This does not include international travel, which is still largely prohibited. So far, this has allowed Timor-Leste to avoid community transmission of COVID-19.



The fact that Timor-Leste has one of the most government-driven economies in the world, combined with strong resilience of the global food system, means that the economic impact of COVID-19 has been relatively muted. However, there are some economic areas which have been hard hit, especially the hospitality sector and travel-related industries.



The government's relatively strong fiscal position allowed it to increase stimulus spending for households. However, the sharp decline in oil prices will reduce inflows into the petroleum fund and affect government expenditure in the medium to long-term.



Business needs over the coming 12 months will often be sector specific. Many hospitality and travel businesses will struggle to survive. Export-focused commodity aggregators, such as those in the coffee sector, will need coping strategies to meet demand changes. Many retail or import-dependent businesses will need to navigate supply chain challenges. Farmers and agricultural businesses will face challenges because of the reduced availability of selected agri-inputs and technical experts.



Some of the most pressing issues for Timor-Leste at present are not directly related to COVID-19. This includes the impacts of recent disease and pest outbreaks – African Swine Fever and Fall Army Worm – which respectively affect pigs and maize, both of which are important to almost every rural household.

Country update

MDF successfully navigated through the many challenges that the COVID-19 pandemic presented, emerging a stronger and even more relevant aid investment. MDF's strengths in business intelligence gathering, networks and farmer/rural surveying, led to practical insights into pandemic impacts. This information was used to improve program delivery and inform partners and other interested stakeholders.

Key achievements for MDF in 2020 included the completion of strategies at all levels: country, sector, market and intervention. This has and will continue to help improve relevance and effectiveness. Particularly critical was the finalisation of remaining Market System Strategies which did not exist previously. These Market System Strategies helped guide intervention choices and focused MDF's work on priority issues identified by the team.

Another priority for MDF Timor-Leste in 2020 was the final stages of a push to have an ambitious and 'full' portfolio of interventions. Ultimately, MDF achieved this through record increases in the delivery of activities and outputs. MDF commenced 28 new interventions in 2020 – 50 per cent more than in 2019, which itself was a record year on this metric. A total of 44 interventions were active at some point in 2020, again higher than the previous record of 32 in 2019. This was a phenomenal achievement for a team that comprised just five Business Advisers, and in spite of the fact that several planned interventions were put on hold because of the pandemic, particularly in the tourism sector.

MDF successfully completed the majority of items specified in the Annual Strategic Plan for 2020. For example, MDF commenced many new interventions in agriculture, and finalised scoping for new market systems, such as cattle, chicken and spices. The two main deviations from the Annual Strategic Plan related to communications and tourism. Several drafted or planned communications pieces were not released or finalised, as they did not fit with the embassy's focus, which switched to the pandemic response. In tourism, several approved/planned interventions were not started because of restrictions on international travel, which has largely been impossible since the pandemic began.

MDF put a lot of effort into continuously improving its relevance, particularly in light of the changes brought by the pandemic. This included relevance within target market systems as well as to Timorese and Australian Government priorities. As noted by the Advisory Group during its last visit, MDF "is highly active in its communications, and these products are valued by Dili Post." Support to combat African Swine Fever continued throughout 2020 and led to related work beginning on another emerging agricultural issue, Fall Army Worm. MDF increased its formal and informal collaboration with multiple government entities, including on agriculture (pigs, cattle, and konjac), tourism and investment/export. MDF leveraged its excellent networks to gather business and economic information in the early months of the pandemic, and synthesise it for interested parties including DFAT, businesses and the Government of Timor-Leste.





Results

For a year characterised by many pandemic-related setbacks, MDF achieved some outstanding results. Annual results show excellent progress against estimates, which are analogous to End of Program Outcomes (EOPOs). Consequently, although there are still several years of implementation and measurement to come, MDF Timor-Leste has already exceeded most of its EOPO results estimates.

The number of beneficiaries (effective outreach) rose markedly, growing from 8,400 in 2019 to 64,000 in 2020. The true result is probably much higher, as conservative assumptions were used to calculate impact. This means MDF is already well past its EOPO estimate of 19,000. The bulk of the increase in 2020 stems from the African Swine Fever communications campaign, which had a wide reach by virtue of its use of mass media and effective execution by the team. There was also a substantial contribution from some pandemic-related support in the coffee sector. Even without the extraordinary results from these two atypical interventions, other results from 2020 positioned MDF to be on track to achieve its estimates for effective outreach. Other strong results came from the Coconut market system and ongoing interventions in the coffee sector. Continued growth in new interventions also increases effective outreach projections for out-years.

Actual income earned by beneficiaries increased by 71 per cent compared to 2019, to USD7.7 million (AUD10 million). This is also a conservative calculation and puts MDF well past its EOPO estimate of USD5.5 million (AUD7.2 million). As with outreach, a large portion of this result comes from the African Swine Fever campaign, with a large number of pig farmers avoiding losses after taking simple biosecurity actions promoted by MDF. There was also a large contribution from the coffee sector. MDF expects a large portion of this coffee income benefit to be one-off, as it stems from temporary support connected with the pandemic. However, a suite of long-term, sustainable interventions should continue to provide further benefits in the coming years.

Results against the indicator Value of Additional Market Transactions (VAMT) were not as positive as for outreach and income, but still rose sharply. MDF's results for this indicator was USD5.9 (AUD7.8 million), which represents an increase of 31 per cent on 2019. This also means MDF is well placed to exceed the estimate of USD6.4 million (AUD8.4 million). Results projections continued to rise, with about 74 per cent of VAMT projected to come from the agriculture sector.

MDF maintained its strong record on gender equality. The share of female beneficiaries in 2020 was 51 per cent. There were no major changes in the share of female beneficiaries in the target sectors (agriculture, tourism, manufacturing). In 2019 MDF Timor-Leste set out to improve its capacity on disability inclusion through analysis and the creation of a Timor-Leste-specific Disability Strategy. In 2020, MDF implemented a number of action items from this strategy, including changes to recruitment documentation and training for staff. However, MDF is yet to follow through with systematic engagement with business partners on disability inclusion and re-engage with Disabled People's Organisations. Once new, broader partner briefing guidelines are completed in 2021, MDF will refocus efforts to reach this goal.

MDF achieved most of its output objectives connected with scoping new areas of work. In particular, planned scoping on cattle, chicken and spices was completed, and Market System Strategies drafted for each of these new areas.

The annual stocktake of M&E systems by M&E House found MDF again scored well. MDF met all the DFAT M&E standards assessed and improved its already strong scores on reporting. MDF's performance is likely to continue to improve, with updates to its M&E manual being implemented in 2021. MDF's strong alignment to DFAT's Partnerships for Recovery: Australia's COVID-19 Development Response Plan means MDF will be able to report results against quite a few of the indicators from Dili Post's CDRP performance assessment framework.

Country Strategy and Sector Selection



Country strategy

The business and economic impacts of COVID-19 are still evolving in Timor-Leste. In 2020, MDF adjusted its Country Strategy as the situation changed but did not stray from the key principles of its existing plans. MDF modified the balance of internal resources devoted to priority sectors (agriculture, tourism and manufacturing), and adjusted strategies within most market systems and interventions. MDF was also proactive in creating its own COVID-19 response plan, to align with the overarching DFAT Partnerships for Recovery strategy. MDF leveraged its strengths in intelligence gathering during the most acute stage of the pandemic, adding new data and policy work to its pre-COVID activities. Since then, MDF has continued to position itself to support stability and economic recovery, in line with the priorities outlined by the Australian and Timor-Leste governments.

In the twenty years prior to the pandemic, Timor-Leste has transformed. It began its independent existence with few institutions, limited infrastructure and the trauma of long-running conflict. Yet, in less than a generation, Timor-Leste has reduced its poverty rates, improved security, increased school attendance and invested heavily in infrastructure.

Timor-Leste has one of the most resource-dependent economies in the world. Petroleum accounts for a majority of government revenue and GDP. So, while there has been economic growth, most of this has been driven by government spending: public service wages, infrastructure, cash transfers, etc. There is a consensus that diversification of Timor-Leste's economic base is vital, as future oil revenue receipts look increasingly volatile.

To support a more diverse economy and a larger, more vibrant private sector, MDF's approach in Timor-Leste includes:

1. Working across a variety of economic sectors, but with a strong focus on agriculture where the majority of the population earn their living
2. Building upon existing business activity as well as driving the start-up of new industries
3. Prioritising collaboration with the private sector and seeking opportunities to improve business and human capacity within firms.



Sector selection and rationale

Most commentators suggest, and the Government of Timor-Leste strategic plan mandates, for economic development to focus on the three sectors of agriculture, tourism and manufacturing. In 2020, MDF's portfolio continued to be aligned to these three priority sectors. For Timor-Leste, the pandemic meant tourism was impossible,

and agriculture became even more important because of its links to food security, as an absorber of labour, and because of emergency cash transfers. Accordingly, MDF focused largely on the agriculture sector in 2020, and complemented this with smaller contributions in manufacturing and tourism.



Agriculture

Around three quarters of Timorese households practice agriculture. Most practice subsistence farming, largely producing food crops for personal consumption. The agriculture sector presents opportunities to achieve MDF's goal of increased income and employment in Timor-Leste. A large percentage of the population works in agriculture and there is space to increase productivity.

In 2020, MDF invested most of its resources in agriculture. Priority market systems included: agri-inputs, coffee, pigs, konjac, cocoa, aquaculture, coconut and fruit. There was also some work completed on disease mitigation and scoping of the cattle, chicken and spice sectors. For each of these market systems, a strategy was in place that focused MDF's attention on key opportunities and constraints. Aside from coffee and agri-inputs, MDF has been active in the above-mentioned agricultural market systems only since 2019 or 2020. This means that most of the current work in agriculture is at the 'emerging' end of the spectrum.

COVID-19 had an impact on the entire portfolio of agriculture interventions, usually taking the form of delays to partner investments or activities. In some cases, these delays were prolonged and/or had a significant impact on interventions. In other cases delays were more temporary and/or were less serious. Only one agricultural intervention was more or less completely suspended during 2020 due to COVID-19, and there were other factors in this decision. Disruptions to international travel and trade continue to hamper the sector, including to the import of agri-inputs, export of commodities and access to international investors, collaborators, certifiers and experts.



Tourism

is very limited in Timor-Leste, but many believe it could make a modest contribution to economic development. Plenty needs to happen to allow tourism to grow, and little public investment has been made to date. The private sector in tourism is small, fragmented and has limited capacity. Because the number of tourists is currently so small, the viability of many tourism businesses is regularly threatened. Without an increase in tourist arrivals, there is limited incentive for the private sector to invest in the industry.

Challenges in the tourism sector are complex and many are beyond the scope of MDF. These include air connectivity, the US dollar economy and infrastructure. MDF therefore focuses on market systems and functions that present plausible targets for unlocking growth. In 2020, MDF paused most of its work on tourism, as strict travel restrictions presented an insurmountable obstacle. The activity that did continue was centred on demand creation, particularly through destination marketing. Most of the tourism interventions that were active at some point in 2020 (continued from the previous year) were in some way related to destination marketing.



Assessing and managing the risks posed by climate change to the Timor-Leste portfolio

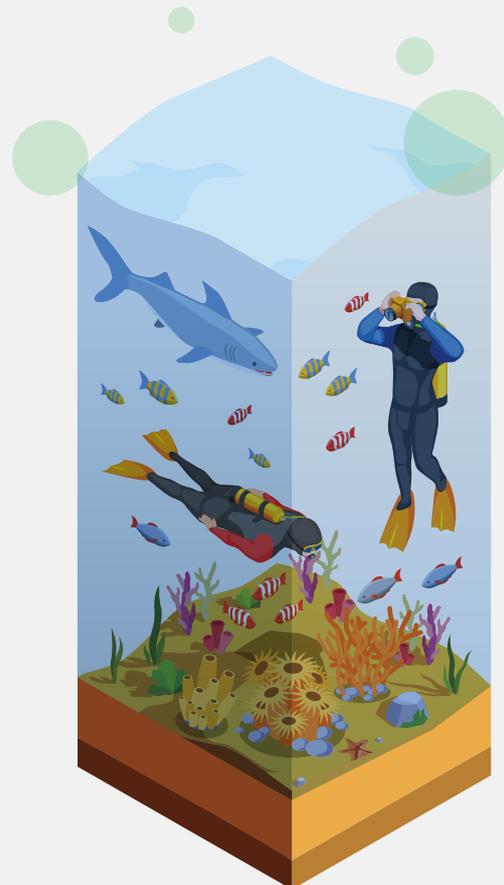
Timor-Leste is typically referred to as a high-risk country with respect to its potential to be negatively impacted by natural disasters, such as cyclones, floods and landslides. Many Timorese are vulnerable to natural disasters because of the high portion of households practising subsistence agriculture, which is not particularly resilient to natural disasters. Modelling suggests that climate change will lead to higher temperatures, as well as increased and more erratic rainfall in Timor-Leste, which would increase many natural disaster risks.

MDF does not have an objective related to climate change, and the Timor-Leste country team does not consider climate change to be a major risk to the overall achievement of the End of Program Outcomes. However, climate change is sometimes a risk to specific interventions or market systems. Because of this, MDF assesses climate change risks prior to commencing any intervention. Specifically, MDF completes a thorough safeguards and risk assessment check before signing any agreements with implementing partners. One of the sections in this assessment requires staff to assess climate change risks, and if they exist, to propose mitigating actions. Such risks are then included on each intervention's monitoring documentation, so they can be followed up throughout implementation.

The biggest risk of climate change to MDF Timor-Leste's work program relates to interventions in the coffee market system. Rising temperatures are likely to alter the ability for coffee trees to grow at lower elevations. More erratic weather patterns will affect coffee flowering, which impacts yields. MDF's work on improving coffee quality this year, and thereby prices and incomes, as well as rehabilitation activities aimed at increasing production should help mitigate risk.

Limited water access in agriculture is already a problem in many parts of Timor-Leste, and this is likely to get worse because of climate change. MDF does not support irrigation infrastructure but does factor in water availability into considerations about support within the agriculture sector. On occasion in 2020, MDF supported minor water storage solutions in the pig sector and in one fruit production intervention.

Climate change will also impact another area of MDF's work, which is in tourism. In particular, climate change is likely to impact marine ecosystems, which are the foundation for Timor-Leste's main tourism drawcards at present – diving and whale-watching. Timor-Leste is part of the Coral Triangle, and has high reef biodiversity, which would undoubtedly be impacted by warmer sea temperatures. MDF is working with dive operators on a range of issues, and in 2020 renegotiated a Memorandum of Understanding (MoU) with them, which like the previous MOU, includes scope for collaboration on conservation issues. In 2020, the main activity related to this was responsible whale-watching.



Early signs of systemic change

The sweet story of cocoa

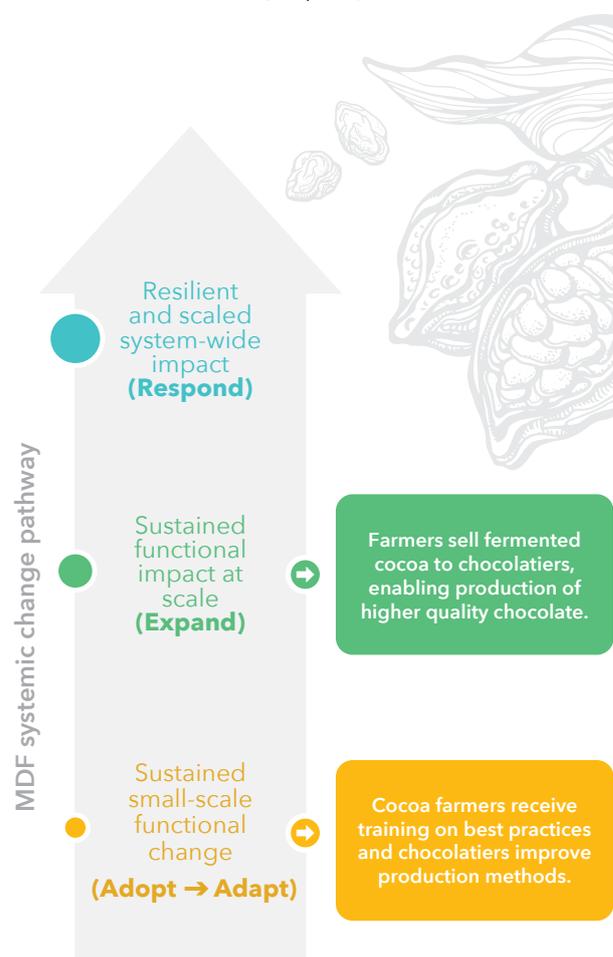
Although there are some mature cocoa trees in Timor-Leste, economic activity associated with cocoa is new for the country. In 2020, MDF supported the development of Timor-Leste’s nascent cocoa and chocolate sector by: (i) connecting farmers to Dili-based chocolate makers; (ii) training over 100 cocoa farmers (20 female) on fermentation, in conjunction with chocolate makers; and (iii) and supporting chocolate makers to improve their chocolate production capabilities. MDF’s support is now showing early signs of systemic change.

Before MDF started working in this market, many cocoa farmers interviewed by MDF were feeding cocoa pods to pigs and/or cutting down their cocoa trees because they could not find buyers. In addition, the growth of Timor’s embryonic chocolate-making businesses was threatened by the absence of good quality cocoa. MDF decided to support chocolate makers to source from farms directly and farmers to move from supplying unfermented to fermented cocoa. Fermented cocoa allows higher quality chocolate and higher farm-gate prices.

Following MDF-supported training, many participating farmers started fermenting cocoa beans, and thus far, 36 farmers have sold their beans to local chocolate makers at nearly double the unfermented cocoa price. One chocolate maker invested scarce resources in a community fermentation system for farmers – a further indication of interest and adoption. Another chocolate maker began buying fermented cocoa from farmers trained by MDF at higher prices. Several farmers interviewed by MDF indicated they now plan to expand their cocoa plantations as there are more buyers offering good prices for their cocoa. The government made several announcements at the end of 2020 indicating their intention to prioritise Timorese cocoa in upcoming international trade forums.

The equipment MDF co-financed is helping to diversify production. Several new products are now available for sale in Timorese supermarkets, including a nutritious

multi-nut cocoa spread, cocoa powder, drinking cocoa, chocolate cake mix, as well as chocolate covered fruit, peanuts and coffee beans. Fermented cocoa beans, Timorese couverture and cocoa powder samples have been sent to interested buyers in Australia and the UK. One chocolate maker supported by MDF plans to enter a regional chocolate award competition in 2021. Success would gain recognition for Timor-Leste as the world’s newest source of fine, high quality cocoa.





Sector

Agriculture





Sector on a page

Agriculture



56,720

Effective outreach



USD

\$6,939,491

Additional income



USD

\$4,443,490

Value of additional market transactions



50%

Female participation



41

Interventions



VISION OF CHANGE

- Coffee quality continues to improve, and Timor-Leste increasingly focuses on the speciality coffee market.
- Smallholder pig farmers improve productivity through use of commercial pig feed, improved breeds and better farming practices.
- Konjac is increasingly sourced through deliberate cultivation rather than wild harvesting, enabled by increased seed availability and improved farmer knowledge.
- Improved information and access to inputs like fingerlings and feed allow higher tilapia fish aquaculture productivity.
- Export opportunities are opened up for Virgin Coconut Oil
- There is an increase in the amount of proactive agricultural input suppliers and retailers, particularly outside of Dili.



CONSTRAINTS

- Lack of access to agricultural inputs such as seeds, fertiliser, pesticides and equipment.
- Low levels of knowledge and skills in productive farming techniques.
- Limited access and connections to domestic and export markets.
- Reduced availability of agri-inputs and technical experts due to restricted transport and travel restrictions.

Fruit

- Agropro Corporation Lda
- WFour Unipessoal Lda



Agricultural Inputs

- Vinod Patel Investments Timor S.A
- Saknuka Unipessoal Lda
- Asosiasaun Negosiantes ba Sasan Agrikultura Timor-Leste (ANSATIL)



Coffee

- Mara Mresa Café Lda
- Assosiasaun Café Timor-Leste (ACT) (rehabilitation, cupping training, cupping laboratory)
- Timor Global, Lda
- Café Brisa Serena Unipessoal Lda
- Reyivita Unipessoal Lda
- RN AGRI Unipessoal Lda
- Outspan Agrotimor Unipessoal Lda
- KARST Organics Lda



Konjac

- Manu Fahi Lui Unipessoal Lda
- Esmelia Unipessoal Lda
- Ministry of Agriculture and Fisheries
- SGA Superior Construction & Trading, S.A
- Coffee companies (various)
- Seedling nurseries (various)



Aquaculture

- WorldFish/Nautetu Unipessoal Lda
- Manbari Catuq Unipessoal Lda
- Moredoc Unipessoal Lda



Others

- To'os ba Moris Di'ak (TOMAK)
- Ministry of Agriculture and Fisheries (Fall Army Worm)
- Coffee rehabilitation paper (internal)
- International offtaker scoping (consultant)
- Marga Enterprise Agricola National Lda
- Kmanek Trading (Timor-Leste), Unipessoal, Lda
- Sarjoli Unipessoal Lda
- Commodities X-Change Lda
- Peoples Trade Company, Unipessoal Lda
- Bucoli Green



Cocoa

- Pods d'Amor Unipessoal Lda
- Pro-EMA
- Trainer (consultant)



Coconut

- LOSCO SS Lda (Los Palos Coconut Oil)
- HAFOTI

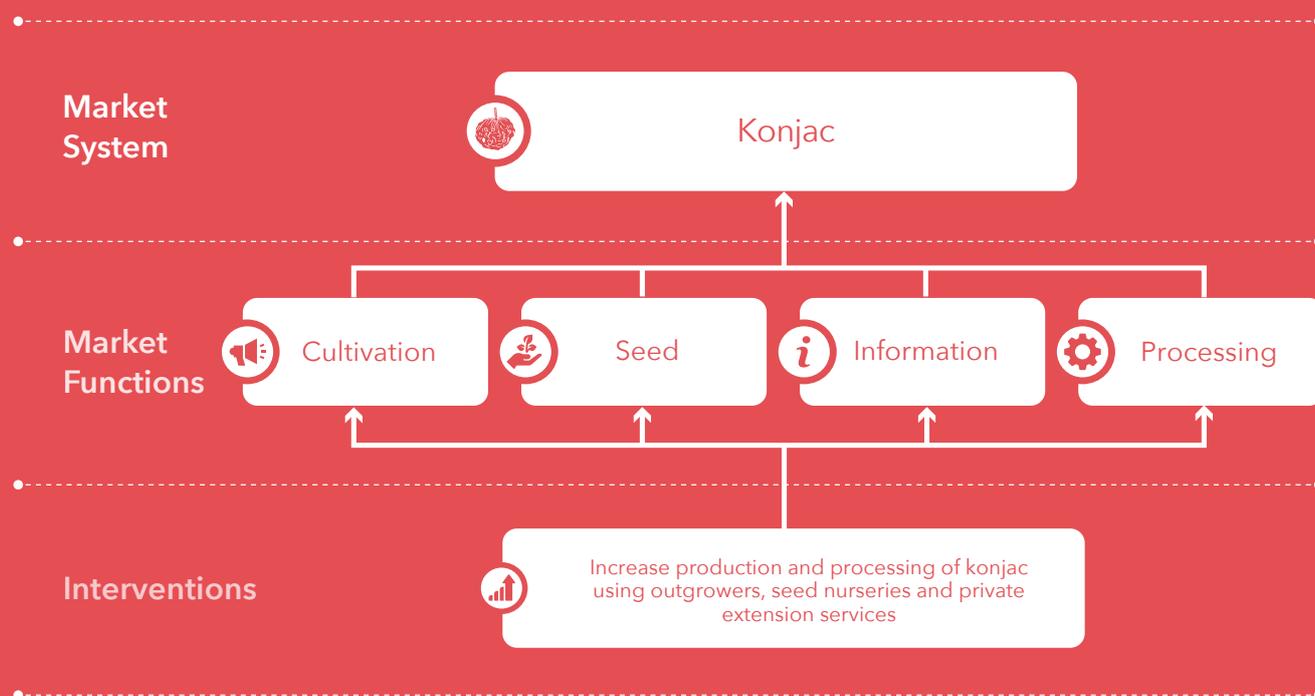


Pigs

- Casa Agricultor Unipessoal Lda
- Reyivita Unipessoal Lda
- RN AGRI Unipessoal Lda
- Ministry of Agriculture and Fisheries (African Swine Fever)

Market System 1

Konjac

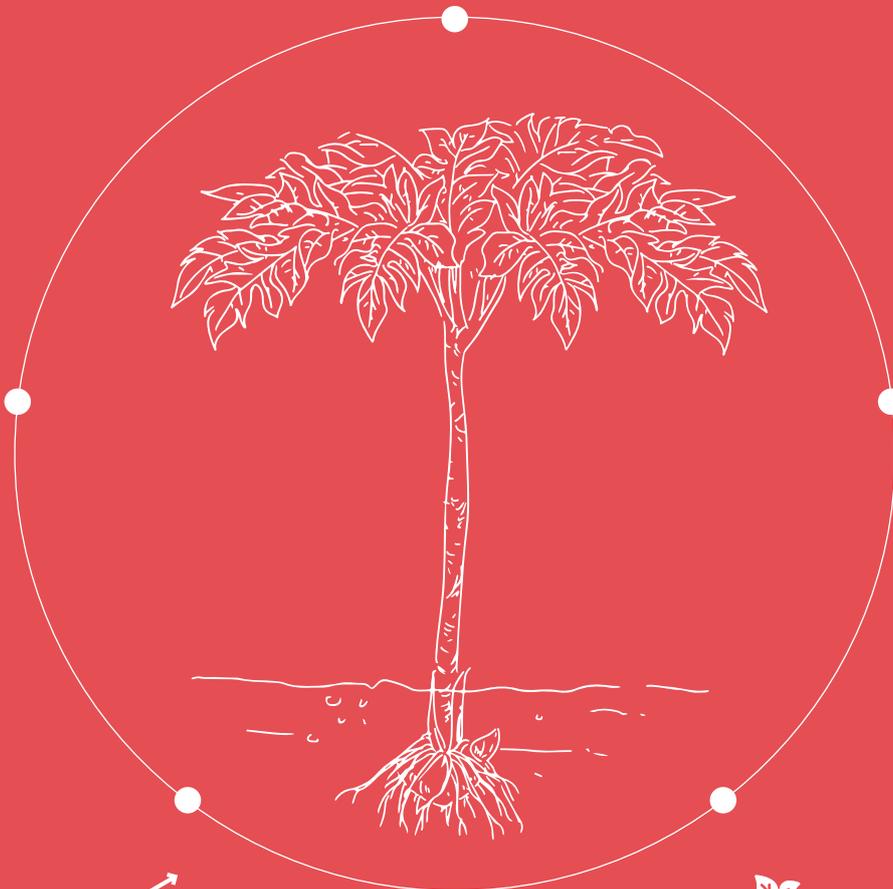


Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance					
Emerging	Increasing production and processing of konjac using outgrowers, seed nurseries and private extension services	There have been some disruptions to the konjac market because of COVID-19, including the temporary cessation of some key exporters' business activity, but these impacts are likely to be temporary and demand is expected to remain strong. During 2020, MDF implemented a rapid intervention bringing local konjac experts to work with nine coffee companies on konjac cultivation, as well as a small intervention to help a group of established nurseries, mainly in Baucau, adopt konjac cultivation.					
EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
1,506	12	USD 860,000 AUD 1,123,000	USD 14,000 AUD 18,280	USD 1,732,000 AUD 2,261,000	-	USD 9,000 AUD 11,750	🟡 🟢

Market on a Page Konjac



Konjac is a hardy crop that grows wild in Timor-Leste.



