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QUARTERLY REPORT

MARCH – MAY 2011

**INCREASING RURAL INCOMES AND IMPROVING FOOD SECURITY THROUGH
INTEGRATED INITIATIVES FOR ECONOMIC GROWTH IN MALI**

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ACRONYMS

ANSSA	National Agency of Food Safety and Hygiene
ARPASO	Agricultural Producers and Rice Farmers Association in Western San
AVPA	Association of Agricultural Product Vendors (Bamako)
BEACIL	Research and Technical Assistance Bureau for Local Initiatives
CEFIB	Center for Training and Research in Information Technology and Business
CRRA	Regional Center for Agronomic Research
CSV	Crop Storage-Based Credit
DAO	Call for Proposals
DNEF	National Forestry Service
DRA	Regional Direction of Agriculture
E-ATP	Expanded Agribusiness and Trade Promotion, a USAID regional program.
FAMSOUDOUF	<i>Ferme Agricole des Moribabougou</i>
FCFA	<i>Francs de la Communauté financière de l'Afrique</i>
GIE RCGOP	Economic Interest Group, Consultancy Network in Farmer Organizations Management
GIS	Geographical Information System
GREFA	Group for Agricultural Research, Surveys and Training
GRN	Natural Resource Management
GSTA	Global Sustainable Tourism Alliance
HFP	Host-Free Period
HIMO	High-Intensity Labor Teams
IER	Institute of Rural Economy
IF	Supportive Funds for Innovative Agribusinesses
IICEM	Integrated Initiatives for Economic Growth in Mali
IPM	Integrated Pest Management
LOA	Law on the Orientation of Agriculture
M	Million
MT	Metric Ton
NGO	Non-Governmental Organization
NRM	Natural Resource Management
ODRS	Sélingué Rural Development Office
OHVN	Office of the Upper Valley of Niger
OMA	Observatory of Agricultural Markets
OP	Producer/Farmer Organization
OPIB	Office of Baguinéda Irrigated Perimeter
ORM	<i>Office Riz du Mopti</i>
PIV	Irrigated Village Perimeter
PDCO	Community Development Program
RIFAB	<i>Rizerie et Fabrique d'Aliments Bétail</i>
SAF	Strategic Activities Fund
SICA	Agricultural Collective Interest Company
SOPROTRILAD	Rice Production and Processing Company of Lake Debo
SRI	System of Rice Intensification
UCAMHO	Union of Agricultural and Gardening Cooperatives of Horo
UCUTOHA	Tondibi and Ha Cooperative Union
UNCTD	United Nations Conference on Trade and Development
URCEP	Potato Traders and Exporters' Regional Union
USAID	United States Agency for International Development
USG	United States Government

WASA
YAGTU

West Africa Seed Alliance, a USAID regional program
Yam Giribolo Tumu (a Bandiagara-based NGO)

EXECUTIVE SUMMARY

Integrated Initiatives for Economic Growth in Mali (IICEM) is the flagship economic growth program of USAID/Mali, which spurs economic expansion to increase rural income and improve food security through increased productivity and trade in basic cereals and horticultural crops. IICEM follows a value chain approach. IICEM is implemented by Abt Associates, Inc. as prime contractor, in partnership with ACDI/VOCA, Sheladia Associates, Inc., CARANA Corporation, two regional agricultural services offices, and six local implementing partner NGOs (GREFA, AIID, BEACIL, PEENAL, CONFIGES, and RCGOP). These partners work in concert to orchestrate activities with over 400 Malian associations and public and private entities (national government services and institutions, businesses, banks, input suppliers, and business development service providers).

The objectives of the IICEM project are closely aligned to the Feed the Future (FTF) strategy emerging from the President's Global Hunger and Food Security Initiative (GHFSI), with its emphasis on 'increasing economic growth and developing supply of basic commodities' by improving agricultural productivity, minimizing transport and trade barriers, promoting market demand-based agriculture, and increasing the level of participation of the most deprived in economic growth.

IICEM pursues five core tasks: 1) improving production and productivity via expansion/rehabilitation of irrigated agriculture as well as intensification and diversification; 2) enhancing financial services; 3) increasing access to markets and trade, and improving commercialization of targeted products; 4) supporting an enabling environment for agriculture, trade and private sector development; and 5) stimulating entrepreneurship through a strategic activity fund, small business development and grants.

This quarterly report describes program achievements from March 1, 2011 to May 31, 2011. It follows the organization recommended by the USAID/Mali Accelerated Economic Growth office, with activity progress organized by component, or project task areas listed above.

To align itself with the newly adopted Feed the Future/Mali strategy, IICEM began phasing out activities related to potato, tomato, shallot, mango, and tiger nut sectors this quarter. All activities in these sectors will close out next quarter, corresponding with the end of IICEM's first work plan on August 31, 2011. IICEM is exiting smoothly from these specific sectors and will continue some focus on horticultural products to diversify revenue and improve nutrition for the producers groups which focus on rice, millet, or sorghum.

OVERVIEW

A few overarching themes and successes emerged this quarter, including:

- A number of achievements in Timbuktu Region, including satisfactory progress of irrigation canal relining and small infrastructure construction at 6 sites; System of Rice Intensification (SRI) scaled up to 30 ha village irrigated perimeters (PIVs); sales of 945 MT of irrigated and lowland rice valued at over 31M FCFA; and the generation of \$1,600 in revenue under a new local natural resource management put in place by IICEM for 40 ha of sustainable *bourgou* water grass conservation.
- Planning for scaling up millet/sorghum and maize for the start of the production season next quarter is complete, having coordinated DRAs, NGOs, banks, and OPs representing over 10,000 ha.
- The political crisis in Ivory Coast affected various sectors differently; for example, sub-regional fresh mango exports were impeded by mango containers being stuck at the port of Abidjan,

while trade flows of rice to Ivory Coast pulled Ivorian traders up into the northern regions of Mali to buy rice from IICEM-assisted farmers.

The primary challenge this quarter was the lack of obligated funding for the project year beginning October 2010 - particularly given the annual precipitation and planting cycle, according to which all preparations for cultivation was to have been carried out during the period covered by this report. Several planned activities of significance were of necessity dropped or suspended; for example, the medium-term loan guarantee fund was eliminated at *Kafo Jiginew*, and was reduced by 75% at BNDA, and all new projects identified for support from the Agribusiness Innovation Fund were suspended (see p. 28 for more information).

IMPROVING PRODUCTION AND PRODUCTIVITY

Production and productivity work this quarter primarily focused on constructing small irrigation structures and relining irrigation canals at 20 work sites, as well as coordinating partners and verifying input supply availability for the coming rain-fed cereals planting season. Small irrigation works are either completed or between 85-95% complete as of the end of the quarter.

To nearly treble millet and sorghum production, the program researched source and availability of large quantities of quality seed for all sites, and established assistance mechanisms with three regional agricultural services (DRA) to ensure a smooth launch of the 2011 cereals production period.

As for activities to improve natural resource management in support the production and productivity component, community groups in Gobi surpassed their goal of fixing 20 ha of dune by planting live cuttings on 28.6 ha.

ENHANCING FINANCIAL SERVICES

This quarter, IICEM facilitated seven loans totaling 57.6 million FCFA through the loan guarantee funds at BNDA and *Kafo Jiginew*. The financing supported four rice producers and a shallot trader in Mopti; a commercial rice cooperative in Timbuktu, and a mango exporter in Bamako.

INCREASING ACCESS TO MARKETS AND TRADE AND IMPROVING COMMERCIALIZATION

This was a busy quarter for program activities to improve access to markets and increase commercialization. In the millet/sorghum and maize sectors, IICEM continued strengthening relationships between OPs, traders and major commercial partners. *Moulins du Sahel* has agreed to a sales contract to purchase 6,000 MT of quality maize between April and September and awaits installation of new millet/sorghum processing equipment.