To support growth, MDF is working with local market actors to develop local sources of konjac seeds and share information on farming techniques.



There is currently little to no understanding of its commercial use or konjac farming best practices.



There is growing international demand for this tuber with the processed konjac corm used for niche beauty and dietary products.



Even though the plant has high income earning potential for rural Timorese households, it is not farmed – only wild stocks are collected.

Market System 1

Konjac

There have been some disruptions to the konjac market because of COVID-19, including the temporary cessation of some key exporters' business activity. Other constraints emerged in 2020. The first is import restrictions from China connected with pest prevention efforts. Although there is no concern about Timor-Leste as a source of the pest, trade from Timor-Leste is currently affected because much of its konjac travels through Indonesia. The second constraint is the overharvesting and depletion of wild stocks, which has meant exports from Timor-Leste dropped considerably since the highs of 2018.

Konjac is a relatively new industry for Timor-Leste, but with exciting potential for pro-poor growth. Growing demand in East Asia has meant that buyers have been

looking to source konjac from new places like Timor-Leste, which has wild-growing konjac. In 2018 konjac was Timor-Leste's second largest agricultural export, and there is good potential to grow this further with some changes to cultivation, seeds, information and processing.

MDF's vision for the konjac sector in Timor-Leste is to help the industry shift from wild harvesting to deliberate cultivation by smallholder farming households. MDF also wants to see the quality of the processed konjac chips improve. To support this, MDF is working to make konjac seeds or seedlings available for purchase, and for farmers to improve their knowledge about farming and processing techniques.

Market functions

The Market System Strategy for konjac was developed to target four market functions:

1. Cultivation

MDF envisages a shift from wild harvesting to deliberate cultivation, especially due to the decline of wild stocks. This change should lead to increased productivity and higher volumes, prices and quality.

2. Seed

There are no dedicated konjac seed nurseries in Timor-Leste and the possibility of sourcing seeds from overseas is limited. MDF is seeking to change this situation by working to expand the supply of seed available for cultivation.

3. Information

Since konjac has largely been wild harvested, information on cultivation is limited. MDF's strategy is to work with konjac buyers to create and grow business models that improve the provision of information to farmers.

4. Processing

Konjac is largely cut and dried on-farm, which can lead to inconsistent drying and fungus growth. Whether through centralised processing or improved on-farm processing, quality is critical for sector growth.

In 2020, MDF implemented a number of interventions which aimed to address most of these four market functions simultaneously.

MDF's worked with a major konjac buyer to establish a new business model based on cultivation, seed nurseries, farmer groups and private extension services. Three nurseries were set up successfully and are already producing konjac. An extension officer has begun work, but there is more to be done to increase information to prospective supplier farmers.

MDF also worked with a second major konjac buyer to create a new business model also based on cultivation, seed nurseries and private extension services. It took longer than expected, but by late 2020 the partner had managed to source five tonnes of konjac seed, storing it at a facility constructed with MDF support, with some

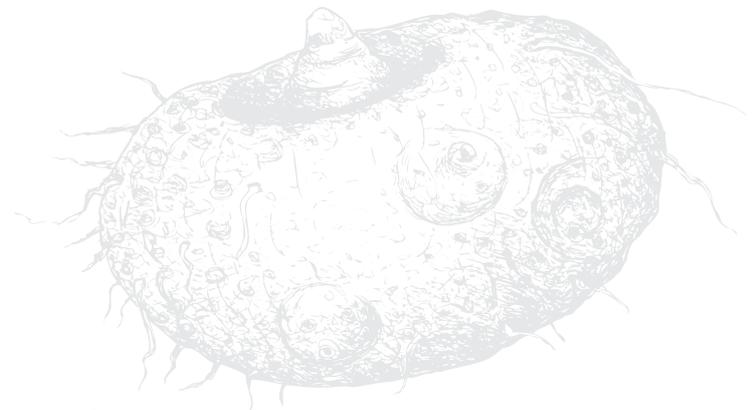
seeds already distributed to farmer groups established by the partner. One extension officer has been recruited to assist with farmer support.

MDF implemented an intervention bringing local konjac experts to work with nine coffee companies across four municipalities on konjac cultivation, as konjac grows well with coffee. Over 200 coffee farmers participated in training sessions, and there is a strong likelihood that several firms and many farmer suppliers will cultivate konjac as a result of the training. This innovation potentially creates an additional income source for coffee farmers who otherwise only receive coffee harvest income once a year.

MDF implemented an intervention to encourage 12 existing plant nurseries to grow konjac, to increase seed availability. Most have already started, or intend, to cultivate konjac.

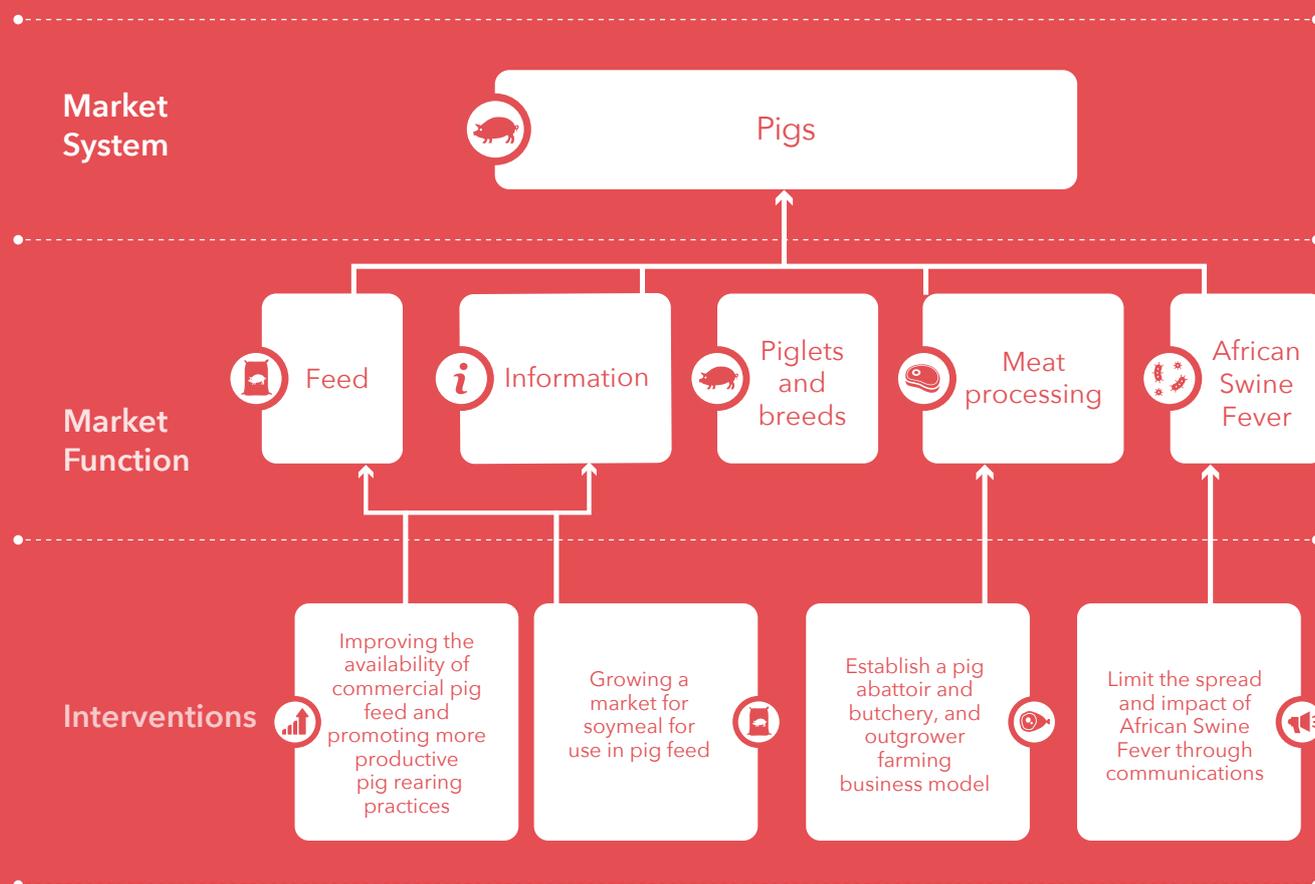
MDF started production on two videos on konjac cultivation, liaising with the Ministry of Agriculture and Fisheries. When finalised in early 2021, these will be useful informational tools for several market actors in konjac.

Despite the challenges of COVID-19, trade restrictions, and declining wild stocks, interest in and potential for konjac remains strong. Overall, MDF made excellent progress in this new market system in 2020, finding and working with a good mix of partners in a short period. The availability of seeds continues to be a key constraint, so MDF hopes its efforts in 2020 will pay dividends with seed collection and use in 2021 and beyond.



Market System 2

Pigs



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance					
Developing	<ol style="list-style-type: none"> Improving the availability of commercial pig feed and promoting more productive pig rearing practices Growing a market for soymeal in pig feed Limiting the spread and impact of African Swine Fever through communication initiatives Establishing a pig abattoir and butchery, and outgrower farming business model 	<p>COVID-19 has had some impact on the sector, along with African Swine Fever (ASF). Restrictions on transport have been a hindrance, as have disruptions to import supply chains. This impacted MDF's principal partner in the market system, an animal feed importer. What has been far more impactful is ASF. The disease has caused a major decline in pig numbers nationally, destroying livelihoods and wealth stores of thousands of poor rural households. However, MDF implemented an innovative intervention with Ministry of Agriculture on raising awareness on ASF, limiting the spread as well as impacting through communications. The success of this intervention exceeded all expectations, achieving significant progress in key performance measures.</p>					
EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
45,433	44,710	USD 5,148,000 AUD 6,722,000	USD 4,936,000 AUD 6,445,000	USD 707,000 AUD 923,000	USD 10,000 AUD 13,060	USD 28,000 AUD 36,560	<div style="display: flex; align-items: center;"> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; margin-right: 5px;"></div> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; margin-right: 5px; background-color: yellow;"></div> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: green;"></div> </div>

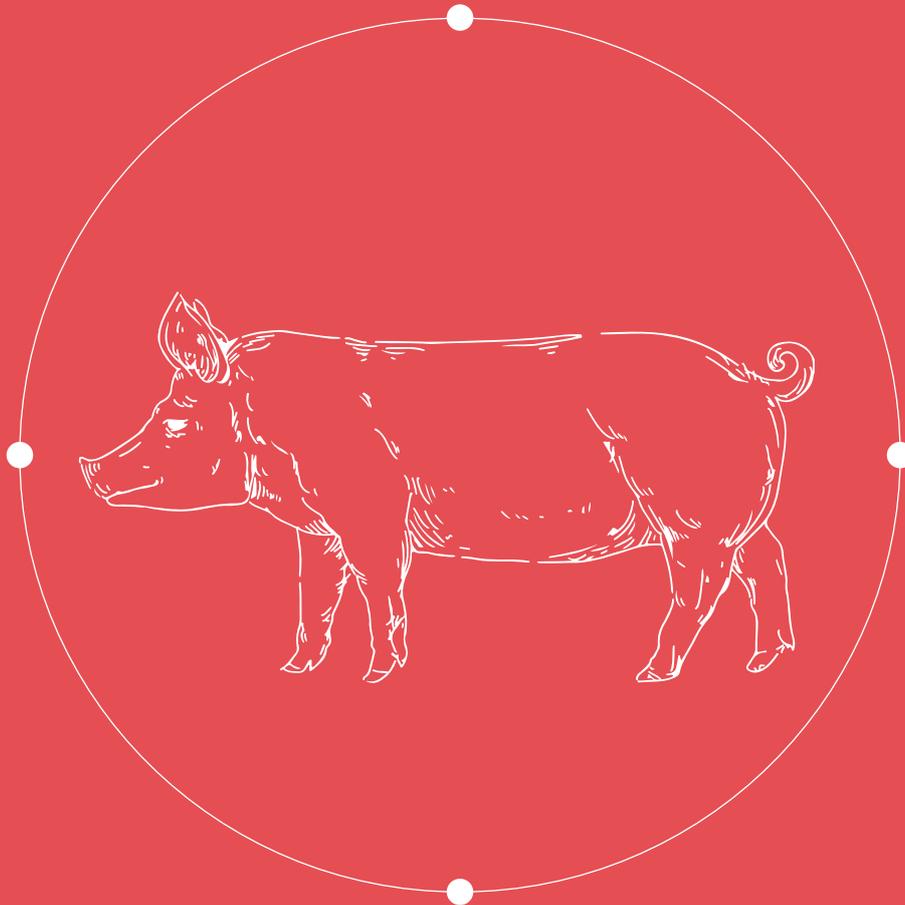
Market on a Page Pigs



An important asset for Timorese households, pigs are traded informally, used in cultural ceremonies and act as a financial savings investment.



MDF is seeking to encourage improved pig rearing practices, commercial feed utilisation and use of more productive breeds, to help boost farmers' income.



Pigs are currently reared using local forage techniques and using home-made feed, but this is extremely slow and can be costly.



Inefficiencies in these farming practices place a disproportionate burden on women, who are traditionally responsible for the livestock's welfare.

Market System 2

Pigs

COVID-19 has had some impact on this market system. Restrictions on transport have been a hindrance, as have disruptions to import supply chains for feed. This affected MDF's principal partner in the market system, an animal feed importer. However, the most significant impact has been from African Swine Fever (ASF), which caused a major decline in pig numbers nationally, destroying the livelihoods and wealth stores of tens of thousands of poor rural households.

Owned by about 82 per cent of rural households, pigs are ubiquitous in Timor-Leste. The animals are commonly reared for cultural ceremonies, as a store of wealth and less frequently, to earn cash income. Yet the price of pigs and piglets is very high, and Timor-Leste imports over USD2 million (AUD2.6 million) of pork annually. MDF works in the pig sector because there is an opportunity to fill the gap between supply and demand, most farmers are familiar with them, and there is high potential to impact women's economic empowerment. The arrival of ASF in late 2019 poses a threat to all of this.

MDF's vision for the pig sector is to see more smallholder farmers shift to dedicated, more productive pig rearing, rather than the basic, foraging-based production practised now. This would include incorporating pig pens, increasing access to healthy piglets and productive breeds, commercial feed and good animal husbandry. These practices not only improve productivity, but when combined with simple biosecurity measures, they can greatly reduce the chances of ASF infection. MDF also envisages incorporating some of these pigs into the formal meat supply chain, substituting frozen pork imports.

MDF commenced its first intervention in September 2019. Results in 2020 from the first intervention on distribution and use of commercial pig feed are encouraging. MDF baseline assessment found that the time to sale weight using commercial feed is just six months, as compared to foraging or home-made feed which takes two to three years.



Market functions

MDF operates in four target market functions within the pigs market system:

1. Feed

Prior to the arrival of ASF, MDF found that insufficient availability and use of commercial pig feed represented the biggest constraint to productivity.

2. Information

Improved knowledge and practices about pig rearing are critical for enabling increasing productivity.

3. Piglets and breeds

The unavailability of 'improved' pig breeds is also a factor in current low productivity. This is closely linked with piglet availability.

4. Meat processing

There is an opportunity for import substitution in pork. However, systems for slaughter and butchery are insufficient to allow local meat into the formal supply system (e.g. supermarkets).

5. African Swine Fever

This disease has been devastating for many pig owners in Timor-Leste and biosecurity has emerged as a critical issue.

Due to ASF, MDF was able to implement fewer interventions than desired in pigs. However, there was good progress made on several fronts.

In 2020, MDF continued to implement its first intervention in the market system, on commercial pig feed. Progress was significantly delayed by the pandemic, as the primary partner, an animal feed importer, could not secure sufficient supplies of feed and the international experts that were supposed to assist with training could not travel. MDF adapted to this by procuring local expertise for the training, and the intervention resumed operations in the latter half of 2020. MDF scaled this intervention up significantly on the basis of promising early results, tripling the number of demonstration pig pens.

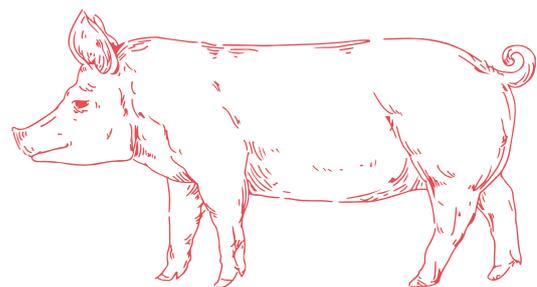
Primarily to complement the above intervention, MDF hired a local adviser to facilitate in-depth biosecurity and pig farming training with 623 pig farmers (including 293 women) in 10 municipalities. The training was very popular and helped catalyse the use of commercial feed and pig pens.

Late in 2020, MDF started a second pig feed intervention. As this is still in trial, it is not yet possible to comment on progress.

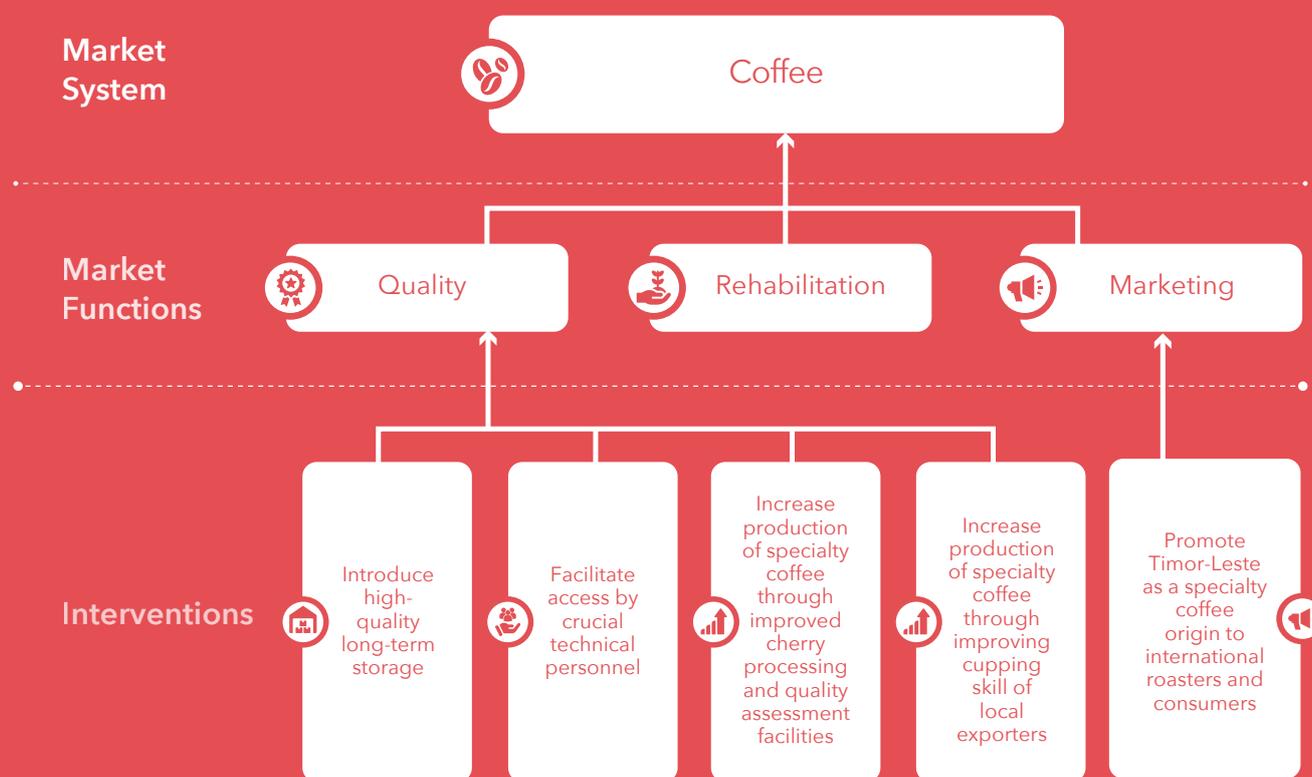
After aborted attempts with other prospective partners, MDF eventually signed an agreement in 2020 to establish Timor-Leste's first formal pig meat processing business. The set-up is ongoing, so it will only be possible to comment on progress in 2021.

MDF worked to implement a nationwide animal health campaign on ASF in 2020. High-quality written material and video content were produced in consultation with the Ministry of Agriculture and Fisheries and other technical experts. A diverse and innovative campaign launched in July and incorporated television advertisements, radio, SMS messages, banners at border posts, posters to all municipalities, social media, social influencers, and a travelling cinema. Early impact assessments found outstanding results, with high reach among the target audience, and high uptake of key messages and behaviour change.

Although MDF had misgivings about working in the pig market system in 2020 due to ASF, the decision to proceed has, so far, paid off. Risks will continue to be high, but MDF has encountered substantial market interest, and there are plenty of opportunities to help soften the impact of the virus, and promote higher productivity and incomes from pigs.



Market System 3 Coffee



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance
Mature	<ol style="list-style-type: none"> 1. Introducing high-quality long-term storage to maintain coffee quality 2. Facilitating access by crucial technical personnel to support the 2020 coffee harvest 3. Increasing production of specialty coffee through improved cherry processing and quality assessment facilities 4. Increasing production of specialty coffee by improving local exporter cupping skills 5. Promoting Timor-Leste as a specialty coffee origin to international roasters/consumers 	<p>COVID-19 has significantly reduced demand in the global coffee market. Specialty coffee has been particularly affected as it is typically sold through cafes and restaurants, many of which closed during the pandemic.</p> <p>Most of MDF’s work has been oriented around the ‘quality’ theme, although additional streams of work on productivity/rehabilitation and marketing were added. The emphasis on quality continued to pay dividends for Timorese coffee in 2020. The other work is at an early stage but holds good potential for next year. The emergency support provided during the early pandemic period was critical for industry at the time, and well appreciated.</p>

EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
6,977	6,223	USD 2,197,000 AUD 2,869,000	USD 599,000 AUD 782,000	USD 9,092,000 AUD 11,871,000	USD 3,050,000 AUD 3,892,500	USD 28,000 AUD 36,560	

Market on a Page Coffee



Coffee is Timor-Leste's largest agricultural export, totalling \$25 million annually.



Improving coffee production and handling techniques are key steps in shifting the market from commodity-grade coffee to more lucrative specialty coffee.



Approximately 38% of Timorese households earn income from coffee.



Low productivity and the resulting low prices keep coffee farmers entrenched in long-term poverty.



Coffee productivity is in decline and overall quality remains low.

Market System 3

Coffee

COVID-19 has significantly reduced or altered demand in the global coffee market. Speciality coffee has been particularly affected as it is typically sold through cafés and restaurants, many of which closed during the pandemic. Many Timorese coffee companies have been impacted in some way.

Coffee is a critical industry for Timor-Leste. It is the biggest non-oil export, generating USD25 million (AUD33 million) annually. Around 37 per cent of Timor-Leste's population owes some of their income to this sector, and for many households, it is their only cash income.

MDF's vision for coffee is centred around promoting a shift from commodity to specialty grade coffee. MDF seeks to improve quality management practices and thereby increase volumes of specialty coffee, create awareness around Timorese specialty coffee, and support the rehabilitation of existing coffee plantations.

The industry faces many challenges. Productivity is among the lowest in the world. The quality is low overall, despite a few emerging champions. Timor-Leste is not competitive in commodity (low quality) grade coffee because of low production volumes. Timor-Leste is more competitive in specialty (high quality) coffee because of the natural attributes of Timorese coffee. Producing specialty coffee also brings higher economic returns for farmers and firms.

MDF has been working in the coffee sector for nearly five years, largely focused on improving quality. In recent years, there has been positive progress in quality, alongside growing awareness of coffee quality. Most exporters have adopted improved processing and quality management techniques. There are emerging businesses producing high-grade specialty coffee. The national Timor-Leste Coffee Association (ACTL) is well respected and trusted by coffee businesses and government. Scores in the national coffee competition that MDF helped catalyse continue to increase.



Market functions

MDF targets three market functions within the coffee market system:

1. Quality

To ensure coffee is specialty grade, producers must promote quality during picking, processing, storing and cupping. MDF will support ACT and individual companies to set up infrastructure for high-quality processing and tracking quality, and to create a pool of skilled staff to improve quality management.

2. Marketing

Timor-Leste is not well-known as an origin for specialty coffee, and those that do know often think of it as low quality. MDF is helping improve awareness about Timorese specialty coffee in selected markets to generate greater demand from trade partners and end-customers.

3. Rehabilitation

Coffee productivity in Timor-Leste is one of the lowest in the world, largely due to the advanced age of the country's coffee trees and limited coffee tree and plantation management. MDF is supporting the rejuvenation of Timor-Leste's coffee trees.

MDF was extremely active in the coffee sector throughout 2020, initiating many new interventions.

MDF commenced working with an emerging specialty coffee producer to build two community coffee processing facilities and a cupping laboratory. The company exported 60 tonnes of coffee this season, 18 tonnes of which came from the first new processing facility built with MDF support just before harvest. With the higher prices paid for better quality cherry, this is already resulting in higher incomes for farmers.

MDF commenced working with a second coffee producer to shift processing methods towards specialty coffee. This intervention is less advanced, so results will only be reported from 2021 onwards.

MDF worked with the national coffee association on activities to improve the cupping skills of over 30 Timorese coffee workers. There has been a lot of interest in this activity (initial training numbers have doubled), and several coffee companies have organised similar training of their own in response. The final part of this activity, which is formal testing and certification, has been delayed by international travel restrictions.

To improve awareness of Timorese specialty coffee and support additional exports, MDF initiated an intervention that will send the top ten coffees from the national 2020 coffee competition to roasters in Australia and New Zealand. Results will be reported next year.

MDF commenced some preliminary work on coffee tree rehabilitation, drafting a paper with case studies from Timor-Leste and recommendations for coffee producers. A draft of this paper was well received by industry leaders and will pave the way for additional work on rehabilitation in 2021.

MDF provided some support to ameliorate some of the critical issues stemming from the pandemic. This included assisting one coffee producer with a storage solution to allow it to cope with fluctuations in demand and still buy from farmers this harvest season. It also included supporting key technical and management personnel from several companies to travel to Timor-Leste, allowing these exporters to continue buying from farmers this harvest season. This allowed around 3,900 coffee farmers to earn income from coffee this year, who otherwise would have struggled to sell their coffee. Although these were short-term responses to the pandemic, they were consistent with MDF's broader vision for the sector of shifting from commodity to specialty grade coffee. Also, MDF has or will enter into longer-term partnerships with most of the companies which were provided emergency assistance.



Coffee marketing in Australia

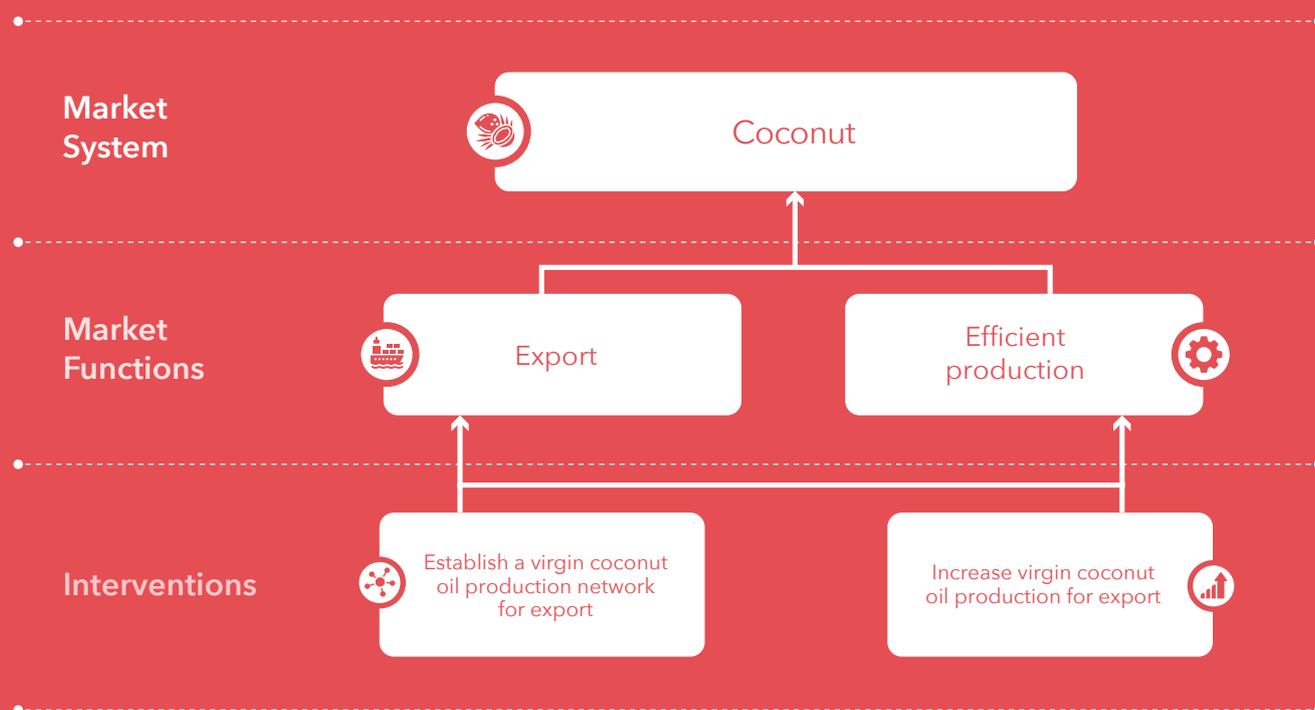
MDF is supporting the transition of coffee production in Timor-Leste from commodity to specialty grade. To establish Timor-Leste as a recognised supplier of specialty coffee, quality needs to be consistently high and production volumes need to increase. Export of specialty coffee increased from 600 tonnes in 2016 to 1,200 tonnes in 2019.

Despite good quality product, some emerging specialty exporters struggle to sell their coffee. The specialty market is even more competitive now because of demand changes stemming from COVID-19. Many roasters and consumers do not buy Timorese coffee because they are unfamiliar with it. They prefer to buy coffee from established specialty producers, such as Colombia and Ethiopia. Therefore, MDF thinks it is important to build a brand for Timor-Leste to complement efforts on improving quality.

The main markets for Timor-Leste's specialty coffee are Australia, Europe and Japan. Four companies are currently exporting coffee to Australia and a few premium roasters, such as Five Senses, Veneziano and Numero Uno, are now selling coffee from Timor-Leste. In late 2020, MDF commenced a new intervention aimed at promoting Timorese coffee in Australia.

MDF is working with the Timorese Coffee Association (ACT), and a coffee wholesaler, Raw Material, on content creation and promotion within Australia. Marketing content will be created to highlight the history of Timorese coffee and the quality control practices. This will include pictures, videos and testimonials of farmers, processors, exporters and current buyers in Australia. This content will be promoted through trade and consumer marketing. Trade marketing includes promotion through specialty wholesalers, roasters and subscription services in Australia. Samples of winners from the 2020 Timor-Leste coffee competition will be provided to roasters around Australia. Consumer marketing will include promoting through coffee magazines, documentary channels and dialogue platforms.

Market System 4 Coconut



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance
Emerging	<ol style="list-style-type: none"> 1. Establishing a virgin coconut oil production network for export 2. Increasing virgin coconut oil production for export 	<p>MDF's current work in virgin coconut oil is limited to two linked interventions focusing on scaling up production capacity, improving logistics and building export-focused business models. Progress with these partners was limited in 2020, largely due to Covid-19. MDF's key partner was not allowed to resume manufacturing for a large portion of the year, and international travel restrictions have hampered progress with several aspects of the business. However, late in 2020, government initiated an emergency relief program providing a large, one-off avenue for additional domestic virgin coconut oil sales. Should the export-focused business model be able to resume, this will provide a good basis for meeting larger wholesale orders.</p>

EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
2,220	2,107	USD 602,000 AUD 786,000	USD 96,000 AUD 125,350	USD 1,132,000 AUD 1,478,000	USD 304,000 AUD 397,000	USD 20,000 AUD 26,110	

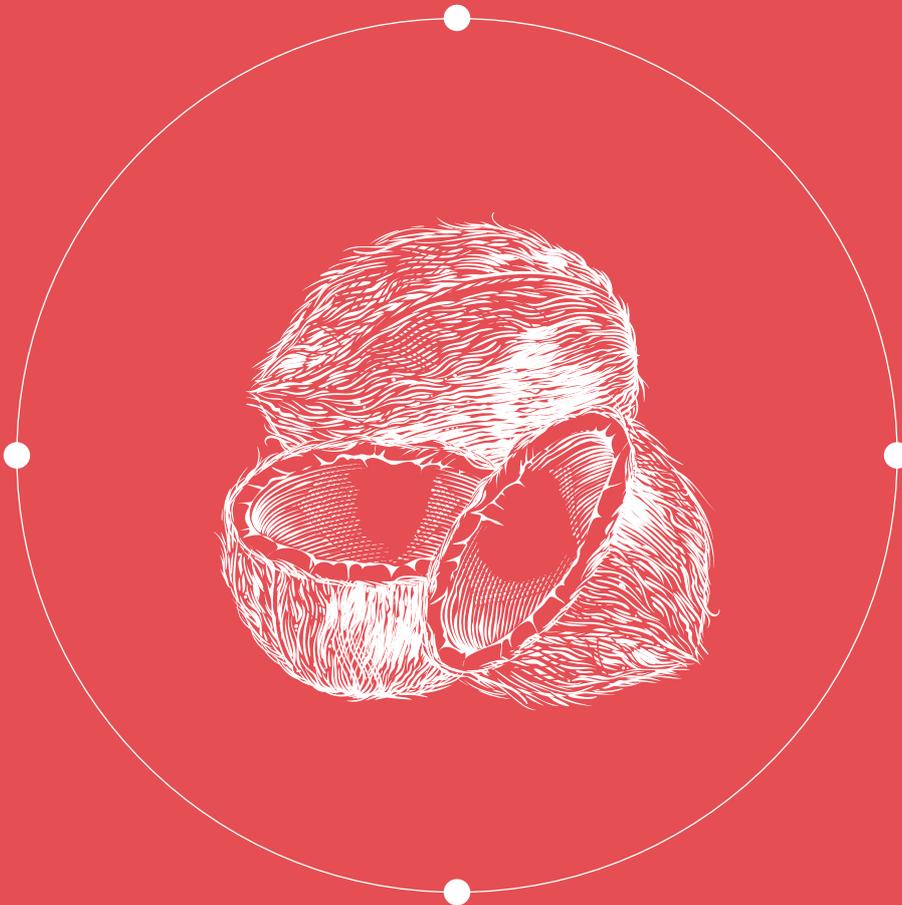
Market on a Page Coconut



Coconuts grow throughout Timor-Leste and are an important source of food, oil, fibre and wood.



MDF is working with virgin coconut oil producers to expand production and link to export markets.



There are several local virgin coconut oil producers supplying the small domestic market but production is often inefficient and they lack connections to export markets.



MDF identified virgin coconut oil as a potential new export to meet growing international demand in markets such as Australia.

Market System 4

Coconuts

The pandemic had a negative effect on this market system and MDF's interventions. Despite this, domestic sales of MDF partner LOSCO's Virgin Coconut Oil (VCO) were much stronger than expected, due to a local purchasing scheme and the high quality of the partner's VCO.

Coconut trees are found throughout Timor-Leste, which makes them an excellent existing resource from which many smallholder farmers could grow their incomes, especially from VCO. At current prices, there isn't enough local VCO demand to enable significant sector growth. However, there is growing international demand which Timor-Leste could tap into if producers are willing and able to access these markets.

MDF's vision for coconut is that Timor-Leste better leverages its good existing tree resources to access new commercial opportunities, in particular by producing high-value VCO for export markets. Other coconut products could ultimately form part of this vision, but VCO is the focus for now.

Market functions

MDF's strategy for coconut is oriented around two interlinked functions:

1. Export

There are around ten companies making VCO in Timor-Leste, but the market is saturated and overall sales are not growing. Sector growth will depend on gaining access to export markets.

2. Efficient production

Most VCO producers currently target domestic consumers, but the export market requires much larger volumes.

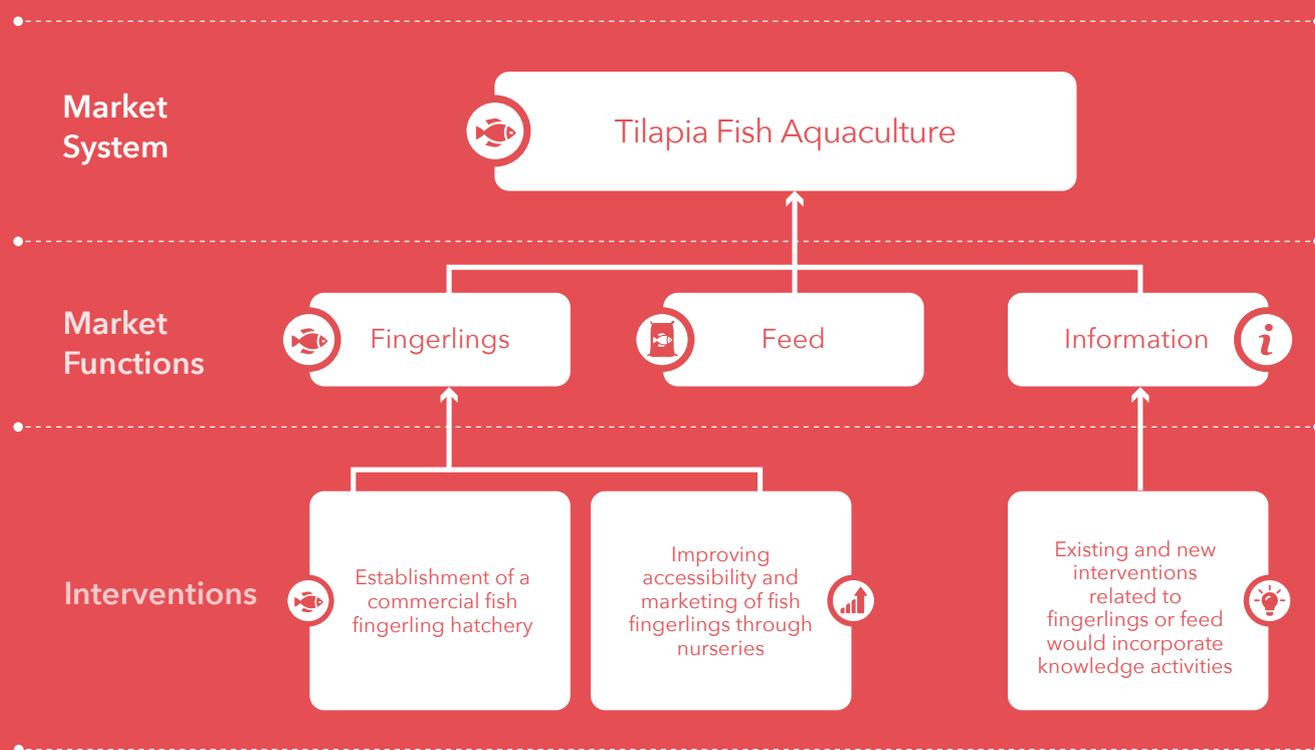
MDF's current work in VCO is limited to two linked interventions that both started in 2019. Both involve scaling up production capacity, improving logistics and building export-focused business models.

Progress with these partners was limited in the first half of 2020, largely due to the pandemic. MDF's key partner, LOSCO, was not allowed to resume manufacturing for a large portion of the year, and international travel restrictions are hampering progress with several aspects of the business, such as production efficiency and organic certification. The factory was shut down for half the year. However, there was rapid growth in Q3 and Q4 due to domestic sales growth. In particular, a government emergency relief program provided an unexpected and sizeable channel for additional domestic sales. Accordingly, significant extra investment was made in production capacity, which had strong pro-poor and WEE impacts, (73 new workers, including 67 women employed) and purchasing of coconuts from 971 women and 29 men. Many successful export industries are built off a strong domestic industry. The rapid scale up supported by the government purchasing program could provide the industry with the capacity to meet larger orders from international buyers.





Market System 5 Tilapia Fish Aquaculture



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance					
Emerging	<ol style="list-style-type: none"> Establishing a commercial fish fingerling hatchery Improving accessibility and marketing of fish fingerlings through nurseries 	<p>COVID-19 had an impact on this market system, and MDF’s plans for it. During the year, MDF signed an intervention on commercial fish feed, but the partner ultimately decided not to proceed as originally planned in part because of the pandemic. MDF is now negotiating with them and similar firms about alternative approaches. Also, MDF’s other partner in this market system, on fingerlings, had trouble sourcing feed because of cross-border trade issues. The proposed partner on a new fingerling hatchery faced lengthy delays obtaining services from a drilling company.</p>					
EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
868	1	USD 277,000 AUD 362,000	USD 1,000 AUD 1,305	USD 50,000 AUD 65,290	-	USD 5,000 AUD 6,530	<div style="display: flex; align-items: center;"> <div style="width: 10px; height: 10px; background-color: #ccc; border-radius: 50%; margin-right: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #ffc107; border-radius: 50%; margin-right: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #28a745; border-radius: 50%;"></div> </div>

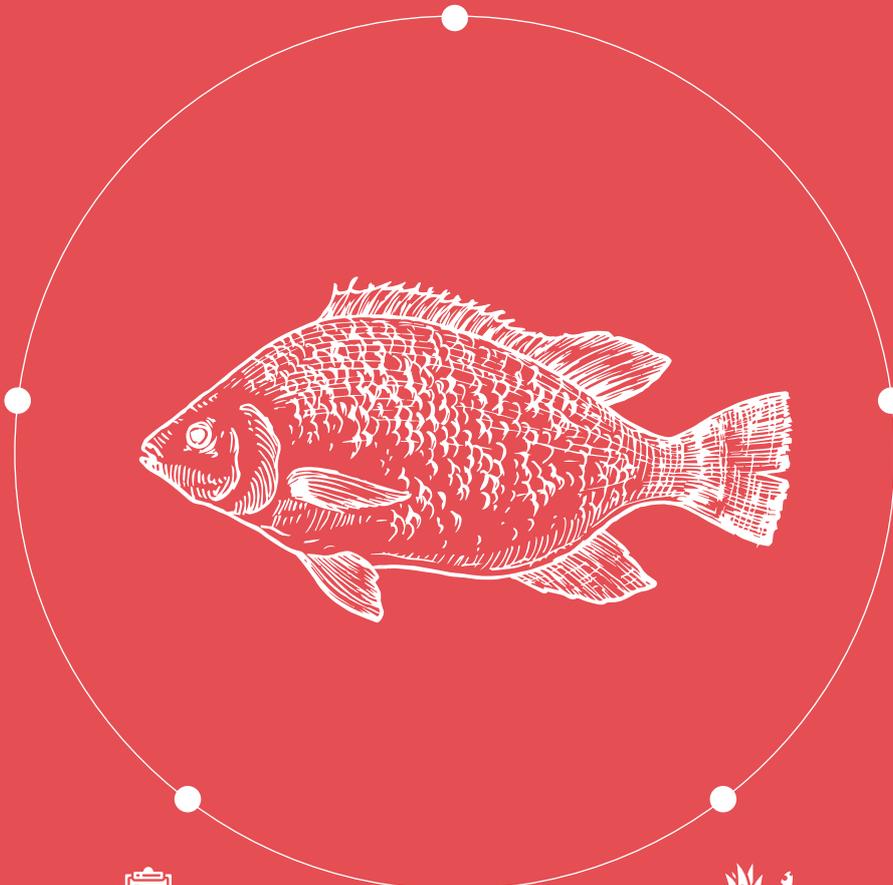
Market on a Page Tilapia Fish Aquaculture



Demand for fish is much higher than domestic supply - a gap of 2,000 tonnes of fish per year.



To increase tilapia growth rates and income in aquaculture, farmers need to access appropriate inputs such as fingerlings and commercial fish feed.



If productivity increases, tilapia fish aquaculture could help satisfy domestic demand.



For many rural districts which do not have access to coastal fisheries, freshwater aquaculture is a valuable opportunity increase protein in local diets and reduce malnutrition.



As of 2014, only about 2% of fish consumed came from aquaculture, with the other 98% sourced from marine catch.

Market System 5

Tilapia Fish Aquaculture

COVID-19 impacted this market system and MDF's intervention plans in the sector. During the year, MDF signed an intervention on commercial fish feed, but the partner ultimately decided not to proceed as originally planned in part because of the pandemic. MDF is now negotiating with this company and similar firms about alternative approaches. MDF's other partner, which produces fingerlings, had trouble sourcing feed because of cross-border trade issues. A third partner, who is planning to establish a new fingerling hatchery, faced lengthy delays obtaining services from a drilling company which stopped operating because of the pandemic.

Over the past decade, several development partners have promoted smallholder aquaculture, particularly of Tilapia fish. WorldFish estimates that around 3,000 Timorese households collectively own over 40 hectares of aquaculture ponds. However, there are numerous constraints to full use of these ponds and a level of

productivity that would enable farmers to earn a reasonable income from the ponds.

This is a very difficult industry in which to work. Margins are razor thin, making it difficult to compete against imports. But there are opportunities for local production and consumption in inland areas or where there is no cold chain infrastructure.

MDF's vision is to have a larger number of smallholder farmers practising aquaculture with increasingly higher productivity. This can be achieved through three avenues: fingerlings, feed and farmer information. MDF's vision for fingerlings is aligned to the policy of the government; whereby it stops providing fingerlings and instead this role is taken over by private hatcheries. MDF's vision for feed is that farmers increasingly use commercial feed in addition to, or instead of, other less productive feeding practices.



Market functions

The Market System Strategy for Tilapia fish aquaculture has three target market functions:

1. Fingerlings

Until recently, there was only one large supplier of Tilapia fingerlings – a government-run hatchery. It is not meeting demand, so key stakeholders in the sector are working towards a system where privately-run hatcheries take over the responsibility for supply of fingerlings.

2. Feed

Tilapia are typically fed: (a) phytoplankton, which is grown in fishponds through the application of fertilisers; (b) home-made fish feed using local ingredients; and (c) commercially-produced, complete fish feed. While Tilapia can certainly grow using the first two methods, growth rates are typically much slower.

3. Information

Most Timorese households practising aquaculture began doing so with the help of development partners. Many farmers lack sufficient knowledge to achieve productivity levels that provide a good return on investment. Pond planning and construction, fingerling care, water quality control, feeding, cleaning and disease management are key skills that require informative instruction.

MDF worked on several interventions in 2020 in this market system.

Just before the pandemic started, MDF signed an agreement focused on fish feed availability. For various reasons, the partner ultimately elected not to proceed, and an alternative solution to this issue is being sought.

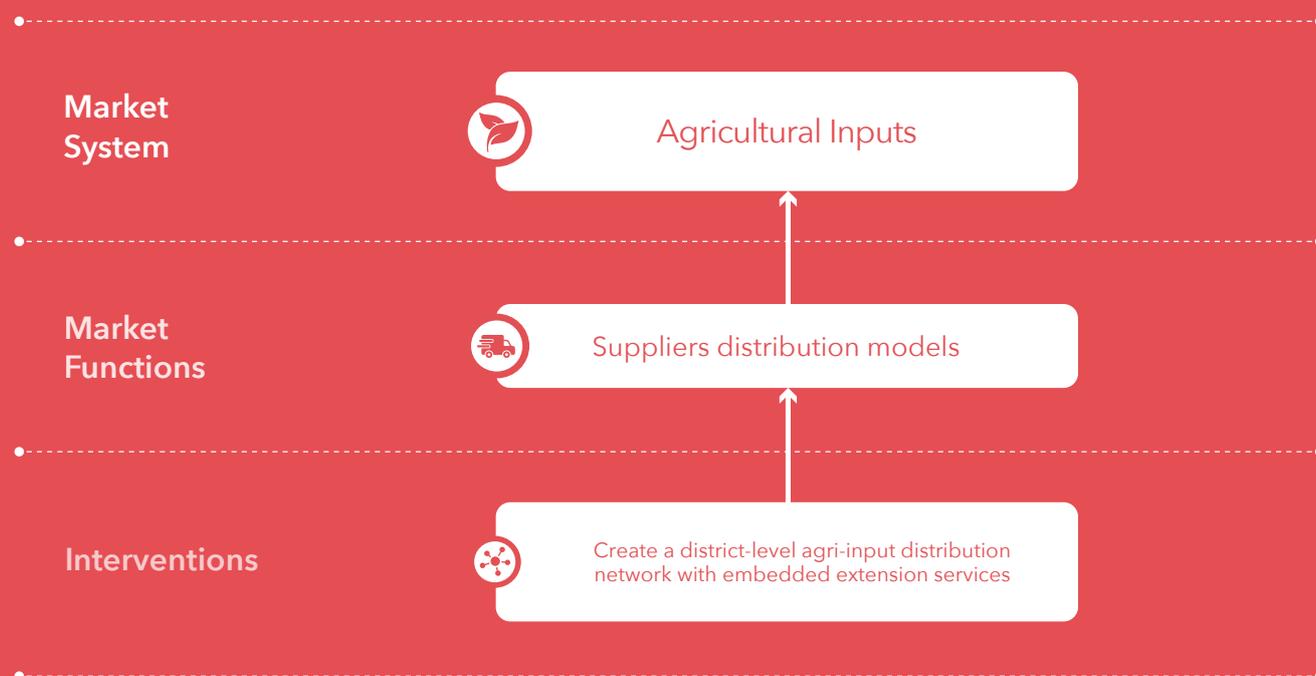
In May, MDF signed an agreement with the only privately-run hatchery to support better distribution and marketing. Progress was slow, with the first fingerling nursery only built very late in the year.