In the North, as mentioned above, IICEM partner OPs sold 45 MT of irrigated rice and 900 MT of lowland rice valued at 24.7M FCFA. In the south, GREFA technical assistance and training focused on women rice producers and processors who improved their hulling and parboiling practices and techniques, and also improved storehouse management of paddy. These women sold 1,116 MT of rice for over \$480,000.

Other marketing and commercialization efforts included launching the mango season sales by small producers to the COMAFRUIT factory, and helping IICEM potato and shallot partners access markets.

SUPPORTING AN ENABLING ENVIRONMENT FOR AGRICULTURE, TRADE, AND PRIVATE SECTOR DEVELOPMENT

This quarter, the IICEM enabling environment component focused on three main activities. The transport and trade facilitation specialist, following months of persistent and consistent coordination of top-level officials from Mali and Sénégal, convened the first Cross-Border Trade Conference on the Bamako-Dakar Corridor. He also followed up on a study of millet/sorghum and rice logistical costs along certain trade routes. Finally, the program's quality control specialist made significant headway towards development of an appropriate new procedure for farmer-based seed certification.

STIMULATING ENTREPRENEURSHIP THROUGH A SPECIAL ACTIVITIES FUND (SAF), SMALL BUSINESS DEVELOPMENT, AND GRANTS

The financial services and business development specialists monitored construction progress of the RIFAB cereals processing center in the Sévaré industrial zone, being supported by the Special Activities Fund. They also guided the refinement of two business plans for small rice mill operations, investments totaling 468M FCFA, and assisted with the development of a business plan for a cereals processor. A diagnostic study performed by the team of five cereal wholesalers helped refine IICEM's market-led strategy, particularly for millet and sorghum.

To stimulate entrepreneurship, IICEM supported the certification of four more training facilitators in the Making Cents *MicroEnterprise Fundamentals* training course. Newly trained facilitators delivered the course to 145 microenterprise operators, 134 of whom were women.

PROMOTING GENDER-EQUITABLE OPPORTUNITY IN VALUE CHAIN DEVELOPMENT

In addition to implementing activities closely with women stakeholders to support their involvement in Mali's agricultural-based economic growth, IICEM conducted further research this quarter to refine its gender analysis of the millet and sorghum value chains, by which specific interventions were identified to resolve gender imbalances in the 2011-2012 agricultural season.

SYNERGISTIC ACTIVITIES WITH OTHER PARTNERS

IICEM works with local institutions, NGOs and government partners to implement its program activities. Coordination with the DRAs in Mopti, Gao, and Sikasso regions have been strong. Other examples of synergies with other partners this quarter included continued collaboration with the INTSORMIL Collaborative Research Support Program (CRSP) on improved productivity and processing techniques; training aquaculture partners in Bougouni with MAVEN on a new pond design that resolves problems with fish farming in sandier soils; and the launch of collaboration with the Malian Investment Promotion Agency to simplify seed certification processes for farmer-based seed production.

PROBLEMS/CHALLENGES

The most significant challenge to IICEM this past quarter has been a lack of renewed obligation for the 2011 fiscal year starting in October 2010. This and the revision of the Feed the Future Strategy by USAID/Mali has led to significant changes in value chain priorities and activities. In this report, IICEM notes the importance of a consistent commitment by USAID in order to achieve its envisioned market-led strategy.

SUCCESS STORIES

IICEM presents two success stories in this report. One is a portrait of sorghum farmer Arouley Dembélé, who experienced a 44% increase in harvests and new income from his surplus of Grinkan variety sorghum which generated \$1,200. IICEM also shares a story about how activities to commercialize rice and diversify incomes with vegetable gardening over a two-year period has in turn boosted the success of a child nutrition program in Finkolo-Ganadougou.

PLANNED ACTIVITIES

IMPROVING PRODUCTION AND PRODUCTIVITY

Given that this the period from March - May marks the end of the hot, dry season and approaching rains, the current quarter is an important period for constructing small irrigation works and relining irrigation canals - of particular importance to the rice sector. In the North, IICEM's irrigation engineers and implementing partner NGO representatives plan this quarter to monitor 15 sites in Gao, Timbuktu, and Mopti where small irrigation works and canal relining activities are being implemented by 'HIMO,' or high-intensity labor teams. In the South, IICEM's irrigation engineers will focus primarily on supervising the completion of a series 5 small dams and dikes in Sirimana, a major effort costing over \$600,000.