MDF continued its planned intervention on constructing a new fingerling hatchery. Finalisation of the technical feasibility stage was extremely slow, due to the difficulty of the proposed partner obtaining borehole drilling services, particularly because of the pandemic. Late in the year, the proposed partner ultimately decided not to proceed with the investment. Significant time was put into the preparation of this intervention, and it is difficult to see a resolution in the short-term.

This was the agricultural market system where MDF faced the most setbacks during 2020. In the next year MDF will likely continue with existing ideas on commercial feed and boosting sales of fingerlings but does not plan to develop a new fingerling hatchery.



Market System 6 Agricultural Inputs



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance
Mature	Creating a district-level agri-input distribution network with embedded extension services	The COVID-19 pandemic has had, and continues to have, a large negative impact on the agri-input market in Timor-Leste. Closure of the land border with Indonesia has meant that many agri-input importers have been unable to secure sufficient supplies from regular sources. There have been supply chain issues associated with shipped goods and internal movement restrictions. It will be difficult for MDF's key intervention in this market system to proceed as originally planned until international travel resumes. MDF is looking at alternative options for this market system.

EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
1,433	683	USD 382,000 AUD 499,000	USD 255,000 AUD 333,000	USD 111,000 AUD 145,000	USD 80,000 AUD 104,500	USD 39,000 AUD 51,000	🟡

Market on a Page Agricultural Inputs



In Timor-Leste, nearly 63% of households are dependent on agriculture.



MDF encourages new input market entrants and supports district-level presence of agri-input retailers to increase productivity.



Agriculture production faces a wide range of challenges; natural threats include weather, soil fertility and inconsistent water sources.



Agricultural inputs are only available in select districts, which lead farmers to rely on poor quality, informal sources or go without.



Market limitations include insufficient access to seeds, fertiliser, pest control and equipment.

Market System 6

Agricultural Inputs

The COVID-19 pandemic has had, and continues to have, a substantially negative impact on the agri-input market in Timor-Leste. Closure of the land border with Indonesia has meant that many agri-input importers have been unable to secure sufficient supplies from regular sources. There have been supply chain issues associated with shipped goods and internal movement restrictions.

Whether it be seeds, fertiliser, pest control or equipment, inputs are a critical market function in almost all agricultural market systems. Consequently, almost all MDF Timor-Leste's interventions in agriculture have interventions related to improving the availability of inputs. For example, two of the three market functions being addressed related to tilapia fish aquaculture are inputs (fingerlings and feed). MDF also works on the availability and quality of agricultural inputs more generally, not connected with a single agricultural product.

MDF's vision is that there are more and increasingly active input suppliers and retailers, thereby increasing the availability of agricultural inputs, particularly outside of Dili. This will significantly increase the use of improved agricultural inputs by farmers, leading to higher productivity across a range of agricultural products.

Market functions

The Market System Strategy for agri-inputs has two target market functions:

1. Supply

The lack of input importers, suppliers and retailers contributes to agri-input usage in Timor-Leste being extremely low, affecting productivity.

2. Distribution models

There is a lack of market actors, and those that do exist frequently have passive sales models, and do not use agents, extension officers, or other methods to reach farmers in rural areas.

MDF implemented two interventions on agri-inputs in 2020.

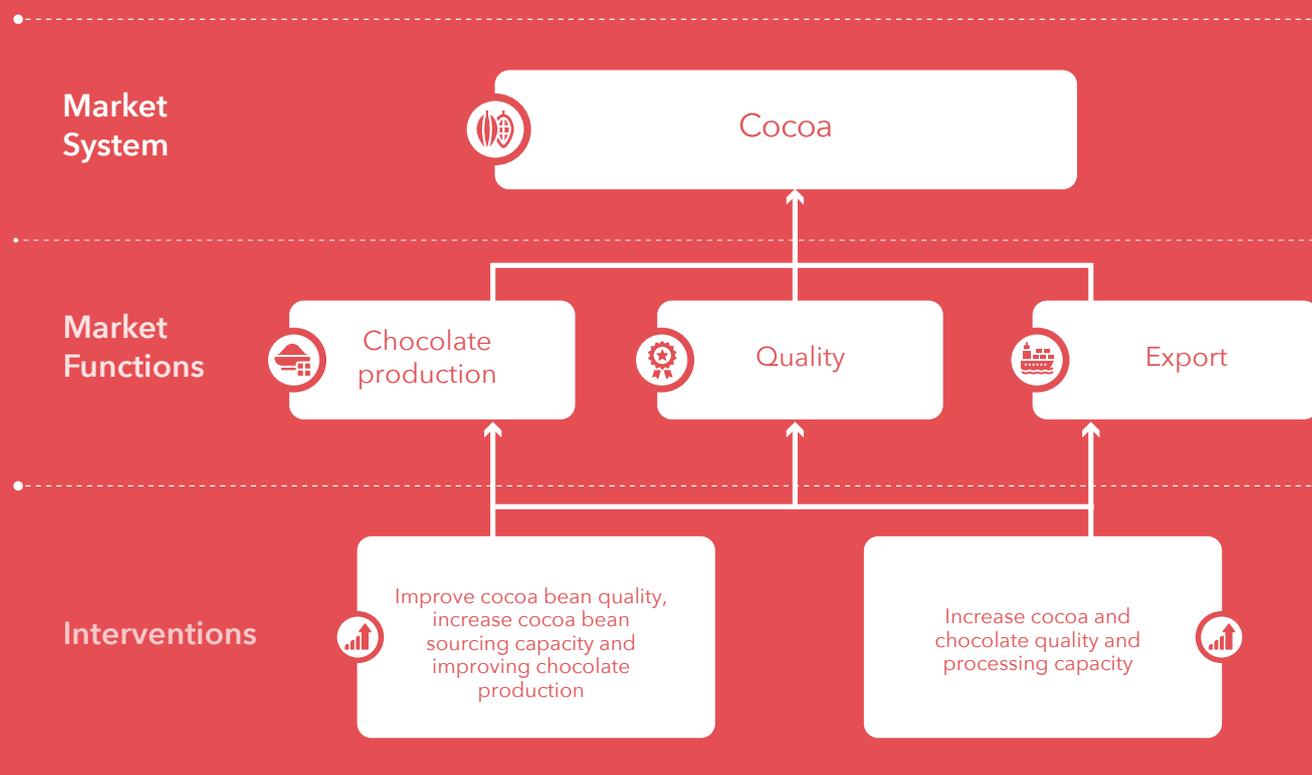
MDF's primary partner is a Dili-based hardware and homeware supplier branching into agricultural input supply, particularly for vegetables. Working in partnership with an Indonesia-based seed supplier, and with MDF's support, they will work with agricultural input retailers in rural areas. Progress with this intervention was slow in 2019, which continued into 2020, in part because of the pandemic. Technical support staff from the seed supplier in Indonesia have not been able to travel, hampering the set-up of planned demonstration plots. However, MDF's primary partner has now recruited a field extension officer who has started to engage with retailers in target municipalities (Viqueque, Ainaro and Manufahi). The first batch of seeds has been packaged and distributed to one of the retailers (Ainaro). MDF's partner is developing an information leaflet which will be distributed to input retailers and their client farmers.

MDF provided limited support for the start-up of an agri-input retailer in a new municipality. The retailer is doing well so far, gradually increasing the sales of a diverse range of agri-inputs to around USD700 (AUD914) per month. They have also trained over 100 farmers. MDF will likely proceed to work with this partner in 2021.

The pandemic continues to have an impact on agri-input supply chains, and it is unclear when the situation will improve. It will be difficult for MDF's key intervention in this market system to go ahead as originally planned until international travel resumes. In the meantime, MDF is looking at alternative options.



Market System 7 Cocoa



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance					
Emerging	<ol style="list-style-type: none"> Improving cocoa bean quality, increasing cocoa bean sourcing capacity and improving chocolate production Increasing cocoa and chocolate quality and processing capacity 	<p>The pandemic had multiple impacts on this market system and MDF's activities within it. Internal travel restrictions limited sourcing of beans and the sharing of information with farmers, local demand for chocolate has dropped, and MDF was not able to bring in a technical expert as planned. That said, both of MDF's partners made some progress during the course of the year. The business capacity of the chocolate makers has improved, and some steps were taken this year to improve quality through better fermentation, but there is still a long way to go. It is unclear if the weaker demand for chocolate stemming from the pandemic will continue into 2021, which might impact the viability of MDF's partners and the short-term growth of the cocoa sector.</p>					
EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
276	74	USD 35,000 AUD 45,700	USD 5,000 AUD 6,530	USD 132,000 AUD 172,000	USD 9,000 AUD 11,750	USD 1,000 AUD 1,305 "	<div style="display: flex; align-items: center;"> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: white; margin-right: 5px;"></div> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: yellow; margin-right: 5px;"></div> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: green;"></div> </div>

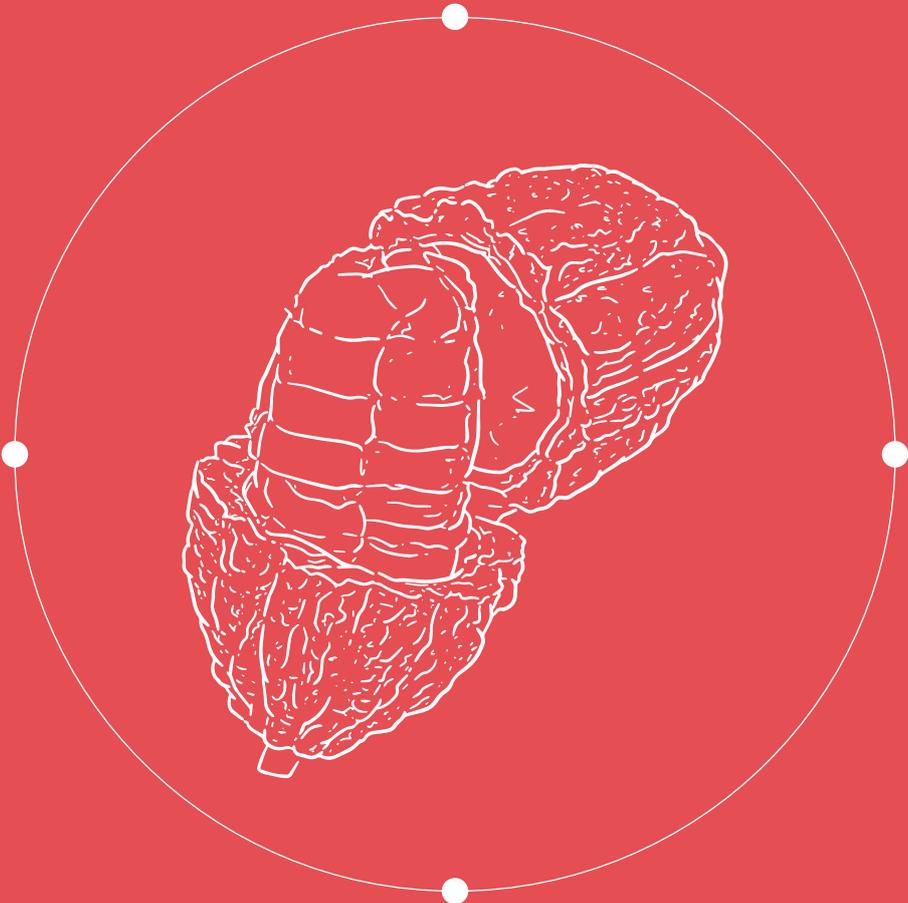
Market on a Page Cocoa



Cocoa is an emerging crop in Timor-Leste.



To expand this market system, it is vital that cocoa trees are regularly harvested and beans are fermented and exported into higher value markets or used in chocolate making.



For the cocoa industry to grow, quality needs to be improved at both farm and processing level.



COVID-19 travel restrictions limited sourcing of beans and information sharing with farmers.

Market System 7

Cocoa

The COVID-19 pandemic had multiple impacts on this market system and MDF's activities. Internal travel restrictions limited sourcing of beans from, and information sharing with, farmers. Domestic demand for chocolate has dropped, and MDF was not able to bring in a technical expert as planned. That said, both of MDF's partners made progress during the year.

Cocoa is a nascent crop in Timor-Leste. Several donor-driven initiatives over the past 10 years have resulted in a large number of cocoa trees being planted. Therefore, while cocoa barely registers as an economic activity right now, in a few years there could be a sufficient number of productive cocoa trees with the potential to provide income for a large number of poor rural households. However, there are not many businesses in the industry. Aside from one large company attempting to export unfermented cocoa to Asia, others that do exist are starting out and there are major capacity issues.

MDF's vision for the cocoa sector is that more of Timor-Leste's newly established cocoa trees are harvested, beans are fermented, and the beans or derivative products exported into higher value markets or utilised in chocolate making. To enable this, MDF will support local chocolate producers, encourage more market entrants and export opportunities, and promote quality through the different stages of production, especially fermentation.

Market functions

The cocoa market system has three target market functions:

1. Quality

Promoting quality at the farm level and in subsequent processing (particularly fermentation) is critical to support the growth of the cocoa industry, as buyers of beans and chocolate demand high quality.

2. Chocolate production

Two small chocolate producers have demonstrated that there is demand for locally produced chocolate. With improvements to equipment, chocolate-making

methods and bean sourcing, these companies can provide an even greater stimulus for the emergence of a cocoa industry.

3. Export

Cocoa bean export could be a long-term driver of growth for the industry. But exports are not yet happening aside from some very small test shipments.

MDF has not prioritised export interventions because of the changes required to quality and sourcing volumes. Instead we have implemented two interventions addressing both of the other market functions in 2020. For more information see the box on systemic change.

MDF continued to support a small chocolate producer. Although there were some delays, good progress was made in 2020. The company sourced cocoa beans directly from 36 farmers for the first time, accumulating over a tonne throughout the year. A field officer was recruited who has provided training to 45 cocoa farmers, including nine women, especially on fermentation. Equipment purchased with MDF support has enabled the company to produce a new product for the local market.

MDF supported another chocolate producer, with two of the partner's staff members participating in cocoa fermentation training along with 35 farmers, including 11 women, from a potential supplier partner. New equipment purchased with MDF support allowed the manufacture of several new cocoa and chocolate products including a chocolate spread.

As a very new industry, many challenges must be overcome before cocoa can provide benefits at scale. The business capacity of the chocolate makers has improved, but still has a long way to go. Both are only at the early stages of direct farm sourcing, so more and improved links to farmers will be essential to source adequate volumes. Some steps were taken this year to improve quality through better fermentation, but there is very limited experience or expertise within Timor-Leste. It is unclear if the weaker demand for chocolate stemming from the pandemic will continue into 2021, which might impact the viability of both businesses and short-term growth of the cocoa sector.



Market System 8 Fruit

With both tropical and cooler mountain climates, Timor-Leste can potentially grow a wide variety of fruit. Many varieties are already grown, but last year Timor-Leste imported around 1,500 tonnes of fruit worth USD1.6 million (AUD2.1 million), and there is significant unmet local demand. Fruit is largely produced by households, rather than commercial or semi-commercial farms. Most fruit is produced using subsistence methods, resulting in low productivity, variable quality and leading to a mismatch between supply and demand.

As the term 'fruit' encompasses a very diverse range of agricultural production, MDF does not have the resources to influence growth in all fruit value chains. Therefore, MDF's vision for the fruit market system as a whole is restricted in scope. MDF's vision is to see increased production and fruit quality, enabled by the existence of more commercial farms, better knowledge and skills in fruit production, and an improved supply of planting materials. MDF plans to work with market actors interested in setting up or scaling up commercial models of fruit production.

One such intervention commenced in 2020, with a commercial dragon fruit producer. There were some delays to the original timeline because of the pandemic, the extended time for machinery import, and technical issues with a key piece of equipment. But on the whole, progress was made. Land preparation has been completed and planting should be completed shortly. The agreement includes an activity on providing feasibility assessments and technical support to entrepreneurs interested in establishing commercial



Other Work

A major agricultural issue emerged during the year: Fall Army Worm (FAW) was detected in Timor-Leste for the first time, and quickly spread to many parts of the country. Assessments by the government and the UN Food and Agriculture Organization (FAO) found that FAW is primarily attacking maize, the most important staple crop. It can also damage rice and other vegetable crops. The arrival of FAW is therefore a very concerning development. Based on MDF's successful work on the African Swine Fever communications campaign, MDF agreed to implement something similar for FAW. As FAO and the Ministry of Agriculture and Fisheries have already started working on this issue, MDF has moved more cautiously than with African Swine Fever. However, MDF started ramping up work on this in late 2020, with most activities occurring in the first half of 2021.

After the government restricted movement between internal borders in the face of COVID-19, MDF facilitated approval letters through the Ministry of Agriculture and Fisheries for a vegetable trading company, allowing their agents to move between municipalities and sell produce in Dili and other markets. This intervention did not require any investment but is an example of MDF providing practical support to reduce the economic impact of emergency restrictions on farmers. At least 43 farm workers benefited directly from this activity, which also aided food security.





Sector

Tourism





Sector on a Page

Tourism



991

Effective outreach



USD

\$284,016

Additional income



USD

\$719,426

Value of additional market transactions



69%

Female participation



13

Interventions



VISION OF CHANGE

- Tourism businesses in Timor-Leste understand the best places and people to market their products to, then use this information to better promote Timor-Leste.
- Tourism operators in Australia actively promote Timor-Leste as a destination and more Australians decide to holiday in Timor-Leste.
- Timor-Leste builds a global reputation for outstanding diving and whale-watching. Marine tourism operators actively collaborate to grow tourist numbers whilst conserving marine resources.
- Timor-Leste hosts an increasing number of cruise ship visits because it becomes known as a destination that offers unique and authentic experiences to tourists.



CONSTRAINTS

- Highly restricted entry of travellers into Timor-Leste due to COVID-19.
- Limited air and land connectivity making the destination inaccessible.
- Lack of destination marketing efforts to promote the country for tourism.
- Limited local capacity to provide good quality tourism products and services.



Destination Marketing

- Beachside Hotel Lda.
- Hotel Owners Association Timor Lorosa'e (HOTL)
- Australia Tourism Market Analysis
- The Asia Foundation



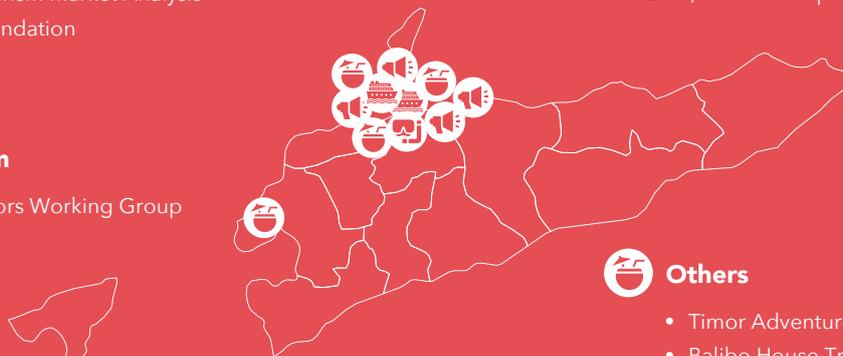
Cruise Tourism

- Ministry of Tourism, Commerce and Industry
- Mata Dalan Institute
- Dive, Trek & Camp Timor, Lda.



Dive Tourism

- Dive Operators Working Group



Others

- Timor Adventures, Lda.
- Balibo House Trust (conference centre & veteran's museum)
- Agora Food Studio
- Things and Stories

Market System 1

Destination Marketing



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance
Emerging	<ol style="list-style-type: none"> Improving destination marketing campaigns and supporting the government on tourism Creating an innovative destination marketing campaign based on cinema advertising Australia Tourism Market Analysis Improving destination marketing, information sharing and collaboration Facilitating marketing and links between Australian and Timorese tourism operators Promoting public-private tourism collaboration and destination marketing Destination marketing through airline packages and promotions 	<p>MDF put significant effort into preparing several major new tourism interventions in late 2019 and early 2020, including several ideas with a destination marketing focus. None of these could be implemented because of the pandemic. No new interventions in tourism were started in 2020. Early in the year, MDF essentially finalised MoU negotiations with the Ministry of Tourism for destination marketing, digital marketing and private-public coordination. The ministry asked MDF to resume collaboration late in 2020.</p> <p>MDF also commissioned a market analysis (beginning in late 2019) to better understand the preferences and behaviours of Australian tourists to identify the right target audiences for Timor-Leste. The analysis was partially complete by the time the pandemic started, and adjustments were made to the timeline and method to account for the disruptive impacts of the pandemic on the industry.</p>

EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
-	-	-	-	-	-	USD 8,000 AUD 10,500	<div style="display: flex; align-items: center;"> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; margin-right: 5px;"></div> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: yellow; margin-right: 5px;"></div> <div style="width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; background-color: green; margin-right: 5px;"></div> </div>

Market on a Page Destination Marketing



An estimated 12,552 holiday makers visited Timor-Leste in 2017.



MDF is supporting the promotion of Timor-Leste as a unique destination for diving and whale-watching.



Timor-Leste gained sovereign status in 2002 and is therefore one of the newest countries in the world.



Market research into tourists, as well as collaborative destination marketing involving the Government, hotels, airlines and travel agents, are key to developing Timor-Leste as a tourist destination.



There is very little information available on Timor-Leste for visitors, and it does not yet have a reputation for tourism.

Market System 1

Destination Marketing

MDF put significant effort into preparing several major new tourism interventions in late 2019 and early 2020. This included several ideas with a destination marketing focus. All of these were ultimately not able to be implemented because of the pandemic. No new tourism interventions commenced in 2020, and only one significant activity on destination marketing was continued from 2019 into 2020.

Most public and private efforts to develop tourism in Timor-Leste have been focused on supply. Demand creation has not been a priority. But Timor-Leste does not have reputation as a tourism destination. Many people have never even heard of the country. Consequently, despite having some unique tourism products and services, the number of international visitors is very low. Destination marketing is critical.

MDF's vision for destination marketing is that tourism businesses will understand the best places and people to market their products to, then use this information to better promote Timor-Leste. In time, this will entice more people to visit Timor-Leste. In support of this vision, MDF is supporting a variety of public and private stakeholders so that they increasingly see the benefits of investing in destination marketing and learn ways of doing so.

Australia is the top source of tourists for Timor-Leste. But the tourism industry in Timor-Leste has limited understanding about what would attract Australian visitors. In late 2019 MDF commissioned a market analysis to better understand the preferences and behaviours of Australian tourists. The analysis also looked at marketing options and potential Australian tourism trade partners. The analysis was partially complete by the time the pandemic started, and adjustments were then made to the timeline and method. The final product was of a very high standard, and the outreach to industry generated good interest from Australia-based tourism operators. The analysis was presented to Timor-based tourism stakeholders later in 2020. Although enthusiasm was dampened by the crisis facing the entire industry, there was sufficient interest for some follow-up work to be done in 2021.

MDF has finalised negotiations with the Ministry of Tourism, Commerce and Industry (MTCI) on an MoU for destination marketing, digital marketing and private public coordination. The agreement was not finalised because of the pandemic, but MTCI asked MDF to resume the intended collaboration late in 2020.



Australian Tourism Market Analysis

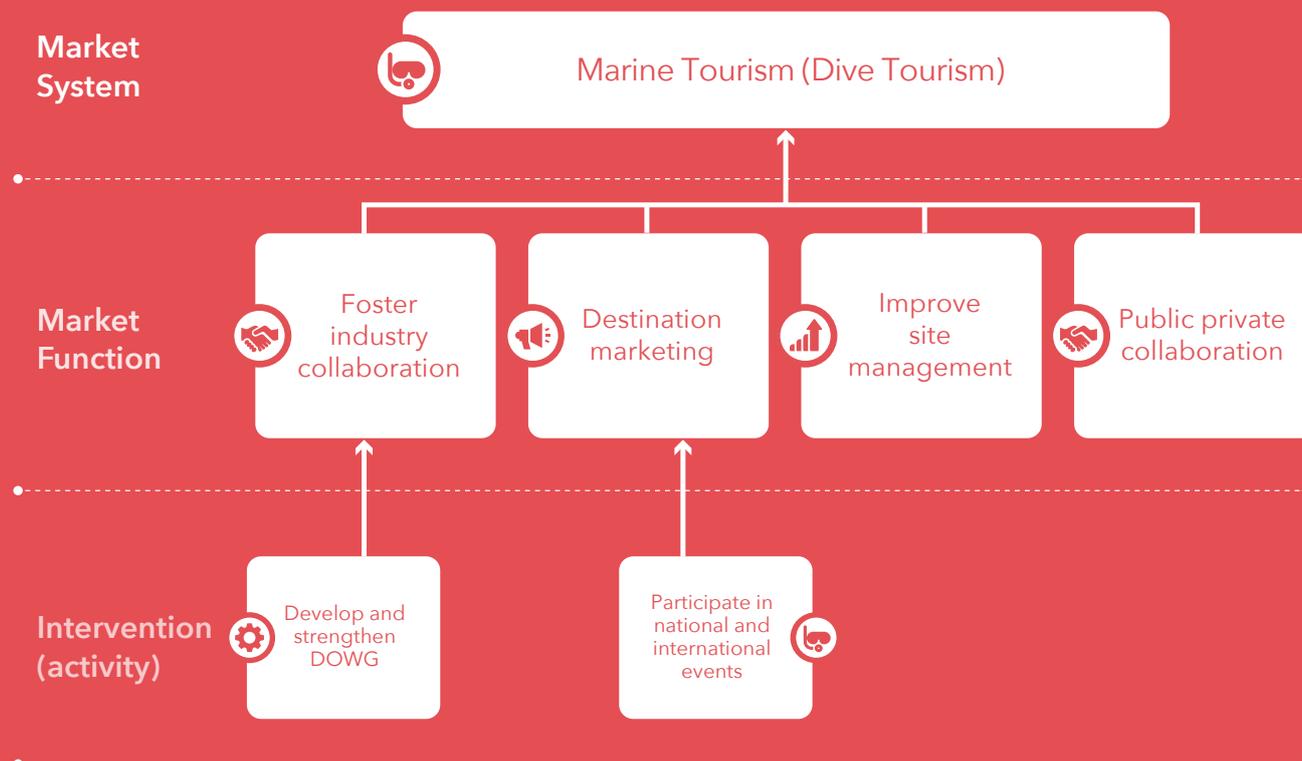
Some key findings from the MDF-supported study on the Australian market include:

- 'Lack of knowledge' is a major reason that travel agents do not sell Timor-Leste
- Perceived dangers of 'war' and 'unrest' are top of mind for a small, yet significant proportion of potential visitors
- Potential tourists to Timor-Leste are heavy internet users and a social media plan must focus on exciting, educating and engaging this market
- Previous visitors who came to dive were great advocates for Timor-Leste and 97 per cent said they planned to recommend the destination to friends and family.



Market System 2

Marine Tourism (Dive Tourism)



Status of the market system	Interventions (active and/or monitored in 2020)	Summary of performance
Developing	Collaborate on improving destination marketing and dive site management	Prior to COVID-19, the number of tourists had increased slowly but steadily over recent years. The pandemic has had a very strong impact on this market and MDF's work within it. No tourists were able to visit Timor-Leste since a State of Emergency was declared. In early 2020, MDF was preparing a large new collaboration with the Dive Operators' Working Group: an international underwater photography competition. This had to be put on hold. Although the situation is still looking severe, marine tourism is likely to recover faster than other segments and will therefore be key for tourism recovery. It is important to make sure that operators have the tools and support to recover from COVID-19 and continue to grow.

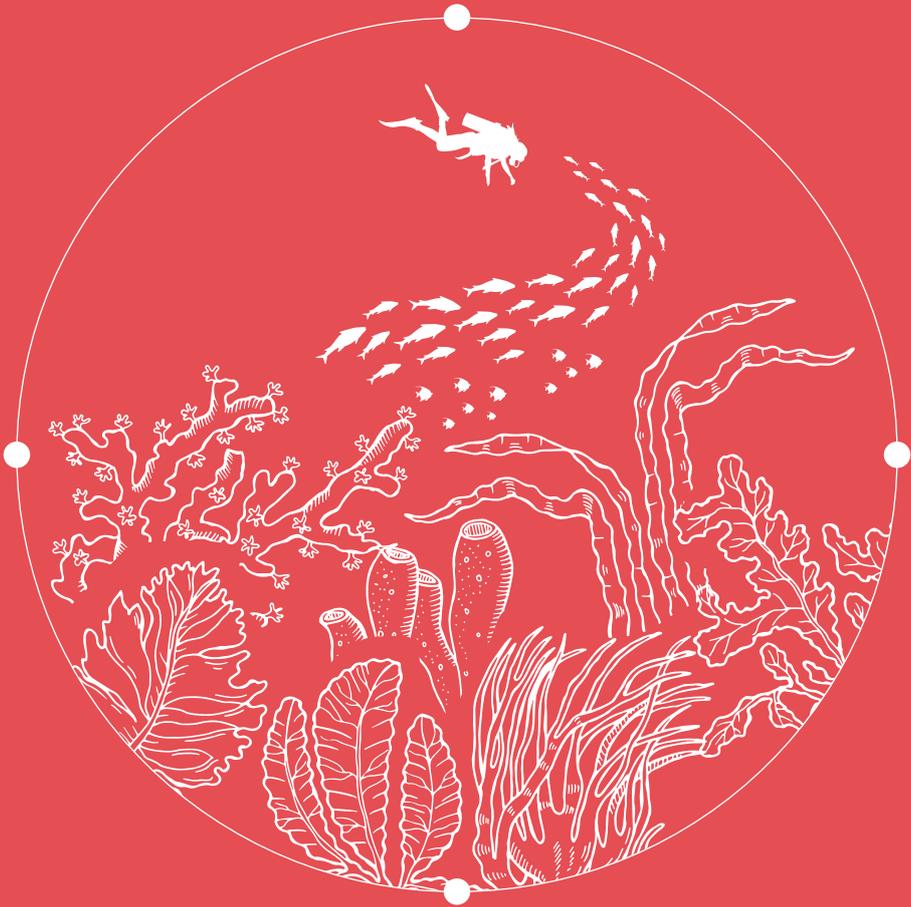
EO Projected (cumulative)	EO Actuals (cumulative)	Income Projected (cumulative)	Income Actuals (cumulative)	VAMT Projected (cumulative)	VAMT Actuals (cumulative)	PSI Expensed	Progress (Traffic Light)
-	-	-	-	-	-	USD 6,000 AUD 7,800	🟡

Market on a Page

Marine Tourism (Dive Tourism)



Timor-Leste has one of the most bio-diverse marine ecosystems on the planet, but it is not well known among divers.



Leveraging Timor-Leste's unique dive and whale-watching offering is a key part of marketing activities.



The country's dive industry is fractured and collaboration is challenging.



Recent road upgrades are expected to create significant degradation to the reef at a popular dive site.

Market System 2

Marine Tourism (Dive Tourism)

When tourism starts to recover post-COVID-19, marine tourism is likely to resume more quickly than other segments. Divers and 'experience' tourists tend to be more flexible and determined. Marine tourism will therefore be key for recovery. It is important to make sure that operators have the tools and support to recover from COVID-19 and continue to grow.

Marine tourism is Timor-Leste's most established tourism segment and probably its greatest tourist drawcard. A study found that the coral reefs in Timor-Leste are the most biodiverse in the world. Timor-Leste's waters are part of a major whale migration route, which affords the country an opportunity to allow accessible cetacean tourism.

MDF's vision is to establish Timor-Leste as a well-known destination for snorkelling, diving, and whale watching in selected markets, starting with Australia and Europe. The team envisions that there is enough awareness among tourists in these regions to actively consider Timor-Leste as a holiday destination.

Achieving this vision will require well-established tour products and relationships with wholesalers in target markets. MDF is supporting and encouraging marine tour operators in Timor-Leste to collaborate amongst themselves and with other tourism stakeholders, both private and public.

MDF has outlined four market functions for this market system: (1) industry collaboration, (2) destination marketing, (3) product and capacity development, and (4) public-private collaboration. MDF is approaching these market functions in an integrated manner, primarily by working with the Dive Operators Working Group (DOWG), which MDF helped establish.

Prior to COVID-19, the number of tourists had been increasing slowly but steadily. The pandemic put a stop to this. No tourists were able to visit Timor-Leste since the State of Emergency was declared (currently ongoing). Yet most dive operators managed to eke out a living in 2020, mainly because foreign residents continued to dive.

In the early stages of 2020, MDF was preparing a large new collaboration with the DOWG: an international underwater photography competition. This had to be put on hold. MDF ultimately completed only a limited set of activities in 2020:

- Some videography, to help potential tourists know the industry is ready for their return
- Assistance with whale watching guidelines, being driven by Conservation International, with the involvement of the Marine Tourism Association
- Finalising negotiations with the DOWG on a refreshed Memorandum of Understanding.

Other Work



In 2020, MDF assisted the Australian Government to facilitate support to Balibo House on the construction of a Veteran's Museum. Significant effort was put into negotiating grant support, including specifications for planning, demolition, construction, safety and supervision. Construction started in the second half of 2020 and MDF supported DFAT and the Australian Department of Defence with a ground-breaking ceremony. Construction is expected to conclude in the first half of 2021. However, like the construction start date, some final activities (e.g. displays) could be delayed if travel restrictions are not eased.

MDF did not devote significant resources to the tourism sector in 2020 but did continue to engage with many sector stakeholders in preparation of economic recovery once travel may resume.



Manufacturing and Other Sectors

Manufacturing

The manufacturing sector in Timor-Leste is very small and there are fundamental challenges—such as economies of scale, skills shortages, access to finance—that limit the competitiveness of local manufacturing. MDF’s vision in manufacturing is modest: to grow the number of local manufacturing enterprises from its low base. MDF does not approach manufacturing as a market system, instead providing support to specific businesses only to set up new manufacturing operations or grow existing businesses.

MDF initiated support for two manufacturing enterprises in 2020. The first of these is directly connected with the health response to the COVID-19 pandemic. MDF signed an agreement with a local distillery to produce ethanol and sanitiser. This business has faced major challenges obtaining the necessary business licence from the Timorese Government, as well as getting a sample officially tested in Australia. Accordingly, there is little progress to report for now.

MDF also signed an agreement with one of the only manufacturers in Timor-Leste that currently exports its production. Specifically, MDF will help Nazareth Foundation scale up and diversify the manufacture of bike racks, which are exported to Australia for the company Five at Heart. Factory expansion began late in 2020, and will continue into 2021. This partnership will provide job opportunities for workers with disabilities.

In 2019, MDF supported a local manufacturer, Dilicious Timor, to set up a factory to produce biodegradable plates from locally sourced areca leaves. So far, a small number of farmers have earned additional income from selling the areca leaves, and three factory workers gained employment. Various local restaurants and catering companies have started using these plates instead of plastic ones. The pandemic had a devastating impact on the local hospitality industry, and therefore the sale of these plates decreased in 2020. There is potential for sales to grow as the economy recovers.



Other sectors

MDF strives to be flexible and agile, and part of this involves responding to emerging and strategic opportunities, even if they do not fit neatly under our priority sectors or markets within agriculture, tourism and manufacturing.

The COVID-19 pandemic necessitated a substantial pivot by all projects, and MDF was no exception. MDF approached the situation proactively, with the view that its strong networks and skills in economic and business analysis could be an asset. MDF immediately went about gathering, analysing and presenting information on the business and economic impact of COVID-19 pandemic for different stakeholders. Naturally, this included all MDF focus sectors, but also information from other areas of importance to the Timor-Leste economy. MDF prepared a series of briefs for DFAT and other interested parties, particularly on the differential impacts to various economic subsectors. MDF also worked with the Chamber of Commerce and Industry and selected firms to present industry viewpoints to the government.

At the request of DFAT, MDF also supported another DFAT-funded project to conduct an impact assessment on the business and [rural] household impacts of a government-mediated cash transfer. This rapid survey was efficiently organised and the data was well received by several interested parties.

MDF worked with the Ministry of Agriculture and Fisheries on a process whereby businesses could obtain documentation to transport agricultural goods within Timor-Leste. MDF worked with several organisations to facilitate the importation of goods from Indonesia through the land border.

MDF has completed a number of policy-focused collaborations with Monash University over the past few years, whose work in Timor-Leste is funded by another DFAT-funded project. The lead professor was asked to assist with some economic analysis connected with the COVID-19 pandemic. MDF assisted the professor with this analysis, with MDF contributing insights from the field and businesses. This collaboration is ongoing, and will likely result in further contributions to a Timor-Leste economic recovery strategy with a focus on agriculture.

MDF continued its collaboration with TradeInvest, the government agency responsible for export and investment promotion. Opportunities were limited by the pandemic's impact on TradeInvest's planned agenda. In particular, TradeInvest was not able to proceed with its signature annual awards event, or some planned marketing initiatives. MDF did provide limited support for some analysis of agricultural opportunities.

Since its inception in Timor-Leste, MDF has implemented two interventions in financial services. During 2020, MDF continued negotiations with a proposed partner on a follow-up activity. However, these negotiations collapsed during 2020, as the company in question underwent a change of personnel and significantly delayed the roll-out of a new business model.

Observations and Lessons



Agriculture

Konjac

MDF previously predicted that there was a risk to export volumes in the short-term, with supplies of konjac dwindling due to overharvesting of wild stocks. This came to pass, and export volumes have dropped sharply from their 2018 highs. This validated MDF's strategy to support a switch to cultivation. During 2020, there was continued strong interest in konjac and MDF was able to follow through with the market system as devised, while also seizing a number of opportunities that arose, such as a partnership with existing nurseries and coffee companies. MDF views seeds as the main constraint to the sector and will continue to focus on seed supply. However, MDF will need to be patient, as konjac has a moderate growth cycle and a low seed multiplication rate.

Pigs

African Swine Fever arrived in Timor-Leste just as MDF commenced its first intervention in pigs in late 2019. As predicted, this caused a major decline in pig numbers nationally, and meant MDF could not work with some planned partners. However, early signs of success allowed a scale-up later in the year. MDF learnt a lot from implementing the communications campaign on African Swine Fever, which was not a typical MDF activity. Survey work revealed strong farmer interest in advice on disease prevention and pig rearing, which will provide a strong basis for continued work in this market.

Coffee

This area of work saw a busy year, and MDF learned a lot. Coordination and close relationships proved important in specialty coffee, especially to incentivise farmers to improve quality. Transparency is important in this sector, especially with regard to collaboration with the coffee association, and good practice here helped avoid potential conflicts. Accessing speciality markets isn't always easy, and some producers were demotivated by cancelled orders, while others were stymied by logistical challenges.

Tilapia Fish Aquaculture

MDF learned several lessons from this market system, but these were hard won. Progress was slow on fingerlings for a variety of reasons, but reinforced MDF's principle of working at the pace of partners. On feed, although MDF has not yet successfully negotiated a path forward, the team noted the potential for collaboration amongst competitors where there is a joint incentive. It is probable that the tight margins for this form of production are a contributing factor in the challenges MDF is facing on making progress.

Agricultural Inputs

MDF's lessons and observations in this market system centred less on our interventions, and more on the impacts that the pandemic had to on international supply chains. As Timor-Leste largely imports most agri-inputs, it relies on international suppliers, and supply chains were severely challenged for a multitude of reasons. MDF did its best to assist where possible, and in doing so, learned more about the cross-border trade and the constraints imposed by the reliance on certain inputs.

Cocoa

Technical knowledge is paramount in this market system because there are few market actors with long-term experience. COVID-19 travel restrictions prevented the use of international expertise, so MDF was forced to find a local substitute. This experience brought lessons for some other markets where technical advice is required, such as pigs and konjac. The nascent state of the market meant there were both opportunities for collaboration, but at the same time, some pitfalls of competition in a market where local demand was affected by the pandemic.

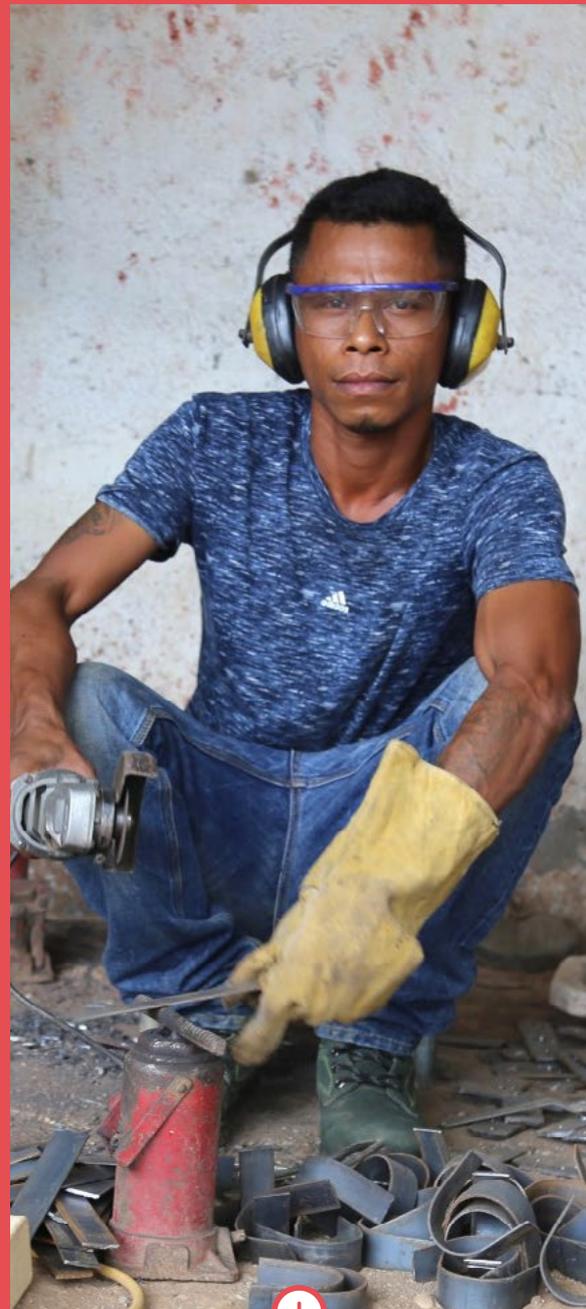
Other work

MDF does not normally drive interventions for sustainability reasons; instead leaving this role to local partners. To support the response to African Swine Fever, MDF did something very atypical in 2020, which was to drive a short-term communications campaign on African Swine Fever. The experience taught MDF many things, including methods for partnering with a government department, the means to create high quality content, the usefulness of different information channels, and even an effective method for monitoring (contracted telephone surveys).



Tourism

A lesson from the Australia Tourism Market Analysis was the value of connecting with 'offshore' tourism players outside the country. MDF will follow up on some potential leads from this intervention in 2021 and continue to look for ways to link Timor-Leste's tourism providers to potential collaborators overseas.




Manufacturing and other sectors

In the early months of the pandemic, MDF used its networks and information-gathering expertise to understand emerging issues, help solve certain problems that arose, and provide briefings for interested parties. This allowed MDF to learn more about international supply chains, the role of different agencies, and the ability of certain market actors to influence public policy.

COVID-19 Case Study

Using networks and agile management to overcome pandemic restrictions

Like businesses everywhere, MDF partners in Timor-Leste had to cope with a diverse range of setbacks in 2020. The COVID-19 pandemic resulted in many challenges, but import and transportation restrictions were particularly difficult for the agricultural sector, most notably for coffee exports and agri-input imports.

In 2020, MDF Timor-Leste worked with partners to adjust expectations, timelines, contracts and payment terms. In addition to adapting existing interventions, MDF implemented several new initiatives to help Timorese businesses and the government adjust to the changing business environment.

In the coffee industry, the pandemic caused fluctuations in global pricing and demand patterns. Travel restrictions affected the availability of key technical and managerial personnel, coffee company operations employees, farmers and farm workers within Timor-Leste.

MDF worked with the government, the national coffee association and individual firms to determine and implement the most effective short- and long-term responses to the business crisis. One simple but impactful form of support facilitated the travel of coffee companies' key personnel to Timor-Leste to arrange the purchase of coffee as part of the 2020 harvest. Without this, thousands of poor Timorese farmers might not have been able to sell their crop or been forced to accept lower prices.

The pandemic has affected demand for coffee, and therefore exports from Timor-Leste. In the absence of the usual sale opportunities, MDF arranged an information session on alternative stockpiling solutions with a storage and transport firm. MDF also supported one business to install 'cocoons' for coffee collection, which enabled

it to continue buying from farmers (and storing) despite a short-term drop in demand. In response to declining commodity grade coffee prices, MDF also supported two coffee companies to shift their operations to incorporate more specialty grade coffee processing. Moving the market toward specialty coffee can offer long-term benefits in Timor-Leste's post-pandemic economic recovery because farmers and coffee companies receive higher prices for higher coffee quality.

Disruptions to international supply chains have been an ongoing challenge during the pandemic and are especially problematic for a country like Timor-Leste, which is highly reliant on imports. Businesses have faced obstacles with both land and sea transportation of goods. For example, several agri-input retailers scaled back operations because they could not get stocks from Indonesia and customers were reluctant to travel from municipalities.

MDF worked with several organisations to facilitate the import of goods from Indonesia through the land border. MDF also worked with the Ministry of Agriculture and Fisheries on a process whereby businesses could obtain documentation to transport agricultural goods within Timor-Leste.



Coffee is Timor-Leste's largest export and the pandemic posed extraordinary challenges to business in this sector.



Another key MDF response centred on gathering valuable on-the-ground intelligence. The team collected a wide variety of economic and business data from a diverse range of sources. MDF then provided the information and subsequent analysis to stakeholders including DFAT, the Timorese Economic Minister, the Chamber of Commerce and Industry, the Hotel Owners Association, a government pandemic economic recovery committee and assorted development partners. MDF also supported another DFAT-funded project to conduct an impact assessment on the business and household impacts of government-mediated COVID-19 stimulus relief cash transfers. In an unprecedented situation in which key decision makers were restricted from their usual information channels, MDF was able to use the Timor-Leste country team's existing networks to effectively provide vital intelligence.

Although the COVID-19 pandemic resulted in wide-ranging business and economic difficulties in Timor-Leste, MDF rose to the challenge to support the private sector and the economy as a whole through an approach

characterised by flexibility, agile program management and an eye for innovative solutions. Many planned interventions were able to continue because the country team leveraged their connections to help solve emerging problems and begin to lay the foundations for economic recovery.

MDF Timor-Leste has accumulated a wealth of market insight and social capital since the start of the program in 2012. This proved pivotal to respond effectively to business needs when crisis struck.



Pro-poor Growth Story

Communicating for change: Saving pigs in Timor-Leste

African Swine Fever (ASF), a highly contagious pig disease, appeared in Timor-Leste in September 2019 and has since killed approximately 50,000 pigs. Pigs are ubiquitous in Timor-Leste. The animals are an economic commodity, as well as a social one and are used as food, gifts and markers of social status. Since pig rearing is practiced by most rural households, this ASF outbreak presents a major threat to livelihoods and the economy as a whole.

This prompted MDF to collaborate with Timor's Ministry of Agriculture and Fisheries (MAF) to launch an awareness campaign on the disease. In addition to spreading information about ASF, the initiative promotes pig rearing best practices and biosecurity to reduce the spread of the virus and prevent pig deaths. With the help of MAF, technical experts and the Australian Department of Agriculture, MDF developed engaging, informative communications material. The project required engagement with multiple media platforms, close collaboration with market stakeholders and strategic thinking.

The ultimate goal of the MDF-MAF awareness initiative is to bring about positive behavioural and social change to reduce ASF-related pig deaths. The team determined that an effectively designed communications campaign with appropriately targeted key messages would reach the intended audience strategically. The campaign has been a resounding success.

MDF began the project by determining the target audience, that is, households who raise pigs. This group includes both male and female farmers, who live in urban and rural areas and speak Tetun, as well as other local languages.

The campaign is based on a series of key messages drafted with pig rearing practices in mind and, specifically, what pig farmers should or should not do. The communications informed recipients what ASF is, how to keep pigs from contracting the virus, what to do when pigs are sick or dying, and how to safely transport pigs.



Understanding the media landscape

To create communications products that would resonate with farmers and be relevant to their realities, it was vital that the team understand how the farmers interacted with various media. For example, whereas newspapers are not widely read or distributed in Timor-Leste, television and radio enjoy a wide audience. Social media is used across the board, with urban and rural farmers differing only in terms of access to network data and social media platforms.



In Timor-Leste, most people own a mobile phone – and some have two connections, resulting in a **111%** mobile connectivity rate in relation to the total population. Although only **39%** of Timorese people have internet access, **31%** are active social media users. (Jan, 2020)





Launching a multi-pronged campaign

The ASF awareness initiative was launched in July 2020 and began on social media. The success of the campaign lies in the diverse range



Mainstream media

MDF used a combination of television, radio and SMS messages for the campaign and utilised tools such as short **videos** of real farmers sharing best practices on ASF prevention methods. The information was made more credible by using government-owned national television and radio stations.



Social media

a two-month campaign with short videos and snappy posts for the **MDF** and **MAF** Facebook pages, with the hashtags #ASFawareness and #Salvafahi ('save pigs' in Tetun). As of end-2020, the campaign had reached an estimated 330,000 people across Timor-Leste. MDF also engaged three Timorese social media influencers to run a two-week prevention and interactive promotional giveaway campaign to create awareness.



Cinema screenings

MDF collaborated with Cinema Lorosae, a mobile cinema that takes films to remote villages, to screen an ASF **video** after a short presentation. As of December 2020, Cinema Lorosae had completed a total of 19 screenings, reaching 8,000 people.



Print media

MDF and MAF developed written material for outreach work, including **brochures** and **posters**, which were made available on the two organisations' websites. These were distributed to agri-input shops and village chief offices. **Banners** were placed at airports and land border posts to discourage the cross-border transport of pigs and pork products.



Hotline

All external media directed farmers seeking more information to an MAF telephone hotline, manned by MAF's veterinary technicians.



Farmer trainings

In coordination with another MDF intervention, the Timor-Leste country team hired a technical expert to train and advise pig farmers on biosecurity and good pig rearing. In 2020, a total of 26 sessions were completed for 515 farmers, including 256 women.



As part of the ASF awareness campaign, informational text messages were sent to the **600,000** subscribers of telecommunications provider, Telemor. Of these, close to **16,000** subscribers registered to receive more information. Through this text messaging platform, farmers continue to receive information on pig feeding, pen building and cleaning, how to bury and report dead pigs, and other ASF prevention methods.



We built a pig pen so our pigs can't roam around and catch the virus from other pigs.

Betina,
A pig farmer from Baucau.

Measuring change

Assessing the reach and impact of our activities is a central aspect of MDF's work. The team in Timor-Leste conducted face-to-face interviews and engaged a telecommunications provider to conduct phone surveys.

Of a sample of 200 farmers covering Timor-Leste's 13 districts, 84 per cent had received information on ASF through the campaign, and 92 per cent of these reported that the information was useful. The videos broadcast on television and informational text messages were the most commonly cited distribution channels.

Most of the farmers took action after receiving the information. The most common newly embraced preventive action was to build pig pens and regularly clean pens. Many farmers also changed their feeding practices. Farmers who did not take any action reported pig deaths but shared plans to re-stock and follow preventive steps in the next 12 months. Nearly all farmers said their pigs stopped dying once they corralled them in pens.



I found out from television video and stopped any visitors from entering our pig farm. My wife read about not feeding pigs leftover food, from her phone text messages. We have been following these two prevention measures and our pigs are not getting sick anymore.

Gregorio Lelan,
A pig farmer from Oecusse.



When a farmer followed the suggested precautions against ASF



An average of **2** pigs were saved per household.