The IICEM rice specialists plan to organize stakeholders and examine input needs for the upcoming System of Rice Intensification (SRI) campaign in Timbuktu and Gao, and to strengthen capacities of producers to achieve production targets. Also in Mopti, Gao and Timbuktu, IICEM will work with farmer organizations to introduce improved potato seed varieties through demonstration plots.

In both the South and the North, key activities planned for this quarter include organizing partner farmer organizations, banks, NGO partners and supporting DRA offices to scale up millet and sorghum production from 3,600 ha last year to 11,500 ha this year, demonstrating the capability of IICEM to scale up in support of the new USAID/Mali Feed the Future strategy. IICEM helped partners understand and prepare for implementing its project workplan, explaining technical requirements and new technologies available for transfer, assessing input needs, linking to demand requirements, and facilitating access to finance. In the South, IICEM will do the same to support improved maize production on 3,500 ha, as part of the continuing partnership with the millet/sorghum partner wholesalers affiliated to IICEM (but only through the next season).

Activities to improve natural resource management support the IICEM production and productivity component. Near Gobi, the NRM specialist plans to continue efforts working with the local villagers to fix 20 hectares of dune which threatens the ability of the community to farm and garden. Work to establish a local grazing agreement in Sibou (Timbuktu) will assure improved land management practices by the local communities in that area.

ENHANCING FINANCIAL SERVICES

Planned March-May activities focus on assessing input needs for the upcoming planting season, continuing support to the small rice mill operations, and monitoring loan repayment for the prior season. For example, planned activities include:

- Supporting off-season rice production in village irrigated perimeters (PIV) through the loan guarantee fund;
- Monitoring reimbursement of agricultural input loans for the 2010 – 2011 maize season; and
- Implementing a monitoring mechanism for partner potato producing cooperatives that links input loan repayment to sales.

INCREASING ACCESS TO MARKETS AND TRADE; AND IMPROVING COMMERCIALIZATION

The project continues to place a strong emphasis on improving access to markets for agricultural commodities. IICEM employs a comprehensive approach. For example, this quarter, the project's quality control specialist will train partner businesses on the principles and tools of developing high-

quality products, which will be accompanied by activities to analyze and document the procedure for seed certification in partnership with the Malian Agency for Investment Promotion.

In the northern regions between March and May, IICEM plans to:

- Identify high-potential wholesale cereal merchants in the Mopti market;
- Introduce high-quality packaging to improve post-harvest quality;
- Study local markets in Koro, Bankass and Dountza;
- Organize a workshop to improve commercial partnerships between rice producers and rice mill operators.

In the South between March and May, IICEM plans to:

- Organize a meeting between *Moulins du Sahel* and wholesale cereal merchants to establish commercial linkages amongst millet/sorghum stakeholders; this activity includes analyzing cereal purchase specifications of large processors working with the program and identifying problems linked to delivering products of sufficient quality;
- Improve rice commercialization by promoting new, improved technologies for parboiling and husking, a particularly important revenue source for women in the South;
- Organize a meeting between maize producer cooperatives and cereal merchants from Sikasso and Bamako;
- Facilitate a sales contract for 500 MT of tiger nuts, improve tiger nut commercialization in local and sub-regional markets, and improve product traceability for quality control; and
- Facilitate the implementation of a more efficient supply chain for the new COMAFRUIT processing plant.

SUPPORTING AN ENABLING ENVIRONMENT FOR AGRICULTURE, TRADE AND PRIVATE SECTOR DEVELOPMENT

The lead activity for March - May which supports both the enabling environment component and access to markets component is the implementation of an inter-governmental cross-border trade conference aimed at reducing rent-seeking along the Bamako to Dakar trade corridor. The IICEM Transport and Trade Facilitation expert has gone to great lengths in preparation for the conference, including facilitation of several precursor working groups, and bringing together the respective Prime Ministers and other key, high-level stakeholders from Mali and Sénégal in order to establish an effective framework for streamlining trade processes along the corridor.