Survey respondents said that after following the campaign's recommendations, they observed better livestock health



68% of farmers experiencing better pig growth



18% reporting an additional **4** piglets per pig on average.

Acknowledgements

MDF Timor-Leste would like to thank the following organisations and individuals for their support and collaboration over the past year:

Agricultural Innovations for Communities (AI-Com), Timor-Leste

New Zealand Embassy, Timor-Leste

Professor Brett Inder, Monash University

The Asia Foundation

The Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)

The Ministry of Agriculture and Fisheries, Timor-Leste

The Ministry of Tourism, Trade and Industry, Timor-Leste

The United Nations Development Programme (UNDP)

To'os ba Moris Di'ak or "Farming for Prosperity" (TOMAK)

Turizmu Ba Ema Hotu or "Tourism for All"

TradeInvest Timor-Leste

United States Agency for International Development (USAID)

World Food Programme (WFP)

Australian Centre for International Agricultural Research (ACIAR)

Food and Agriculture Organization (FAO)

Governance for Development (GfD)

Dive Operator's Working Group (DOWG)

Hotel Owners Association

Miguel Nougiera and Patrick Lee from Landell Mills

Quinta Portugal

Coffee Quality Institute (CQI)

MDF would also like to extend its thanks to all its partners in Timor-Leste, without whom the team's achievements would not have been possible.



Annexes

Country partnership tables



Market System	Status of the Market System	Function	Intervention	Status of the Intervention	Partnership	Explanation/Update of Partnership or Influencing Event
Quality Agriculture Inputs	Emerging	Information & Distribution	Introducing Aglime (soil enhancer) for Fiji farmers	Measurement Completed	Standard Concrete Industries No. 1	This intervention increased farmers' access to quality, affordable and locally produced soil enhancer. The first company in Fiji to produce agricultural lime under the brand name 'Aglime'. Has established localised supply chains to farm gates to improve farmers' yield and income by helping counteract high levels of soil acidity. A consistent supply of affordable lime is encouraging farmers to engage in better soil management practices.
Quality Agriculture Inputs	Emerging	Information & Distribution		Measurement Completed	Standard Concrete Industries No. 2	Promotion, awareness and correct application of Aglime. Marketing, promotion, awareness and education of aglime through targeted door to door promotion and field promoters, equipped with portable soil testing kits to accurately advise farmers on the uses and application of aglime. Improved farmer access to and knowledge of agricultural lime can help to improve soil pH, yields and incomes.
Quality Agriculture Inputs	Emerging	Information & Distribution		Measurement Completed	KK's Hardware No. 2	This information and distribution collaboration with the Fiji Sugar Corporation organised Aglime demonstrations in Sigatoka, Nadi and Lautoka, in the western division of Viti Levu. Field promoters gave sugarcane farmers access to this alternative input and information on how to address soil acidity to improve crop yields while ensuring crop resilience during natural disasters.

Market System	Status of the Market System	Function	Intervention	Status of the Intervention	Partnership	Explanation/Update of Partnership or Influencing Event
Quality Agriculture Inputs	Emerging	Information & Distribution	Introduce soil enhancers (e.g. liquid lime), other yield enhancing inputs and high-quality seeds to Fiji farmers (KK Hardware, Agchem)	Active	AgChem Ltd.	MDF partnered with AgChem, a major wholesaler and retailer of high quality agriculture inputs in Fiji, to further expand their network. The intervention promoted their high quality products by way of demonstration plots and farmer field days. Through social media promotion, television advertisement, and other means, farmers learned about the proper usage and benefits of these high quality inputs.
Quality Agriculture Inputs	Emerging	Information & Distribution		Active	KK's Hardware No. 1	This intervention supported a large hardware retail chain to source, import and distribute a wide range of new commercial seed varieties that are suitable for year-round production. This agricultural input will increase off-season cultivation, reduce production time, lead to higher quality produce and generate additional income for farmers. In Phase 1, MDF facilitated KKH's understanding of seed import requirements and exposure to potential seed suppliers, in order to satisfy all necessary requirements. In Phase 2, MDF supported KKH by reducing the risk association with the initial importation of large volumes of seeds, as well as assisted in the promotion and distribution of the seeds through demo plots, farmer field days, retailers and distributors sessions as well as other means.
Quality Agriculture Inputs	Emerging	Information & Distribution		<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Ram Sami and Sons Fiji Ltd.	Partnered with Ram Sami and Sons Ltd., Fiji's largest egg producer and distributor, MDF supported the production and distribution of commercial-grade poultry manure. The intervention built Ram Sami's production and technical capacity to turn chicken manure into commercial grade poultry manure to supply the Fijian retail market.
Quality Agriculture Inputs	Emerging	Information & Distribution		Active	MOU Fiji National University (FNU)	MDF works to foster better linkages with the Fijian agriculture private sector. The project provides greater exposure to agribusinesses and shares information on modern cultivation and food processing practices.
Quality Agriculture Inputs	Emerging	Information & Distribution	Promote tissue culture plantlets	Measurement Completed	Biotec Ltd.	MDF developed the technical capacity (lab and nursery) of the commercial production and promotion of tissue cultured planting materials via demonstration plots and farmer field days. This intervention led to greater access of disease-free and high quality, high yielding planting materials. This will enable more regular and planned staggered planting, ensuring greater consistency of income and therefore, increase farmers' economic resilience to natural disasters. Better quality planting materials will lead to higher yields and eventually increase incomes for farmers.

Market System	Status of the Market System	Function	Intervention	Status of the Intervention	Partnership	Explanation/Update of Partnership or Influencing Event
Quality Agriculture Inputs	Emerging	Information & Distribution		Measurement Completed	Devesh and Bharos Farm	This partnership with one of the largest commercial greenhouse nurseries in Fiji resulted in an upgraded nursery facility to stock new, higher quality, more productive varieties of seedlings on a year-round basis. This successful intervention is expected to increase farmers' sales, resulting in additional incomes.
Quality Agriculture Inputs	Emerging	Distribution	Establish a barge and port service to enhance connectivity of Fijian islands	Measurement Completed	Courier Documents and Parcels (CDP)	MDF encouraged their partner CDP, the largest locally owned courier service, to introduce an inter-island barge service to complement its established business. This barge investment will better connect outer island farmers to markets.
Quality Agriculture Inputs	Emerging	Distribution	Use mechanisation to address labour shortages in the sugar industry in Vanua Levu	Measurement Completed	Charan Jeeth Singh Group	One of the largest diversified businesses in Vanua Levu, Charan Jeeth Singh Group introduced a mechanised sugarcane harvesting service in Vanua Levu to address labour shortages and reduce 'stand over' (unharvested) cane volumes. This project increased farmer incomes through more efficient sugarcane harvesting and in the long run, will reduce labour costs.
Quality Agriculture Inputs	Emerging	Information & Distribution	Improve access to inputs through access to finance	<ul style="list-style-type: none"> • Activities Completed • Monitoring Completed 	MOU South Pacific Business Development	This MDF intervention improved access to finance for rural women, enabling them to purchase high quality inputs from select agricultural input suppliers.
Premium Agriculture Products	Developing	Sourcing	Process and export premium cinnamon	<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Cinnamon Spice Fiji Ltd.	The market feasibility study established quality food standards for cinnamon exporters. The feasibility study will look more closely at the supply chains, production capacity requirements and international market dynamics. This financial analysis will inform the company's future turmeric investment plan.
Premium Agriculture Products	Developing	Marketing	Improve sugar quality and export quantity	<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Fiji Sugar Corporation 1	MDF worked closely with this key strategic partner to trigger quality consciousness in Fiji's sugar industry and introduced the internationally accredited quality certification process, the hazard analysis and critical control points (HAACP). This is the first step to ensure the introduction of Fijian sugar into the direct consumption and higher value retail markets.

Market System	Status of the Market System	Function	Intervention	Status of the Intervention	Partnership	Explanation/Update of Partnership or Influencing Event
Premium Agriculture Products	Developing	Marketing		<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Fiji Sugar Corporation 2	With MDF's support, the Fiji Sugar Corporation (FSC) rebranded its 'Sugars of Fiji' products for export to the New Zealand market. FSC has also improved its packaging plant food quality standards. The rebranded product range will allow FSC to enter new markets and achieve higher profit margins, leading to higher prices and improved profitability for sugarcane farmers in the long run.
Premium Agriculture Products	Developing	Marketing		<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	MoU Windward Commodities	This scoping exercise shed light on how local commodities, such as sea urchins, coconut oil, chocolate and sugar, can strengthen their respective supply chains and improve branding.
Premium Agriculture Products	Developing	Sourcing	Strengthen the supply chain and reduce post-harvest losses through information and farm-gate pick up	Measurement Completed	Herbex Ltd.	MDF strengthened the supply chain and reduced post-harvest loss by distributing informative brochures and facilitating farm gate pick-up. MDF partnered with one of the few organically certified noni exporters in Fiji and co-shared logistics costs, enabling the company to source produce from more remote locations and to take measures to reduce post-harvest loss through proper handling thereby increasing quality and payments for farmers.
Premium Agriculture Products	Developing	Sourcing & Marketing	Establish supply chains and end markets for premium kava	Measurement Completed	South Pacific Elixirs	Fiji's first manufacturer and exporter of flavoured kava-based relaxation drinks, Taki Mai, penetrated the US market and is making inroads into the powdered kava and kava capsule markets in the US and elsewhere. Using the skills, techniques and seedlings provided by South Pacific Elixirs, farmers are increasing their kava production, yields and harvest.
Premium Agriculture Products	Developing	Sourcing & Marketing	Access new markets through certification and improving business efficiency	Measurement Completed	Ben's Trading Ltd.	This intervention connected Fiji's largest root crop exporter to several major overseas supermarket chains. The MDF partner is strategically located in different parts of Fiji (West, Central and North). This program invested in local supply chains and spread the benefits arising from exports to cultivators. As a result of this project, farmers' incomes are projected to increase and more people will be employed in the industry to meet the demand for more, higher grade export produce.
Premium Agriculture Products	Developing	Marketing	Increase processing and marketing capacity to ensure higher volume and value of exports and local markets	Measurement Completed	Fijika Natural Products	This intervention grew the virgin coconut oil (VCO) export sector through capacity building and marketing. Fijika Natural Products, one of the major producers of virgin coconut oil in Vanua Levu, identified new villages to supply coconuts and trained their staff on VCO machinery for more efficient operations.

Market System	Status of the Market System	Function	Intervention	Status of the Intervention	Partnership	Explanation/Update of Partnership or Influencing Event
Premium Agriculture Products	Developing	Sourcing & Marketing	Introduce new processed products for local markets	Measurement Completed	Wallsons Foods	MDF improved the capacity to develop new agricultural products with a focus on using locally sourced raw materials. The intervention facilitated product diversification by enhancing the technical and production capacity to enter new markets.
Premium Agriculture Products	Developing	Sourcing	Expand supply chain and processing capacity in Vanua Levu	Measurement Completed	Labasa Farm Fresh 2	In an effort to strengthen and upskill management capacity to better handle business expansion, this project hired a field manager to strengthen backward linkages to build relationships between businesses and their suppliers, that is farmers. MDF also supported the business expansion by helping the partner procure and install a cooler room and freezer.
Premium Agriculture Products	Developing	Sourcing & Marketing	Improve backward linkages and private extension services	Measurement Completed	Maqere Exports Ltd.	This intervention focused on processing facility utilisation and expansion to improve and increase produce sourcing from farmers in the Ra-Lautoka corridor. MDF worked to improve private extension services to equip nearby farmers with knowledge on improved farming techniques, crop care and post-harvest practices. This will ensure that the partner, Maqere Exports Ltd., is able to meet the growing demand from its target markets and expand local sourcing sustainably.
Premium Agriculture Products	Developing	Sourcing	Determine the feasibility of sourcing sea urchins locally	Measurement Completed	Sai Yee Foods Ltd.	MDF established a supply chain with a coastal community to source sea urchins to process for export markets using a commercially viable business model. This project employed more people at the processing facility and particularly benefited female collectors, who now earn an additional income by supplying sea urchin to Sai Yee Foods.
Quality Agriculture Inputs	Emerging	Information & Distribution		Measurement Completed	Global Cargo Traders Ltd.	In Ba, Tavua and Rakiraki, in the western division of Viti Levu, MDF worked closely with the Fiji Sugar Corporation to utilise field promoters and distribute Aglime to sugarcane farmers and share information on how to address soil acidity and improve crop yields while ensuring crop resilience during natural disasters. The intervention also set up the proper infrastructure needed to stock and supply agricultural lime to farmers in the Ba and Rakiraki region.
Premium Agriculture Products	Developing	Marketing	Develop a guide to access export information	Active	Investment Fiji	The development of the Fiji Exporters Guide allows new and existing exporters to access better information and understand what is required grow and sell produce for export.

Market System	Status of the Market System	Function	Intervention	Status of the Intervention	Partnership	Explanation/Update of Partnership or Influencing Event
Premium Agriculture Products	Developing	Marketing	Reach higher value markets through marketing and online sales	Active	Three Hundred Islands	MDF supports their partner, THI, by engaging an international beverage consultant to scope new markets, collect market intelligence and promote the company's ginger beverage product in select premium retail outlets in the Australian beverage market. An export facilitator will manage orders and product delivery to international customers.
Premium Agriculture Products	Developing	Marketing		Active	Lami Kava	In this intervention, MDF will scope new market segments, collect market intelligence and work with an international beverage consultant to help LK export their products to the Australian market. LK will use this research to strategically position their products for new export opportunities.
Premium Agriculture Products	Developing	Sourcing	Organise inter-island sourcing and cold storage supply chain solutions	Active	Courier Documents and Parcels (CDP)	MDF supports the new, specialised CDP agriculture logistics service pilot program which aims to provide more cost effective crop transport from rural areas to agro processors. This project creates linkages between CDP and agro processors using business modelling to ensure minimum volumes to break even. Within this partnership, farmers will have access to farmgate pickup and a cold storage facility.
Premium Agriculture Products	Developing	Sourcing	Source high-value commodities	Active	Flour Mills of Fiji (FMF) Snax Ltd.	To determine the viability of sourcing new local crop varieties and expanding the partner's product range, MDF will engage a lead consultant. This expert will be supported by an agri business consultant. Together, they will assess the local supply chains of several select crops and viability to process these crops with FMF's existing machinery.
Outsourcing Services	Emerging	Human Resource Development	Enhance productivity and reduce staff absenteeism and turnover	<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Mark One Apparel	This intervention aimed to increase productivity and reduce absenteeism and staff turnover by introducing a day-care service for workers' children. This is expected to greatly benefit female employees.
Outsourcing Services	Emerging	<ul style="list-style-type: none"> • Marketing & • Human Resource Development 	Access technology for new BPO markets	Measurement Completed	DHL Express Fiji Ltd.	MDF invested in advanced PABX technology and capitalised on Fiji's business process outsourcing market advantages, such as their regional time zone and classically neutral accents. DHL upgraded their call centre operations, upskilled their staff capacity and invested in new technology. These measures deliver cost effective back-office processing operations to service regional DHL customers regionally in Australia and New Zealand.
Outsourcing Services	Emerging	Human Resource Development	Upskill staff to meet market demand	Measurement Completed	Danam Fiji Ltd.	This intervention upskilled the partner's capacity to manufacture garments for a high-value, niche export market. With MDF support, Danam successfully diversified to produce certified structural firefighting garments for export and satisfy customer standards.

Market System	Status of the Market System	Function	Intervention	Status of the Intervention	Partnership	Explanation/Update of Partnership or Influencing Event
Outsourcing Services	Emerging	Human Resource Development	Improve staff capacity to increase production efficiency	Measurement Completed	United Apparel	As a result of this collaboration, MDF partner United Apparel successfully deepened its existing market and explored new market opportunities by improving factory efficiency and enhancing productivity. This resulted in increased orders and hence, additional income and job opportunities at the factory.
Outsourcing Services	Emerging	Human Resource Development	Improve operational efficiency with modern technology	Measurement Completed	Hydra Sports (Fiji) Ltd.	By adopting modern systems and new technology, this intervention improved both operational and manufacturing efficiency. This led to increased production volumes and sales to new and existing markets. As customer orders and sales increased, the factory hired more workers, injecting additional income into the community.
Outsourcing Services	Emerging	Marketing	Promote Fiji OS providers	Active	Greymouse Investment Ltd.	MDF supports Greymouse sales and marketing to Australia, an intervention that aims to boost the back-office support services sector in Fiji. Through this partnership, Greymouse will undertake marketing initiatives that are expected to help the business expand and create more local employment for the urban youth and women in Fiji. The growth potential for this service sector is expected to increase as businesses seek to capitalise on demand from nearshore markets, such as Australia and New Zealand.
Outsourcing Services	Emerging	Marketing		Active	Packleader Pacific Ltd.	MDF supports this sales and marketing initiative to help the partner embark on the new international market to sell the business process outsourcing services.
Outsourcing Services	Emerging	Marketing		Active	BTR (Fiji) Ltd.	This intervention helps BTR attract new clients in the Australian market through direct service marketing. MDF supports the campaign management officer, the website development and search engine optimization as well as the and social media marketing campaign.
Outsourcing Services	Emerging	Marketing, Advocacy & Industry Coordination	Market Fiji as an OS destination and service provider	Active	Business Process Outsourcing Council (BPOC)	To support the Fiji BPO industry, MDF is helping BPOC to proactively market their services to Australia and promote Fiji as OS destination. The intervention also works to advocate for the sector and collaborate with the Fijian government and national bodies.
Outsourcing Services	Emerging	Marketing		Active	Matchboard	MDF is facilitating a collaboration between Investment Fiji and Matchboard. By working together, they will execute a first-of-its-kind international webinar targeting foreign direct investment into Fiji outsourcing services. This project will reach both service providers, to promote Fiji as an OS destination, as well as Fijian OS companies, who may be potential clientele.

Market System	Status of the Market System	Function	Intervention	Status of the Intervention	Partnership	Explanation/Update of Partnership or Influencing Event
Outsourcing Services	Emerging	Marketing		Active	Lyndhurst	This intervention supports the promotion and marketing efforts of the Kalabu Tax Free Zone (KTFZ) Business Park (which will house newly established OS companies), to potential financiers, investors, clients, and tenants, through development of promotional materials. MDF also supports Lyndhurst to update its financial model to attract investment.
MSME Business Development Services	Emerging	Business Development Services	Improve MSME export opportunities through advocacy	Measurement Completed	Fiji Exports Council	To encourage the growth of exports in Fiji through policy change and evidence-based reform recommendations, this intervention focused on capacity building to develop and implement better policy instruments. FEC submitted a proposal to the government to reduce the 100 per cent export threshold to 70 per cent for export and 30 per cent for domestic goods, allowing other exporters to benefit from DSS.
MSME Business Development Services	Emerging	Business Development Services	Facilitate comprehensive research to ease business for MSMEs	Active	Reserve Bank of Fiji	MDF is conducting a landscape study for Micro, Small and Medium Enterprises (MSMEs) to inform sector development and policy.
MSME Business Development Services	Emerging	Business Development Services	Support the establishment of private sector led business incubators, accelerators, and co-working spaces	Active	Fiji Commerce and Employers Federation (FCEF)	This intervention is piloting the first private-sector leading incubation and acceleration program, the Fiji Enterprise Engine (FEE), with the largest private sector association in Fiji, the Fiji Commerce and Employers Federation (FCEF). During 2020, the partnership has further deepened and offers MSME business advisory services through webinars and online classes.
MSME Business Development Services	Emerging	Business Development Services		<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	MDF Fiji Enterprise Engine (10 MSMEs)	This pilot initiative supported SME growth. The initiative offered a practical learning platform and provided Small & Medium Enterprises (SMEs) with the guidance and tools required to operate efficiently. The approach is results-oriented and will enable businesses to focus on growing their business, develop their business skills and internal processes and work towards a sustainable and scalable business model that improves their chances of success in the Fijian economy and the region.
MSME Business Development Services	Emerging	Business Development Services		Active	Greenhouse Studios (GHS)	MDF supports GHS to develop Fiji's first formal, affordable coworking space with associated embedded services suitable for the Fiji context. The coworking space will allow MSME's to benefit from cost effective rent and business services in an environment that will encourage cross pollination of ideas and collaboration between small business entrepreneurs.

Market System	Status of the Market System	Function	Intervention	Status of the Intervention	Partnership	Explanation/Update of Partnership or Influencing Event
MSME Business Development Services	Emerging	Business Development Services	Support digital solutions and online payment gateways	<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Vodafone (Fiji) Ltd.	MDF supported the promotion and expansion of cashless payment systems for MSMEs and buyers through incentivization and promotion of mobile payment system.
MSME Business Development Services	Emerging	Business Development Services		<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Shazcom Technology	The intervention supported a local ICT business to launch “Fiji Eats,” an online food ordering, delivery and payment platform, for restaurants in Suva, Nadi and Lautoka.
MSME Business Development Services	Emerging	Business Development Services		Measurement Completed	ANZ Bank MoU	In collaboration with ANZ Banking Ltd., MDF developed a market mechanism to help MSMEs access finance from formal financial institutions by working with experienced business advisors.
MSME Business Development Services	Emerging	Business Development Services		Measurement Completed	Ernst & Young	This partnership offered business advisory support for accounting and financial advisory services through onsite partner’s location visits and accounting software trainings, respective financial policies and procedures and compliance requirements.
Integrated Air Travel to Niche Destinations	Emerging	Marketing	Communicate niche tourism destinations to potential visitors	<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Tourism Suncoast	The Tourism Suncoast DMO is an initiative by local hotels, activity and service providers to establish a regional tourism association to facilitate better coordination amongst members for effective destination marketing and engagement with national tourism stakeholders. This MDF initiative developed a new destination marketing organisation (DMO) to promote and grow tourism in the Ra or “Suncoast” region.
Integrated Air Travel to Niche Destinations	Emerging	Marketing		<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Savusavu Tourism Association	To support the Savusavu Tourism Association (STA), this program aimed to improve governance, operations, destination marketing and engagement with national tourism stakeholders. MDF envisions that a professional and effective regional tourism association will help grow Savusavu tourism.
Integrated Air Travel to Niche Destinations	Emerging	Marketing		Measurement completed	Tourism Kadavu	MDF developed a new destination marketing organisation (DMO) to promote and grow tourism in the Kadavu region. The Tourism Kadavu DMO is an initiative by the local hotels, activity and service providers to establish a regional tourism association to facilitate better coordination amongst members for effective destination marketing and collaboration with national tourism stakeholders.

Market System	Status of the Market System	Function	Intervention	Status of the Intervention	Partnership	Explanation/Update of Partnership or Influencing Event
Integrated Air Travel to Niche Destinations	Emerging	Marketing		<ul style="list-style-type: none"> Activities Completed Monitoring Ongoing 	Tourism Fiji	This initiative supported Tourism Fiji (TF) to fund events held in niche destinations, such as those outside of Denarau, Coral Coast and the Mamanuca Islands. Proposals for the events are submitted and approved through TF's Event Development Fund (EDF) and agreed to by MDF. Events funded through the EDF require a minimum of 100 international tourists. Organising such EDF-funded events in niche destinations would increase tourist traffic to these regions, increasing the visibility and profile significantly.
Integrated Air Travel to Niche Destinations	Emerging	Marketing		Measurement Completed	MoU Pacific Corporation Foundation	This MDF partnership offered provisions for technical training in digital strategy development for destination associations in Savusavu and Rakiraki (Ra), including for individual tourist operators in this region to help improve online presence and bookings. The support was provided through in-country workshops and follow up one-on-one mentoring support by James Kemp of Growth HQ, technical partner of the Pacific Cooperation Foundation (NZ).
Integrated Air Travel to Niche Destinations	Emerging	Marketing		On-hold due to COVID-19	Fiji Airways	This initiative will support Fiji Airways to develop new niche destination content, improve tourist awareness and increase air travel to these niche destinations.
Integrated Air Travel to Niche Destinations	Emerging	Marketing	Increase tourist arrivals to less visited areas in Vanua Levu	<ul style="list-style-type: none"> Activities Completed Monitoring Ongoing 	Tour Managers Fiji	To market and sell tour packages to Savusavu, this project leveraged the familiarisation (FAMIL) tour to Fiji in late 2015 for the company's "Top Ten" Chinese Travel Agents to Vanua Levu. The FAMIL was linked to the tour managers marketing campaign for the 2016 Chinese New Year and promotion of their Vanua Levu tourist package in the Chinese market.
Integrated Air Travel to Niche Destinations	Emerging	Bookings	Develop online booking and reservations engines for direct bookings for customers	Measurement Completed	Pacific Bed Bank 1	MDF supported the development of a new online booking and reservations system for a 'one-stop shop' Fiji Portal, inclusive of accommodation and activities. The new digital platform now allows many small tourism operators with little internet presence to take advantage of an affordable online marketing and bookings system. Any resulting increase in bookings and tourist numbers has a direct impact on staff income through additional hours and more spending by the hotel in procuring additional local supplies.
Integrated Air Travel to Niche Destinations	Emerging	Bookings		Active	Pacific Bed Bank 2	To help build a new online booking engine for integrated packages (flights, accommodation and activities) to niche destinations, MDF is providing technical support to PBB as it conducts a market study of hotels in niche destinations to inform future pricing models and marketing strategies for the new booking platform.
Integrated Air Travel to Niche Destinations	Emerging	Marketing	Promote niche destinations through travel information	Measurement Completed	Mai Life Travel	To improve tourist awareness of new and emerging tourism destinations in Fiji, MDF collaborated with Mai Life Travel. The magazine published content of these niche locations in their Fiji Airways inflight magazine.