STIMULATING ENTREPRENEURSHIP WITH A SPECIAL ACTIVITIES FUND (SAF), SMALL BUSINESS DEVELOPMENT AND GRANTS

A key activity focus for the March-May quarter for both the Innovation Fund and small business development is to support the emergence of rice processing hubs for the production of high-quality rice. The IICEM small business development expert will work closely with small rice mill operators targeted for assistance from the Innovation Fund, and will help them refine their business plans as a means of attaining finance for their investments. The Innovation Fund and IICEM's small business development efforts will support access to finance and start-up of three small rice mill operations this quarter, which will serve as a key center for clusters of partner producer organizations.

Since rural women in Mali are traditionally excluded from primary education as well as more formal business training - yet are playing a more active role in production and marketing in certain value chains - the program's small business development specialist will team up this quarter with value chain experts working to improve access to markets and increase commercialization. He will deliver training in accounting, determining costs and setting prices to assure profit and maximize sales.

ACTIVITY PROGRESS

IMPROVING PRODUCTION AND PRODUCTIVITY

EXPANDING/REHABILITATING IRRIGATED AGRICULTURE

The period from March to May is an important period for implementing activities to rehabilitate and expand irrigated agriculture through the construction of small irrigation works and relining irrigation canals before the rainy season arrives and halts work. IICEM irrigation engineers and supervising NGOs monitored progress of HIMO (high-intensity labor) and private enterprise teams at 20 different sites.

In the North, where irrigation canal relining work is being implemented by HIMO teams, 15 sites in Timbuktu, Gao, and Mopti are in their final stages of completion and proceeding satisfactorily according to IICEM engineers. Sites include Kabara, Sibonné, Mbétou, Bagadadgi, Singo, Daounakeina in the Timbuktu region; Dengha and Gassi in the Gao region; and Gobi, Gounki, Akka, Agrosylvo-pastorale, Fanabougou, Deybatta and Seby in the Mopti region. IICEM and representatives from our NGO partners are supervising work quality and progress, coordinating with the affected OPs, and providing technical advice for satisfactory project completion. At these 15 sites, IICEM and implementing partners are relining 3.4 km of primary and secondary irrigation canals and performing system maintenance which improves cost efficiencies on 586 ha and expands cultivable land by 40 ha. More efficient irrigation systems at these 15 sites will increase production rates by approximately 10%, impacting 1,515 farmers.

To complement the canal work in the North, IICEM is helping increase access to finance and create a sustainable maintenance and upkeep system for diesel powered motorized pumps. In Mopti, implementing partner NGO PEENAL helped four farmer organizations (Fanabougou, Yèrè Dèmè Ton, Korombana Jigi, and Dowmbia Jigi Sème) set aside 8.4M FCFA for motorized pump investments. In Timbuktu, IICEM facilitated 3 applications for financing for farmer organizations in Sibonné, M'Bétou, and Niambougou to purchase motor pumps.

In the South, IICEM implemented two activities to expand irrigated agriculture for rice, potato, and vegetable production. The most significant is the construction of a series of four small dams and one dike in Sirimana, which will increase the number of hectares of cultivable land by 100 ha. At time of writing this report, the work is about 85% complete and progressing satisfactorily.

Also, in Gladié last year, a private firm completed two of three small check dams prior to the rainy season. IICEM supervised the completion of the third check dam this reporting period, increasing the total amount of cultivable land by 200 ha.

PROGRESS TOWARDS IMPROVING PRODUCTION, PRODUCTIVITY, DIVERSIFICATION AND INTENSIFICATION BY SECTOR

This quarter, the IICEM Chief of Party, the regional directors in Mopti and Sikasso, the rice value chain specialist, and the National Coordinator for M&E led the planning for scaling up production in the key cereal value chains of millet/sorghum and rice.

MILLET/SORGHUM

This quarter, activities focused on coordinating partners and assuring input availability to enable partner OPs to scale up from 3,600 to 11,500 ha of millet and sorghum under cultivation. This work included confirming the source and availability of large quantities of quality seed for all sites, and organizing assistance by certain regional agricultural services to ensure a smooth launch of the 2011 cereal production period. To assure the production of commercially viable millet and sorghum

conforming to specifications communicated by local traders, IICEM signed partnership agreements with the Sikasso and Mopti DRAs, which will be responsible for training producers and monitoring production at targeted sites on 4,500 ha according to the technical package promoted by IICEM.

IICEM's NGO partners are coordinating and monitoring implementation on the remaining 7,000 ha.

Prior to the signature of the agreements with the two DRAs, IICEM met with all partner OPs, including 40 in Koro and Bankass to collaborate on and clarify the action plan for the season. Program staff also facilitated meetings to assure that all DRA field agents involved in supporting IICEM's program understood the action plan and technical parameters. While IICEM benefits by having a team of experienced DRA field agents to help implement the scaling up objectives in the face of reduced budgets, the DRAs will also enable a more sustained impact through the IICEM market-led approach, which aligns production with buyer requirements.

RICE

Overall in the northern regions, IICEM partner farmer organizations cultivated off-season, irrigated rice on 170.5 ha, of which 120.9 ha were cultivated using SRI techniques – this up from 70 ha last year. In the Mopti Region, six cooperatives (Kouin, Abdul Karim, Daybatta, Djiguitougou, Kouakourou, Wafa and Koye Diogui) produced irrigated rice in the off-season on a total area of 83.5 ha, of which 33.4 ha were cultivated with SRI techniques. In Timbuktu Region, the Multifunctional Agricultural Cooperative in Sibonné cultivated 30 ha using only SRI; and six PIVs in the Gao Region cultivated 17.5 ha using only SRI. IICEM helped the ARPASO association of San cultivate an additional 40 hectares of rice using only SRI.

IICEM is also putting in place farmer seed producer hubs around the PIVs in the north. IICEM teamed with the CRRA in Mopti on plans to introduce a high-yielding, short-cycle off-season rice variety SK95-4. Farmers will receive training in how to grow this new variety across a large surface area in the off-season; they will help compare the performance of the new variety to other local varieties; and they will participate in evaluating the economic profitability potential of the new seed. Seed produced will be preserved for the next season.

IICEM reports on two farmer-based seed producer activities this quarter: Supporting demonstration plots for a new variety of rice seed, SK95-4 in northern PIVs; and seed certification for new varieties produced by seed farmers in Timbuktu and Gao. Under a partnership agreement with the Mopti CRRA, IICEM and the CRRA successfully supported demonstration tests of the SK95-4 variety. Farmers harvested their seeds, which are reserved for the upcoming 2011 – 2012 rice season.

The qualitative analysis of R2 seed from the 2010 – 2011 Timbuktu/Gao campaign led to the certification of seed from 20 of 23 seed farmers. The following varieties were deemed satisfactory: 7.1 MT of *Kogon 91-1*; 2.8 MT of *Nerica L-1*; and 420 kg of *ADNI*. In Gao, the Djeflani and Gollingo farmer organizations produced 1,040 MT of *Nerica 2*. They are awaiting inspection results toward certification.

Results reported for the rice value chain this quarter are the culmination of activities to strengthen 95 OPs in improved seed multiplication techniques, improved irrigation systems, and technical assistance throughout the production cycle. This includes 26 OPs in the Timbuktu region, 13 OPs in the Gao region, and 56 OPs in the Mopti region. In all, 9,314 vulnerable households benefit from IICEM's rice activities in the three northern regions, including 4,860 households in Timbuktu.

MAIZE

In the south, activities to improve production and productivity focused on planning the upcoming maize production season to achieve 3,500 ha under improved production to yield approximately 7,250 tons of quality maize, from which 5,513 MT will be marketable. This included reviewing and selecting new partner cooperatives in Bougouni and Sikasso with implementing partners GREFA and BEACIL, then facilitating farmer organization access to finance to support the improved production.