Market System	Status of the Market System	Function	Intervention	Status of the Intervention	Partnership	Explanation/Update of Partnership or Influencing Event
Fijian Products and Experiences	Developing	Branding and Retail	Increase production capacity and strengthening local sourcing	Measurement Completed	Adi Chocolates	To source and process locally grown cocoa beans from regional farmers and create high quality chocolate products for the tourism industry, MDF collaborated with Adi Chocolates. The partner was supported to improve backward supply linkages to local cocoa farmers and to setup a new facility in Denarau, Nadi, including the procurement of specialised equipment to increase their production capacity.
Fijian Products and Experiences	Developing	Product Development	Commercialise mud crab farming for the tourism market	Measurement Completed	Crab Company of Fiji	This intervention involved technical support for the hatchery, rehabilitation of mud crab ponds and development of a community sourcing/contracting model supported the commercialization of mud crab farming for the tourism market.
Fijian Products and Experiences	Developing	Branding and Retail	Secure a year-round supply of vegetables	Measurement Completed	Tripeaks	MDF helped their partner upgrade and use hydroponic technology to ensure a year-round supply of hydroponic produce for the tourism sector. This intervention included the piloting of a low-cost hydroponic system to produce lettuce which were provided by Tripeaks to small contracted out-growers in the Navua area.
Fijian Products and Experiences	Developing	Branding and Retail	Incorporate community engagement in the supply chain	Measurement Completed	Essence of Fiji No. 1	The project scaled-up the production capacity and market presence of local cosmetics and spa products manufacturer. The growth in business had a direct impact on the local sourcing of raw materials by the company for its beauty products.
Fijian Products and Experiences	Developing	Branding and Retail	Establish supply chain for processing / value-addition and sales to the tourism sector	Active	Essence of Fiji No. 2	To develop a sustainable sourcing model for procuring nama from women collectors in the Yasawa Islands and Ra and create a line of skincare and beauty products using nama, MDF is partnering with Essence of Fiji. The campaign includes helping the company develop a comprehensive branding and marketing strategy to better market their spa and skincare range to a wider international market and local tourism markets.
Fijian Products and Experiences	Developing	Branding and Retail	Increase the volume of local fish in the Fiji HORECA sector	Measurement Completed	Southern Solutions	MDF helped increase the supply of local seafood into the tourism industry by promoting blast-freezer technology and portion packs. Southern Solutions also piloted the use of contracted local fishing agents to provide quality control and aggregation of fish for the company from key fishing areas in Vanua Levu and Kadavu.
Fijian Products and Experiences	Developing	Branding and Retail	Increase Fijian-made product availability to tourists	Measurement Completed	Coconut Kids Fiji	This intervention increased production capacity and management skills to expand quality kid's products to sell on the tourist market. Tourists will have more access to Fijian-made items targeted at children, resulting in increased employment and income for staff at the production facility, particularly women.

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Fijian Products and Experiences	Developing	Product Development	Connect innovative, locally produced handicrafts to the tourism market	Measurement Completed	Rise Beyond the Reef (RBTR)	In partnership with RBTR, MDF worked to build stronger linkages, quality assurance and marketing of locally sourced handicraft to the tourism market. Sales have increased thanks to the improved training, product development, branding and internal business processes. Now, many rural craftspeople, most of whom are women, enjoy this sustainable livelihood.
Fijian Products and Experiences	Developing	Branding and Retail	Promote local suppliers to tourism industry	Measurement Completed	Fiji Hotel and Tourism Association	MDF helped the association set up a subsidised allotment of booths for a select number of their local supplier members to key tourism events to promote more local sourcing by the industry.
Fijian Products and Experiences	Developing	Branding and Retail	Increase the number of cruise ship and other tourists and their spend on Fijian products and experiences	<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Tifajek Mud Pools and Hot Springs	This intervention expanded the facility and management capacity of a community-based mud and thermal pool in Sabeto, Nadi. This local tourist attraction provides improved accessibility to more authentic Fijian experiences and promotes local tourist spending in Nadi. The upgraded facility can now accommodate more tourists, which has provided additional revenue to the business and associated livelihood opportunities for those involved from the nearby Sabeto village, many of whom are women.
Fijian Products and Experiences	Developing	Branding and Retail	Conduct a needs assessment to improve Museum's capacity to attract and host more tourists in Suva	<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Fiji Museum	This collaboration with the Fijian government produced a review report, including costed recommendations on how to improve the Fiji Museum's operations, image and services. The report is designed to help facilitate additional resourcing for required rehabilitation and maintenance work at the museum. MDF also helped improve marketing and visitor traffic, especially from cruise ship tourists that frequent Suva. The report highlighted that the Fiji Museum has the potential to be the main tourist attraction for Destination Suva.
Fijian Products and Experiences	Developing	Branding and Retail	Increase the capacity of coffee processors and productivity levels of local suppliers	Measurement Completed	Bula Coffee	To improve the company's production capacity, this intervention worked to modernise its processing facilities and strengthen its supply chain through mechanisation and training. This emerging industry provides a new livelihood option for rural coffee cherry pickers.

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Fijian Products and Experiences	Developing	Product Development	Promote new local handicrafts from locally sourced material	Measurement Completed	Namana Arts Fiji	This project improved the capacity to produce a diversified range of handicrafts for the tourist market. By working with the company, MDF helped support local artisan suppliers with product development and better links to the tourism market in Sigatoka through the Namana craft carts located in several major hotels.
Fijian Products and Experiences	Developing	Branding and Retail	Increase the capacity to supply more tourism industry products	Measurement Completed	Prasad's Agricultural Services (Farmboy)	To improve the sourcing of new locally made (fresh fruit pulp) and grown (fruits and vegetables) products for the tourism industry this project set-up Fiji's first industrial HACCP ready kitchen. MDF helped boost backward linkages with farmers to increase the quantity and improve the quality of supply and to diversify into crops that are in demand from the tourism industry.
Fijian Products and Experiences	Developing	Product Development	Increase the demand of local cuisine in tourism industry	Measurement Completed	Food Inspired MOU	MDF commissioned an action report with six hotels and resorts ranging in size and from different regions in Fiji. The project provided technical advice to the participating hotels on the availability of suppliers for quality local produce, trained food and beverage staff in the hotels and instructed the establishments on menu development, including meal costing, plating and serving.
Fijian Products and Experiences	Developing	Product Development	Increase the sale of Fijian made products and experiences in traditional tourist areas/ Develop Fiji attractions targeting local clientele	<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Vou (Dance) Fiji	<p>To establish Fiji's first Cultural Entertainment Hub ("HUB") that will showcase quality contemporary entertainment to tourists visiting Fiji, MDF worked to provide technical inputs and business management know-how to make the HUB operational and commercial. The intervention provided additional support to get the company 'investment ready' to secure impact investment for future development phases of the project.</p> <p>During COVID-19, MDF supported VOU to develop and promote their shows to local audiences.</p>
Nautical Tourism to Niche Destinations	Developing	Maritime Mapping	Conduct a feasibility study for local cruise expansion	Measurement Completed	South Sea Cruises	MDF conducted a feasibility study to investigate the potential for day-cruises operating out of Suva. The study also looked at the viability of visiting nearby destinations, including Pacific Harbour and neighbouring islands.

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Nautical Tourism to Niche Destinations	Developing	Enabling Environment	Advocate for policy and infrastructure improvement	<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Port Denarau Marina	This intervention helped Fiji's two largest marinas, Port Denarau and Vuda, carry out an independent report and national stakeholder workshop on the yachting industry's economic contribution to Fiji. MDF envisions that this will improve the understanding of the contribution of the yachting industry to Fiji's tourism sector and help yachting stakeholders advocate for increased government marketing support and policy reform.
Nautical Tourism to Niche Destinations	Developing	Enabling Environment		<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Vuda Marina 1	
Nautical Tourism to Niche Destinations	Developing	Support Services	Cyclone-proof Fiji marinas	On-hold	Vuda Marina 2	MDF will support Fiji's second largest marina to cyclone-proof their new expansion to house yachts and super-yachts during the cyclone season.
Nautical Tourism to Niche Destinations	Developing	Maritime Mapping	Chart a hydrographic map for cruise and yacht tourism	Active	Transam Fiji Ltd. t/a Kenua Fiji	MDF is supporting a new public-private partnership (PPP) between the Fiji Navy (responsible for hydrographic mapping in Fiji) and Kenua Fiji, the largest local cruise-ship agent. The collaboration will undertake the task of hydrographic mapping the Yasawa-i-rara region, which will facilitate the return of cruise ships to this remote region at the northern tip of the Yasawa islands group.
Domestic Tourism / Fijian Products and Experiences	Developing	Information	Conduct a domestic tourism market demand study	Active	Fiji Hotel & Tourism Association (FHTA)	This intervention will build the capacity of FHTA to conduct information gathering and data analysis of local tourism behaviours and preferences. The collected information will be shared with FHTA members and other tourism players for policy development and marketing.
Domestic Tourism / Fijian Products and Experiences	Developing	Marketing	Expand the 'Local Tourism Event Fund' to attract domestic events and travellers	Active	Tourism Fiji (TF)	MDF supports Tourism Fiji (TF) to reallocate international event funds for local events and experiences to increase domestic travelling and spending.
Domestic Tourism / Fijian Products and Experiences	Developing	Marketing	Increase the sale of local products and experiences through social media	<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Ministry of Commerce, Trade, Tourism and Transport (MCTTT)	To developing a nationwide marketing campaign, MDF collaborated with social media influencers (SMIs), to promote Fijian made products and experiences.

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COVID-19	n/a	Health Preparedness	Produce personal protective equipment (PPE)	<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Paradise Beverages	Paradise Beverages, a leading beverage producer in Fiji, produced hand sanitisers and distributed these products to frontline healthcare workers and the public in collaboration with the Ministry of Health, as a result of MDF's intervention.
COVID-19	n/a	Health Preparedness		<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Skyward Industries	MDF worked with Skyward Industries to produce face shields using their 3D printers. This equipment was supplied to local health workers, frontline staff and first respondents, in collaboration with the Ministry of Health.
COVID-19	n/a	Health Preparedness		<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Performance Floatation Devices (PFD)	This intervention supported PFD to produce face masks, to supply to local health workers, frontline staff and first respondents, in collaboration with the Ministry of Health.



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Low-Cost Nutritious Fodder	Mature	Machinery	Increase silage availability	<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Pioneer 3*	<p>With the help of MDF, the local partners started commercial production of small-baled silage and provided information to smallholder farmers on the benefits of using silage.</p> <p>Silage entrepreneurs are currently making small-baled silage in different clusters: Silage Interior Sindh serves the Sindh province, while Pioneer 3 serves Khyber Pakhtunkhwa. The partnership rented out silage machinery and gave advice to other farmers on how to make their own silage, which led to increased silage availability, which resulted in improved livestock health and productivity and increased farming household income. The project successfully helped entrepreneurs expand their silage operations and provided small-baled silage to many smallholder livestock farmers.</p>
Low-Cost Nutritious Fodder	Emerging	Machinery	Increase silage availability	<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Silage Interior Sindh	<p>This partnership provided maize farmers with both silage manufacturing and packaging. The service brought silage machinery, together with skilled technicians, to the farmer's doorstep.</p>
Low-Cost Nutritious Fodder	Emerging	Machinery	Increase access to silage making machinery	<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Cattlekit (2)	<p>MDF is partnering with three female silage entrepreneurs, in Nowshera (KPK), Okara and Khanewal (Punjab), to produce appropriately sized silage packages and promote them among smallholder female farmers. These women entrepreneurs have strong communal ties with the surrounding farm community, a sound understanding of silage and are conducting outreach activities. They are working to create a more socially acceptable environment for female farmers to receive information on best husbandry practices and access quality inputs.</p>
Low-Cost Nutritious Fodder	Developing	Machinery	Increase access to silage making machinery and support outreach to female livestock farmers	Active	Women Silage Entrepreneurs (Ms. Shabana, Ms. Nadia and Ms. Sana)	<p>The partnership is addressing the constraints of limited input availability and insufficient access to information by introducing a nutritious fodder, alfalfa haylage. The project anticipates that increase quality fodder use will lead to increased milk production.</p>
Low-Cost Nutritious Fodder	Developing	Machinery	Increase smallholder farmers' access to alfalfa haylage in Gilgit region	Active	Green Diamond	<p>To popularise the small-baled silage model through a media campaign, the project is airing a television commercial on regional TV, producing an informative documentary for social media and advertising with print publications.</p>
Low-Cost Nutritious Fodder	Developing	Information	Increase awareness of silage business model	Active	Silage Media	<p>To popularise the small-baled silage model through a media campaign, the project is airing a television commercial on regional TV, producing an informative documentary for social media and advertising with print publications.</p>

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Finance	Developing	Market Research and Need Assessment	Promote livestock farmers access to suitable financial products	<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Kashf Foundation*	MDF and Kashf designed and launched a new financial product for women livestock farmer at their rural branches in South Punjab. The program included insurance and conducted training on financial literacy, animal husbandry and business management for rural women. Assessments revealed a positive uptake of the financial product and Kashf hopes to expand to other regions. Annex 1 – ADR and COVID indicators provides details on the number of people benefitted.
Finance	Developing	Market Research and Need Assessment		<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Khushhali Microfinance Bank Limited*	With Khushhali, MDF invested in a mobile banking van that works to provide financial services to smallholder farmers, especially those working in livestock. So far, approximately 3,900 livestock and agriculture loans have reached farmers.


PAPUA NEW GUINEA

Market System	Status of the Market System	Function	Intervention	Status of the Intervention	Partnership	Explanation/Update of Partnership or Influencing Event
Locally Produced Honey	Developing	Extension and Value-Addition	Develop capacity to process quality honey and improve the product's domestic and foreign marketing	<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	New Guinea Fruit Company Ltd. No.2	In this partnership, NGF successfully installed new equipment and the facility is operational. The project has produced the first batch of processed honey. The partner has postponed HACCP certification and plans first to consolidate its position in the local market.
High-Grade and Certified Coffee	Developing	Training and Certifications	Develop supply chains for sourcing and exporting high-grade certified coffee	Measurement Completed	Sustainable Management Services (SMS)	In 2020, SMS's affiliated company Monpi Export Ltd. purchased certified coffee from smallholders, who were trained as a result of this program. This intervention benefited more than 1,000 farmers.
High-Grade and Certified Coffee	Developing	Finance	Strengthen supply chains to source and export high-grade certified coffee	<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Niugini Coffee Tea & Spices (NCTS)	The MDF partner used the 2020 revolving fund to purchase additional volumes of certified coffee through a cooperative. At the partner level, the results were encouraging. However, the cooperative did not maintain complete buying records, which created ambiguity as to the exact nature of the impact.
High-Grade and Certified Coffee	Developing	Training and Certifications	Strengthen supply chains to source and export high-grade certified coffee	Measurement Completed	Morobe Mountain Coffee Ltd.	In 2020, MDF established a partnership with Morobe Mountain Coffee. The partnership trained and certified more than 1,500 smallholders in Morobe province. Mountain coffee purchased certified coffee from the farmers on premium, increasing its export volumes.
High-Grade and Certified Coffee	Developing	Training and Certifications	Strengthen supply chains to source and export high-grade certified coffee	Active	PNG Coffee Exports	MDF supported PNG Coffee Export Ltd to train more than 2,000 farmers. The intervention plans to certify smallholders when travel restrictions due to the COVID-19 pandemic lift.

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High-Grade and Certified Coffee	Developing	Training and Certifications	Strengthen supply chains to source and export high-grade certified coffee	Active	Nuigni Highlands Coffee Exports	This intervention will develop training curriculum, which the partner will use to train farmers in the Western Highlands to produce higher grade coffee. The training modules are mostly completed and the curriculum will be ready soon.
Value-Added Cocoa and Vanilla	Emerging	Processing Equipment and Marketing	Develop local capacity to produce and export cocoa powder and cocoa mass	Active	Paradise Foods Ltd.	With MDF's support, Paradise Foods is increasing its production capacity of cocoa powder. The facility is expected to be operational in the first quarter of 2021 as 80 per cent of the equipment is already installed which will enable the partner to source high-quality cocoa from farmers.
Value-Added Cocoa and Vanilla	Emerging	Traceability	Develop local capacity to export traceable cocoa and vanilla	Active	Elliven	The partnership will enable Elliven, a local exporter of cocoa and vanilla, will develop a traceable system to source cocoa and vanilla for export markets.
Value-Added Cocoa and Vanilla	Emerging	Trainings and Marketing	Develop supply chain for sourcing good quality vanilla	Active	Kamapim	MDF is implementing partnership with Kamapim. The partnership involves training 2,000 smallholders on producing higher quality vanilla so the partner can then purchase the commodity for export markets. Kamapim has trained its staff and is rolling out training to farmers
COVID -19	n/a	Awareness Trainings	Create awareness about COVID-19 among cocoa, coffee and vanilla farmers	Measurement Completed	Outspan	MDF supported Outspan in a COVID-19 awareness campaign. The campaign targeted nearly 5,000 smallholders in four provinces across PNG, providing them with information on the nature of COVID-19 and measures needed to prevent it.
COVID-19	n/a	Awareness Trainings	Create awareness about COVID-19 among fresh produce smallholders	Measurement Completed	NKW Fresh	MDF supported NKW Fresh in conducting a COVID-19 awareness campaign. The campaign targeted about 300 smallholders in Morobe province, providing them with information on the nature of COVID-19 and preventative measures.



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High value tourism	Developing	Data & Promotion	Support SLTDA capacity building	Active	Sri Lanka Tourism Development Authority (SLTDA)	MDF supported SLTDA by providing expertise to conduct a gap analysis of its data sources, collection methods, analysis and dissemination practices as well as implementing improvements in line with the recommendations of the Tourism Strategic Plan 2017-2020.
High value tourism	Developing	Data & Promotion	Support Love Sri Lanka model	Active	Antyra Solutions	This partnership is supporting the marketing and promotion of the lovesrilanka.org, Sri Lanka Tourism Alliance's consumer-facing website that focuses on recovery and destination promotion.
High value tourism	Developing	Coordination	Strengthen Sri Lanka Tourism Alliance	Active	Sri Lanka Tourism Alliance	MDF is supporting the establishment and strengthening of the Sri Lanka Tourism Alliance, including the development of the Love Sri Lanka Resilience Action Plan, providing institutional support, improving industry engagement and prioritizing COVID response activities.
High value tourism	Developing	Data & Promotion	Improve SME capacity to promote effectively	Active	Negete	MDF partnered with Negete to increase knowledge of SMEs about digital marketing. This partnership was put on hold due to COVID-19. MDF is currently negotiating similar activities with a different partner.
High value tourism	Developing	Data & Promotion	Support Sri Lanka Tourism promotional efforts post-COVID	Active	Sri Lanka Tourism Promotions Bureau	MDF is supporting Sri Lanka Tourism to drive post-COVID national promotional efforts to enable Sri Lanka to target high value segments.
High value tourism	Developing	Coordination	Support THASL COVID response	<ul style="list-style-type: none"> • Developing • Active 	The Hotels Association of Sri Lanka (THASL)	MDF supported THASL with COVID-19 response activities, which included conducting a staff communication campaign to keep up morale during the lockdown and furloughs. MDF also supported THASL to conduct awareness workshops to help SMEs to comply with new health & safety guidelines.
Labour	Emerging	Industry Awareness and Practices	Research perceptions among potential workers	On hold	The Hotels Association of Sri Lanka (THASL)	MDF and THASL planned to conduct a nationwide study to understand why there are low participation rates among youths and women in the tourism industry. This study was postponed due to COVID-19.

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Tourism Products	Developing	Product development	Develop innovative digital guide	Activities completed and monitoring ongoing	LDR Technologies	MDF supported LDR to develop a mobile-enabled digital guide application for key tourism destinations in Sri Lanka. Activities completed and monitoring ongoing.
Tourism Products	Developing	Product Development	Diversify new products	Activities completed and monitoring ongoing	Rainforest Ecodge	In an effort to develop safe and sustainable ecotourism in the Sinharaja Rainforest, this partnership conducted a feasibility assessment of a potential forest canopy walk project. A plan was developed and shared with key stakeholders.
Tourism Products	Developing	Product Development	Diversify new products	Active	Safari Panama	In partnership with a small-scale tourism activity provider, MDF is helping to develop the town of Panama, in eastern Sri Lanka, as a tourist destination. The project is establishing community-based tourism ventures, such as homestays, as well as expanding the business's wildlife/beach camping services.
Blue Swimming Crab	Mature	Processing and Market Linkages	Increase local processing and sourcing	<ul style="list-style-type: none"> • Activities Completed • Monitoring Completed 	Coolman Fish Canning Pvt Ltd	In partnership with Coolman, the project instituted a seafood processing facility and implemented an individual quick-freezing (IQF) process, which led to a first-of-its-kind value-addition in the Northern Province.
Blue Swimming Crab	Mature	Processing and Market Linkages	Increase local processing and sourcing	<ul style="list-style-type: none"> • Activities Completed • Monitoring Completed 	Prawn Ceylon Pvt. Ltd.	MDF is facilitating value-addition by supporting the expansion of seafood sourcing in the Northern Province and exports as the project is reinstating a defunct crab processing facility. The facility has been absorbed by Coolman Fish Canning Pvt. Ltd.
Blue Swimming Crab	Developing	Information	Improve resilience in the sector	<ul style="list-style-type: none"> • Activities ongoing • Monitoring ongoing 	pelagikos Pvt Ltd	In partnership with pelagikos, MDF aim to improve resilience in the BSC sector by increasing capacity of the regulators and awareness on sustainable catching practices.
Giant Freshwater Prawn	Developing	Increasing reservoir productivity	Rapid analysis of GFWP productivity problems at reservoir level	Activities Ongoing	Divron Bioventures	MDF is commissioning a research to understand the productivity gaps at reservoir level for GFWP. The research will be conducted by Divron.
Specialty Coffee	Emerging	Processing	Support roaster/processor value sharing relationships	<ul style="list-style-type: none"> • Activities Completed • Monitoring Ongoing 	Soul Coffee Co (Pvt.) Ltd.	This project developed on-site processing and direct trade relationships with smallholder farmers as well as helped the local partner enter the tourism market.

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High Value Agriculture	Developing	Organic Spices and Herbs	Support private sector extension models and information sharing capacities	Active	English Tea Shop	In an effort to support information sharing, this partnership establishes extension services and mobile-based models as well as linkages with government extension departments.
High Value Agriculture	Mature	Information	Support traditional private-sector extension models	<ul style="list-style-type: none"> • Activities Completed • Monitoring Completed 	Pasanka Exporter Pvt. Ltd.	MDF is working with Pasanka to create an all-female backyard farming network to supply the company. The project is expanding production by upgrading processing and quality control.
High Value Agriculture	Mature	Inputs	Productivity enhancing inputs and services	<ul style="list-style-type: none"> • Activities Completed • Monitoring Completed 	Aruna Plant Nursery	This collaboration establish a tissue culture laboratory to produce healthy, disease-resistant plant varieties for local farmers.
High Value Agriculture	Developing	Market Linkage	Increase web-based connectivity and market access	<ul style="list-style-type: none"> • Activities ongoing • Monitoring ongoing 	Good Market	MDF helped Good Market enhance their global web portal to become more user-friendly, accessible to vendors and customers as well as increase connectivity and efficiency.
High Value Agriculture	Developing	Inputs	Productivity enhancing inputs and services	<ul style="list-style-type: none"> • Activities ongoing • Monitoring ongoing 	Golden Dome Pvt Limited	Research to understand the use of pollinators to increase productivity in organic lands.
High Value Agriculture	Developing	Information	Improving digital extension services	<ul style="list-style-type: none"> • Activities ongoing • Monitoring ongoing 	Marginalised Organic Producers Association (MOPA)	Use of smartphones to deliver extension information to farmer networks to minimise post harvest loss and improve efficiency.



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Coffee	Mature	Sourcing	Set up a cupping laboratory and institute a coffee quality management system	Measurement Completed	Café Brisa Serena Unipessoal Lda.	MDF set up a quality management system, including a coffee cupping laboratory and coffee grading system, and suppliers archive to ensure traceability. This helped the company gain the confidence of existing and new high-end export buyers.
Coffee	Mature	Sourcing	Set a cupping laboratory and train association members on coffee quality	Measurement Completed	Assosiasaun Café Timor-Leste (ACT)	In collaboration with ADB and UNDP, ACT supported the newly formed national coffee association by setting up a cupping laboratory and training its members on a quality management system for coffee bean post-harvest and processing.
Coffee	Mature	Sourcing	Facilitate access by crucial technical personnel to support the 2020 coffee harvest	Monitoring Ongoing	AgroTimor Unipessoal Lda., KARST Organics Lda. & Timor Global Lda.	This project facilitates the travel of key technical and management personnel from several coffee companies to Timor-Leste, allowing them to buy from farmers during the 2020 harvest season. This led to around 3,900 coffee farmers earning income from coffee in 2020, many of whom would otherwise have faced challenges selling their coffee.
Coffee	Mature	Sourcing	Introduce high quality long-term storage to maintain the specialty coffee excellence	Monitoring Ongoing	Café Brisa Serena Unipessoal Lda.	This collaboration implements a storage solution to allow a coffee exporter to cope with changes to demand and still buy from farmers during the 2020 harvest season.
Coffee	Mature	Sourcing	Increase the production of specialty coffee through improved cherry processing and quality assessment facilities	Active	Mara Mresa Café Lda.	By scaling up specialty coffee production, particularly through construction of two community coffee processing facilities and a cupping laboratory, MDF's partner exported 60 tonnes of coffee, 18 tonnes of which came from the first new processing facility that was built with MDF support just before harvest. With the higher prices paid for better quality cherries, this is already resulting in higher incomes for farmers.