It should be noted that this is only the second season that IICEM has worked in maize. Last year, maize was being discussed as one of the potentially significant cereals value chains for Feed the Future, so IICEM pursued maize activities at recommendation of USAID. In 2011, IICEM is maintaining some activities in maize as part of the strategic partnerships signed with four major grain traders, who are also key actors for the millet/sorghum value chain. This marks the last season of IICEM support to maize production, and activities in the sector will cease following commercialization around March 2012.

HORTICULTURAL PRODUCTS

To support various strategic opportunities for partner farmers to diversify income with horticultural products, IICEM:

- Supported training by GREFA of 180 women vegetable gardeners in Finkolo (97 women) and Zoloko (83 women) on watering applications for various vegetable crops, the importance of regular weeding, staking tomato plants and pest and disease control;
- Supported training by GREFA of 124 women and 3 men in Zoloko on preparing beds and transplanting;
- Overall, provided technical assistance to increase women's vegetable gardening in Finkolo to 2 hectares, and establish Zoloko women's first vegetable gardens on .25 ha;
- Supported demonstration plots and cultivation training for new vegetable varieties in peri-urban gardens of Bamako with six private producers, 3 cooperatives and one NGO specializing in providing assistance to women's groups;
- Introduced the rainy season onion variety *Prema 178* to six farmers (2 of which were women), in the Baguineda production zone and one farmer in Sélingué, and held one training in Baguineda on nursery set-up by the end of the reporting period;
- Facilitated linkages between farmers and the private seed company Sahel Veto, which led to 49 IICEM-assisted farmers purchasing most of the rainy season onion seed available at the company; and
- In certain sites like Baboundje in Gao (which receives technical assistance from the FAO), collaborated with other donor-funded programs to introduce quality cucumber and okra seed, which are well-adapted crops for the northern climate.

In the northern regions of Mopti, Timbuktu and Gao, new, improved varieties were introduced in small plots. Mopti planted the widest variety of horticultural crops - principally chili pepper, okra, tomato, cabbage, eggplant, and lettuce.

POTATO

In the South, potato production activities this quarter predominantly centered on calculating harvests to determine production of program beneficiaries. IICEM-assisted farmers yielded 48,750 MT on 2,204 ha, thus achieving a production rate of 22.12 MT/ha – thus exceeding the productivity goal of the program by 0.12 MT/ha. Gross margins of partner producers reached 3.58M FCFA per hectare. These successes are mostly due to the larger number of cooperatives assisted through a partnership between IICEM and BNDA, whereupon BNDA provides financing and IICEM provides production and marketing technical assistance to assure success in business as well as loan repayment.

Eighty producer cooperative members of SICA were trained this period in application of organic fertilizer and chemical fertilizer specifically tailored for potato cultivation. By and large, women do not historically participate in potato production in the south, however, some do actively participate in potato marketing and trade. In this regard, IICEM assisted the women's potato trading organization named Signisèsigi, to strengthen women's participation in business opportunities within the improving potato value chain.

Potato production targets in the northern regions this quarter have been reported at 343.5 MT (19 MT in Mopti, 300 MT in Timbuktu, and 24.5 MT in Gao), surpassing the earmarked goal of 333 MT in total for the north. As typical for northern regions, where potato farming is new and more challenging, gross margins per hectare were weak, as expected (1.079 M CFA Francs/ha in Mopti, 2.551M CFA Francs/ha in Timbuktu, and 1.172M FCFA/ha in Gao). This is largely due to low production rates (1 MT/ha in the case of Sinignèsigui de Sofara) and higher crop losses such as with the Kalani cooperative and Suri association of Bourème in Gao.

Three new, tested potato varieties (*Pamina*, *Spunta*, and *Mondial*) were made available to IICEM's partner farmers in the north. These new varieties were adopted by 735 producers cultivating 6.8 ha in Mopti, Timbuktu and Gao Regions. In all, IICEM's potato activities have benefitted 34 different farmer organizations representing 871 vulnerable households. Of the 34 organizations, 28 are women's organizations (8 in Mopti, 9 in Timbuktu, and 11 in Gao).