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Coffee	Mature	Sourcing	Increase the production of specialty coffee through improved local exporter cupping skills	Active	Assosiasaun Café Timor-Leste (ACT)	This intervention improves cupping skills of Timorese coffee works to promote quality throughout the value chain. There has been a lot of interest in this activity (initial training numbers doubled), and several coffee companies have organised similar trainings of their own in response. The final part of this activity (formal testing and certification) has been delayed by COVID-19-related international travel restrictions.
Coffee	Mature	Processing	Increase the production of specialty coffee through improved cherry processing facility	Active	Timor Global Lda.	MDF supports an industry shift towards speciality coffee production, particularly through the set-up of community-based coffee processing. The construction of two sites started in late 2020. Further results will be reported next year.
Coffee	Mature	Marketing	Promote Timorese specialty coffee to roasters in Australia	Active	Raw Material & Assosiasaun Café Timor-Leste (ACT)	This intervention increases the awareness of Timorese speciality coffee to enable additional exports. MDF sent the top ten coffees from the 2020 Timor-Leste coffee competition to a partner in Australia, who will forward these and promotion materials to roasters in Australia and New Zealand. Initial results will be reported next year.
Coffee	Mature	Information	Publish coffee rehabilitation paper	Active	Internal	This paper focuses on coffee rehabilitation practises globally and in Timor-Leste, with guidance for future rehabilitation schemes. MDF drafted this in consultation with interested industry participants. A final version should be released in early 2021.
Coffee	Mature	Rehabilitation	Improve coffee productivity through tree rehabilitation	Active	Assosiasaun Café Timor-Leste (ACT)	MDF produces technical resources on coffee rehabilitation and facilitates technical support on rehabilitation to selected association members. The activity began in late 2020 and results will be reported in 2021.
Konjac	Emerging	Seed Availability	Facilitate konjac seed collection and multiplication by existing nurseries	Monitoring Ongoing	Various Seedling Nurseries	The partnership increases the availability of konjac seed and seedlings by existing nurseries. MDF provided basic support to twelve nurseries and related groups. Most have started or intend to cultivate konjac, some more for general production, and some for the purpose of selling seeds or seedlings.

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Konjac	Emerging	Information	Support advisory services to establish new konjac farming business	Active	SGA Superior Construction & Trading S.A	An entrepreneur in Oecusse municipality received an introduction to konjac cultivation. The technical support was successfully provided and MDF's partner is considering future steps.
Konjac	Emerging	Cultivation	Introduce and boost konjac cultivation by coffee companies	Active	Consultants, Various Coffee Companies	MDF introduced and improved information for coffee companies to cultivate konjac. Konjac experts were brought to work with nine coffee companies across four municipalities. Over 200 coffee farmers participated in training sessions and it is likely that several companies and many farmer suppliers will cultivate konjac.
Konjac	Emerging	Processing	Increase the production and processing of konjac using outgrowers, seed nurseries and private extension services	Active	Manu Fahi Lui Unipessoal Lda.	This intervention develops the konjac farming outgrower business model to increase the supply of konjac for processing and export. It includes the establishment of a central management unit, centralised and decentralised staff and extension services, konjac nurseries and the establishment of farmer groups. Three konjac seedling nurseries have been set up and private extension systems have begun to be established. The pandemic caused some delays, but some activities resumed at the end of 2020.
Konjac	Emerging	Seed Availability	Increase the production of konjac using outgrowers, seed nurseries and private extension services	Active	Esmelia Unipessoal Lda.	This project creates a new business model based on cultivation, seed nurseries and private extension services. It took longer than hoped, but by late 2020, the partner had managed to source five tonnes of konjac seeds, which are stored at a facility constructed with MDF support. Some farmer groups have already received seeds and one extension officer has been recruited to assist with farmer support.
Konjac	Emerging	Information	Improve information on konjac cultivation through training videos	Active	Timor-Leste Ministry of Agriculture and Fisheries	MDF worked closely with the forestry team within the Ministry of Agriculture and Fisheries to produce an informative video to support konjac cultivation and high quality processing. The video will be launched and promoted beginning February 2021.
Pigs	Emerging	Feed	Conduct trainings on animal feed formulation	Measurement Completed	Manu Fahi Lui Unipessoal Lda.	An expert on feed formulation was brought to Timor-Leste to assist an emerging animal feed producer. MDF's partner had to put activity on hold because of pig herd loss due to ASF.

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Pigs	Emerging	Feed, Piglets & Breads	Improve the availability of commercial pig feed and promote productive pig rearing practices	Active	Casa Agricultor Unipessoal Lda.	This intervention increases the availability of commercial pig feed and promotes more productive pig rearing practices through a feed importer/distributor. Rural retailer partners will use demonstration farms to promote good rearing practices and ensure commercial pig feed is more accessible to smallholder pig farmers. The ASF outbreak poses a great risk to the sector and this program provides biosecurity training to farmers. The intervention was somewhat delayed by COVID-19, but has resumed and was even scaled up (tripling of demonstration pens) in late 2020.
Pigs	Emerging	Meat Processing	Establish a pig abattoir and butchery, and develop an outgrower farming business model	Active	Reyivita Unipessoal Lda.	This partnership will establish the first modern, commercial meat processing business for pigs and pork meat in Timor-Leste, and later, it will develop an outgrower farming model to ensure a consistent supply of pigs. Business activities only commenced in late 2020, with some construction/set-up of processing facilities.
Pigs	Emerging	Information	Grow a soymeal market for pig feed	Active	RN Agri Unipessoal Lda.	By using imported soymeal as a basis, this intervention will ensure homemade pig feed will have sufficient protein. The program includes a trial of a new sales model, using a demonstration plot connected with an agri-input shop, to improve awareness and boost sales of the product. Set-up of the trial site began only in late 2020.
Pigs	Emerging	African Swine Fever	Limit the spread and impact of African Swine Fever through communications	Active	Timor-Leste Ministry of Agriculture and Fisheries	MDF is creating a nationwide public awareness campaign to spread ASF information and promote good biosecurity and best practices in pig rearing, to reduce the spread of the virus and prevent pig deaths. High quality written materials and video content were produced in consultation with the Ministry of Agriculture and Fisheries and other technical experts. A very diverse and innovative campaign ran from July 2020, incorporating television advertisements, radio, SMS messages, banners at border posts, posters to all municipalities, social media, social influencers and a travelling cinema. Early impact assessments found outstanding results, with a high reach amongst the target audience, and a high uptake of key messages and behavioural change.
Aquaculture	Emerging	Fingerlings	Establish a commercial fish fingerling hatchery	On-hold	WorldFish, Nautetu Unipessoal Lda.	MDF plans to create a new, privately built and operated tilapia fish fingerling hatchery. In 2020, MDF continued to pursue its this idea but the technical feasibility stage finalisation was extremely slow, due to the difficulty of the proposed partner obtaining borehole drilling services, particularly because of the pandemic. Late in the year, the proposed partner ultimately decided not to proceed with the idea. MDF has put this on-hold awaiting the outcome of the other fingerling intervention and activities by other development partners in this market system.

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Aquaculture	Emerging	Feed	Increase the availability of commercial fish feed and promote more productive tilapia fish aquaculture	On-hold	Manbari Catuq Unipessoal Lda.	This partnership would support the establishment of a new business focused on fish feed importation and distribution, and the use of demonstration ponds. Although agreement was signed in early 2020, due to the pandemic and other reasons, the partner elected not to proceed as planned. An alternative solution to this market function is being sought, possibility including this partner in a more limited form.
Aquaculture	Emerging	Marketing	Improve the accessibility and marketing of fish fingerlings through nurseries	Active	Moredoc Unipessoal Lda.	MDF assists the only privately-run hatchery to improve distribution and marketing, including through the use of partner retailers and demonstration ponds. The intervention was signed in May 2020, and progress was slow, with the first fingerling nursery only built very late in the year.
Coconut	Emerging	Export	Set-up a virgin coconut oil production network for export	Active	LOSCO SS Lda. (Los Palos Coconut Oil)	This project will increase the production of VCO manufacturers and facilitate access to export markets. Progress with these partners was limited in the first half of 2020, largely due to the pandemic. MDF's key partner was not allowed to resume manufacturing for a large portion of the year, and international travel restrictions are hampering progress with several aspects of the business (production efficiency and organic certification). However, domestic sales grew in the second half of the year and 73 new workers were employed, 67 of whom are women. The intervention purchased coconuts from 971 women and 29 men.
Coconut	Emerging	Efficient Production	Increase virgin coconut oil production for export	Active	HAFOTI	
Quality Agriculture Inputs	Mature	Distribution Models	Create a district-level agri-input distribution network with embedded extension services	Measurement Completed	Agi Agricultura, Unipessoal Lda.	A commercial agri-input distribution model was established in rural areas through partnership between an agri-input wholesaler and municipality level retailers who were trained to sell good quality inputs and provide agricultural information to farmers. Both male and female farmers received needs-based training on cultivation methods, safe usage of agri-inputs, product identification and application.
Quality Agriculture Inputs	Mature	Information	Set-up of an agri-input shop and sharing of information to farmers.	Monitoring Ongoing	Saknuka Unipessoal Lda	This intervention set-up a new district-level agricultural input retailer in Ainaro, with some embedded extension services. This small intervention was successfully completed. The retailer gradually increased the sale of a diverse range of agri-inputs to around \$USD700 per month. They have also trained over 100 local farmers.

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Quality Agriculture Inputs	Mature	Distribution Models	Creating a district-level agri-input distribution network with embedded extension services.	Active	Vinod Patel Investments Timor S.A	MDF is establishing a new agricultural input importer/distributor and business model to include municipality-level retail partners and embedded extension services. Progress with this intervention was slow in 2019, and this slow pace continued in part because of the pandemic. Technical support staff from the seed supplier in Indonesia have not been able to visit Timor-Leste, preventing planned demonstration plots from being set up. However, the partner has now recruited a field extension officer, who has started engaging with potential retailers in target municipalities (Viqueque, Ainaro and Manufahi). The first batch of seeds has been packaged and distributed to one of the retailers (Ainaro). MDF's partner is developing an information leaflet which will be distributed to input retailers and their client farmers.
Cocoa	Emerging	Quality & Production	Improve cocoa bean quality, increase cocoa bean sourcing capacity and improve chocolate production	Active	Pods d'Amor Unipessoal Lda.	This intervention with a chocolate maker will increase and/or improve cocoa bean sourcing capacity, chocolate production and quality. There were some delays because of slow port processing of imported chocolate-making equipment, but progress was made. The company sourced cocoa beans directly from (36) farmers for the first time, accumulating over one tonne in 2020. A recruited field officer provided fermentation training to 45 cocoa farmers, including nine women. Equipment purchased with MDF support has enabled the company to produce a new product for sale. Reduced demand stemming from the pandemic is impacting sales.
Cocoa	Emerging	Quality & Production	Increase cocoa and chocolate quality and processing capacity	Active	Pro-EMA	MDF works with a chocolate maker to increase and/or improve cocoa bean sourcing capacity, chocolate production and quality. Two of its staff participated in cocoa fermentation training along with 35 farmers (11 women) from a potential supplier partner. New equipment purchased with MDF support allowed the manufacture of several new cocoa and chocolate products, including a chocolate spread.
Cocoa	Emerging	Production	Improve cocoa production and fermentation technical capacity	Monitoring Ongoing	Consultant & Various Companies	This intervention provided technical training to chocolate makers and supplier farmers.
Fruit	Emerging	n/a	Conduct a feasibility study for a commercial fruit plantation	Measurement Completed	WFour Unipessoal Lda.	A feasibility study for a new commercial fruit farm and nursery was successfully delivered. MDF may conduct a follow-up intervention once COVID-19-related international travel restrictions are lifted.

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Fruit	Emerging	n/a	Scale-up a commercial dragon fruit farm and advisory support to other dragon fruit farmers	Active	Agropro Corporation Lda.	This intervention works to scale-up production at a commercial dragon fruit farm. The pandemic delayed machinery imports and there were equipment technical issues but on the whole, the partner made progress. Land preparation has been completed at the farm, and planting should be completed once sufficient concrete posts are manufactured. The partner also completed its first feasibility assessment for a possible dragon fruit entrepreneur.
Other Agriculture (Phase 2)	n/a	n/a	Exchange information and collaborate on market systems development activities	Active	To'os ba Moris Di'ak (TOMAK)	In an effort to exchange information and collaborate on market systems development activities, MDF supports this program. Joint activities were limited in 2020, but the two programs liaised regularly on areas of common interest.
Other Agriculture (Phase 2)	n/a	n/a	Limit the spread and impact of Fall Army Worm through communications	Active	Timor-Leste Ministry of Agriculture and Fisheries	Fall Army Worm (FAW) was detected in Timor-Leste for the first time in 2020, and quickly spread to many parts of the country. Assessments by the Timorese government and FAO have found FAW is primarily attacking maize, the most important staple crop. MDF liaised with interested parties and commenced the creation of new communications materials in late 2020 and will launch a campaign in 2021.
Other Agriculture (Phase 2)	n/a	n/a	COVID-19 response – transport of agricultural goods	Measurement Completed	Timor-Leste Ministry of Agriculture and Fisheries	Due to movement restrictions between internal borders in the face of COVID-19, MDF facilitated approval letters through the Ministry of Agriculture and Fisheries (MAF) for a vegetable trading company, allowing their agents to move between municipalities and sell produce in Dili and other markets. At least 43 farm workers benefited directly from this activity which also aided food security.
Other Agriculture (Phase 2)	n/a	n/a	International scoping on potential investors for Timorese agricultural production	Measurement Completed	Consultant	A consultant examined offtake potential for selected agricultural production from Timor-Leste. This included supporting feasibility work on red rice export.
Other Agriculture (Phase 1)	n/a	n/a	Establish a commercial vegetable farm in a new region	On-hold	Marga Enterprise Agricola Nacional Lda.	MDF supported the set up a semi-commercial horticulture farm in Loes by purchasing equipment to expand and regulate production throughout the year and improve the capacity of technical staff to manage production.

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Other Agriculture (Phase 1)	n/a	n/a	Expand the production and technical capacity of a commercial vegetable producer	On-hold	Bucoli Green	This intervention supported the improvement of crop quality and quantity and the procurement of specific agri-tools to develop Timor-Leste's largest commercial vegetable farm.
Other Agriculture (Phase 1)	n/a	n/a	Set-up Timor-Leste's first large-scale grain storage and drying facility	On-hold	Sarjoli Unipessoal Lda.	This partnership supported the establishment of a commercial-scale aggregation and storage facility. This includes setting-up a physical infrastructure capable of storing 350 tonnes of grain.
Other Agriculture (Phase 1)	n/a	n/a	Increase the processing capacity of a leading butcher	Monitoring Ongoing	Central Moris Unipessoal Lda.	Timor-Leste's first formal butcher has been supported through an equipment upgrade and facility expansion to increase processing volume. The butcher is creating a market for quality local meat supply and in the process substituting imports, as well as improving standards for local meat suppliers.
Other Agriculture (Phase 1)	n/a	n/a	Increase the productivity of spice farmers through private extension services	Monitoring Ongoing	Comodities X-Change Lda.	This intervention built in-house staff capacity and a strong supply chain for sourcing and processing spices from local farmers for the export market. As farmers are not aware of the full commercial potential of growing and selling spices, training was provided to farmers (mostly women) about spice gardening, harvest and post-harvest management to ensure they are able to meet buyer's volume and quality requirements.
Other Agriculture (Phase 1)	n/a	n/a	Set-up a modern, high quality rice processing facility and improve marketing	Measurement Completed	Acelda, Unipessoal Lda.	MDF supported the first commercial rice milling plant in Timor-Leste to process and market the country's first branded local rice for sale in the domestic market. The company has sourced from nearly 1,300 farmers.
Other Agriculture (Phase 1)	n/a	n/a	Establish vegetable collection centres to increase vegetable supply	Measurement Completed	Kmanek Trading (Timor-Leste), Unipessoal, Lda.	This intervention involved the establishment of collection centres to improve the supply chain, connect more farmers with supermarkets and provide a reliable pick-up service for farmers.

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Other Agriculture (Phase 1)	n/a	n/a	Grow sales through better branding and marketing	Measurement Completed	Peoples Trade Company, Unipessoal Lda.	An improved marketing campaign for a local organic food brand, 'Aroma Timor,' included creative branding activities as well as capacity building of the marketing staff through formal and informal training.
Destination Marketing	Emerging	Marketing	Improve destination marketing, information sharing and collaboration	Active	Hotel Owners Association Timor Lorosa'e (HOTL)	In collaboration with HOTL, MDF is improving destination marketing, information sharing and cooperation to support tourism in Timor-Leste. The intervention was largely put on hold in 2020 due to the COVID-19 pandemic.
Destination Marketing	Emerging	Marketing	Create an innovative destination marketing campaign based on cinema advertising	On-hold	Beachside Hotel Lda.	MDF with support the production of video advertisements that will be used as digital marketing to promote Timor-Leste and high quality tourism in Australia, particularly through a cinema in Melbourne. This intervention was largely put on hold in 2020 due to the COVID-19 pandemic.
Destination Marketing	Emerging	Marketing	Australia Tourism Market Analysis	Measurement Completed	Consultant	To understand tourist consumer preferences for Timor-Leste's primary source country (Australia) and develop a marketing strategy, MDF engaged a consultancy. Despite some COVID-19-related delays, the study was completed and was one of the few tourism interventions with activity in 2020. Key findings were presented to industry stakeholders in late 2020, which was well received considering the dire circumstances facing the industry. A follow-up intervention is arranged for 2021.
Destination Marketing	Emerging	Marketing	Support the ministry of tourism and destination marketing activities	Measurement Completed	The Asia Foundation	MDF collaborated with the Ministry of Tourism, Commerce and Industry and other tourism stakeholders to address destination marketing and other cross-sector issues, such as strategy.
Marine Tourism	Emerging	Marketing	Improve destination marketing and dive site management	Active	Dive Operators Working Group	This intervention included various activities to support industry collaboration, destination marketing and site management. Most activities were delayed in 2020 due to the pandemic. However, the group continued to meet and discuss ideas for the future. MDF also supported the group on the production of a video connected with industry promotion.

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Cruise Tourism	Emerging	Capacity Building & Marketing	Publish Cruise Tourism Standard Operating Procedures (SOPs)	Measurement Completed	Consultant & the Timor-Leste Ministry of Tourism, Commerce and Industry (MTCI)	In a large, multi-stakeholder collaboration to develop a comprehensive Standard Operating Procedures (SOPs) to clearly outline the specific roles of different authorities, MDF helped establish a coordinated structure and make recommendations on operationalising this structure.
Cruise Tourism	Emerging	Capacity Building	Collect cruise ship tourist data	Measurement Completed	Mata Dalan Institute	This intervention surveyed cruise ship tourists as they disembarked in Dili.
Cruise Tourism	Emerging	Marketing	Develop product and services for cruise tourism and a company website	Measurement Completed	Dive, Trek & Camp (DTC), Lda.	MDF worked with local business on new products and services, such as a hop-on and hop-off bus, to service cruise ship passengers docking in Dili.
Other Tourism	n/a	n/a	Establish a veterans' museum at Balibo Fort	Active	Balibo House Trust	MDF assisted the Australian Government to facilitate support to Balibo House on the construction of a Veteran's Museum. Significant effort was put into negotiating grant support, including specifications for planning, demolition, construction, safety and supervision. Construction started in the second half of 2020.
Other Tourism	n/a	n/a	Create a new trek-based tour based on history of WWII	Measurement Completed	Timor Adventures, Lda.	MDF supported the development of a new trekking tour package focusing on the history World War II. The product was developed largely as planned.
Other Tourism	n/a	n/a	Improve marketing of Timorese food and coffee	Measurement Completed	Agora Food Studio, Lda.	In collaboration with Agora Food Studio, MDF helped improve their marketing strategy to promote local cuisine and coffee to tourists.
Other Tourism	n/a	n/a	Ensure hotel commercial viability by building management capacity	Measurement Completed	Balibo House Trust	To support the foundation of the first high-end boutique hotel in the north-western part of Timor-Leste, MDF trained staff on tourism and hospitality skills in multiple phases. Most of the staff are from the local municipality and half of them are women.
Other Tourism	n/a	n/a	Establish a conference centre	Measurement Completed	Balibo House Trust	This intervention supported the design and construction of a new conference centre at the Balibo Fort Hotel.

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Other Tourism	n/a	n/a	Support capacity building of cooperative members and business expansion	Measurement Completed	Boneca de Atauro	MDF facilitated a new retail store for one of Timor-Leste's most established handicraft co-operatives. The project also supported an artist in residence program, as well as language, business management and marketing training for the cooperative members.
Other Tourism	n/a	n/a	Strengthen supplier linkages and conduct marketing campaigns	Measurement Completed	Things and Stories Lda.	To promote locally produced handicrafts representing the arts and culture of Timor-Leste, MDF partnered with a retailer and their artisan groups to improve production efficiencies with appropriate machinery and workspace conditions.
Manufacturing	n/a	Export	Scale-up bike rack manufacturing and export	Active	Nazareth Foundation	This intervention is scaling-up and diversifying bike rack manufacturing for export to Australia. Factory expansion began late in 2020 and will continue into 2021. This will provide job opportunities for workers with disabilities.
Manufacturing	n/a	Production	Produce ethanol and sanitiser to support the medical response to COVID-19	Active	Distillery Lokal Unipessoal Lda.	MDF helped facilitate the production of ethanol and sanitiser. The partner faced delays obtaining the necessary business licence from the Timorese government, as well as getting a sample tested in Australia. Accordingly, there is little progress to report for now.
Manufacturing	n/a	Production	Set-up Timor-Leste's first manufacturing facility for plates made from areca leaves	Active	Dilicious Timor & Unipessoal Lda.	This intervention launched a factory to produce eco-friendly disposable plates from areca leaves. The new enterprise proceeded largely as planned. Production is ongoing, but affected by the pandemic, because of the influence on the connected business of the owner.
Manufacturing	n/a	Capacity Building	Develop staff capacity and manage the production facility	Measurement Completed	Mahanaim Garment and Manufacturing & Unipessoal Lda.	MDF support helped establish Timor-Leste's first garment factory by funding key positions, such as pattern cutter, quality control manager and designer.
Manufacturing	n/a	Climate Mitigation	Promote and distribute fuel efficient cook stoves	Measurement Completed	Concrete Products Business (CPB)	This intervention increased the use and availability of fuel-efficient cook stoves through retail opportunities, demonstrations and marketing campaigns targeting women in different municipalities.

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Manufacturing	n/a	Production	Operationalise salt refinery and production facility to produce iodised salt	Measurement Completed	NPM Industries	This partnership introduced locally refined and packaged iodised salt for the first time in Timor-Leste. The intervention promoted efficiency and modern raw salt production methods to local collector and trained factory staff on salt refinery, testing facility operations and proper iodisation quality control.
Manufacturing	n/a	Climate Mitigation	Conduct a study on fuel-efficient cookstoves	Measurement Completed	Consultant	To understand and estimate the cost, time and health benefits (through reduced burden of disease) experienced by households by using cookstoves manufactured by its partner CPB, MDF conducted a study. The report provides insights on the stove's acceptability and performance in everyday use, the perceived health benefits from reduced smoke intake and the gender preferences for improved cookstoves.
Manufacturing	n/a	Production	Conduct a study on iodised salt	Measurement Completed	Consultant	To understand the knowledge, attitude and practices concerning iodine and salt in four districts of Timor-Leste, MDF commissioned a study. The findings from the report were used to advocate for a universal salt iodisation policy in Timor-Leste.
Other	n/a	n/a	Record the business and economic impacts of COVID-19	Active	Internal	Principally, this intervention worked to gather, analyse and present information on the business and economic impact of the pandemic for different stakeholders. MDF also worked with the Chamber of Commerce and Industry, Hotel Owners Association, and selected firms to present industry viewpoints to government.
Other	n/a	n/a	Collaborate on COVID-19 response and agricultural policy	Active	Monash University	MDF assisted an economics professor with a COVID-19 economic impact analysis by contributing insights from the field and businesses. This will likely result in further contributions to a Timor-Leste government economic recovery strategy with a focus on agriculture.
Other	n/a	n/a	Promote export and investment in pro-poor economic sectors (productive sectors) in Timor-Leste	Active	TradeInvest	This intervention promotes exporters and investors in the agribusiness, manufacturing and tourism sectors. Activities were minimal in 2020 due to COVID-19 disruptions.

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Other	n/a	n/a	Develop and implement a financial saving product for coffee farmers	Measurement Completed	Tuba Rai Metin	MDF helped make finance more accessible to rural clients by encouraging farmers to open savings accounts at local kiosks or 'Centres for Saving,' as well as introducing a financial education program on the importance of saving and household management.
Other	n/a	n/a	Publish Speed Matters' internet study	Measurement Completed	Monash University	This evidence-based study investigated the importance of upgrading Timor-Leste's internet connection to fibre optic submarine cables, which would bring significant economic and social benefits to the population. The report was successfully completed and findings were discussed at an event held with public and private sector stakeholders.
Other	n/a	n/a	Share information on TL private sector with UNTL students	Measurement Completed	Universidade Nacional Timor Lorosa'e (UNTL)	This intervention focused on promoting private sector entrepreneurship and growth amongst students in business fields.



THANK YOU

MDF would like to thank the Department of Foreign Affairs and Trade, Palladium, Swisscontact and all of their partners, suppliers and contractors for their hard work and support in 2020.

Last but not least, thanks should go to MDF's staff across the facility for their dedication and commitment throughout this year like no other.





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- Pakistan: House No. 161, Block B, Revenue Society, Johar Town, Lahore, Pakistan
 - Timor-Leste: 2nd Street, Palm Business & Trade Centre, Surik Mas, Dili
- Sri Lanka: No. 349, 6/1, Lee Hedges Tower, Galle Road, Colombo 03, Sri Lanka
- Papua New Guinea: Level 6, PwC Haus, Harbour City, Port Moresby, Papua New Guinea

This publication has been funded by the Australian Government through the Department of Foreign Affairs and Trade. The views expressed in this publication are the author's alone and are not necessarily the views of the Australian Government.



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MDF is funded by the Australian government. It is implemented by Palladium, in partnership with Swisscontact