SHALLOT

Given a reduced budget and shifting value chain emphasis under the latest Feed the Future strategy for Mali, IICEM scaled back its assistance to the shallot value chain this quarter. Subsequently, most shallot/onion production activity this quarter focused on introducing the rainy season onion variety on small demonstration plots. In a partnership with WASA, E-ATP, and IER, IICEM provided technical and material assistance to introduce the rainy season onion at OPIB, ODRS, on the Dogon Plateau, and in Timbuktu.

Given Timbuktu's strategic importance in the mission's strategy, however, the program still pursued endeavors to introduce the shallot to three PIVs in that region. Unfortunately, heat and violent winds caused high levels of loss at the nursery stage. Currently, the three PIVs are tending about 0.10 ha, or about one-fifth of the anticipated surface area.

MANGO

By and large, IICEM does not assist mango producers in improving production and productivity; however, through targeted efforts to organize supply chains described under the access to markets section that follows, IICEM has assisted 6 agricultural firms and 12 producer associations in creating and increasing sustainable revenue streams.

IMPROVING NATURAL RESOURCE MANAGEMENT, BIODIVERSITY CONSERVATION AND ADAPTATION TO CLIMATE CHANGE

IICEM pursues strategic natural resource management and biodiversity conservation activities to complement agriculture-based economic growth activities with program partners. In the North this quarter, due to encroaching sand dunes, IICEM has been working with the local community to fix 20 hectares of a massive dune near Gobi, ultimately to reclaim land for agricultural production. While last quarter, they had only completed 60% of the targeted 20 ha, the community rallied to fix a total of 28.6 ha by the end of the current quarter. Official reception of the works will be held next quarter, after certain problems identified in the final technical inspection are resolved.

Twenty nine community members were trained in dune stabilization techniques to support their ability to steer work committees in Gobi. After two weeks of supervised work, community groups led stabilization efforts themselves. This training brings the total number of people trained this year in improved natural resource management to 226, or 57% of the 2010 – 2011 target. This training also increases the number of people with improved adaptive capacity to respond to climate variability and change. The mechanical and biological dune stabilization techniques practiced in Gobi is a new management practice for the area. Unfortunately, a second new management practice to plant trees without water could not be introduced in Saré-Bambara as originally planned due to the lack of obligated funding.

Also this year in the north, IICEM has been supporting community establishment of a greenbelt near Diré. This quarter, a supervisory visit established that only 7.68 ha is complete of 40 ha total goal. This is due in large part to a lack of fencing to protect the outplantings of 3 community groups from roaming animals. Where the outplantings of five other community groups were protected by fencing, seedlings have an 80% establishment rate.

Following up on a local natural resource management agreement supported by IICEM in Sibou, a 40 ha *bourgou* water grass management area has provided the management committee with 775,000 FCFA (about \$1,600), which will fund continued water grass conservation management in the 40 ha zone. The revenue comes from grazing fees of animals not belonging to local herders. Meanwhile, the agreement allows the local community's animals to graze the area for free, providing fodder for 1,050 head of sheep and cows.

In Bougouni (Sikasso Region), IICEM facilitated a national workshop to validate the management plan for protected areas and classified forests of the Bougouni-Yanfolila complex. The workshop was attended by the Minister of Environment and Sanitation, local government officials, all of the municipality representatives who border the complex and technical services from the two circles. The management plan - which spans 10 years, and will be the single management document covering 200,000 hectares - was approved pending two revisions IICEM must make to the document (related to resource harvesting/timing and support for implementing certain elements of the plan).

IICEM encountered challenges in facilitating the management agreements planned for support in the northern regions this quarter. Regarding the convention in Toupéré (Bandiagara), the GSTA program, which is charged with leading convention development in that work zone, has encountered difficulties that prevented implementing that agreement. Also, misunderstandings about the Mendié agreement has prompted the community council deferred work in Mendié to consider an agreement in Fanabougou or N'Dissoré.

ENHANCING FINANCIAL SERVICES

FACILITATING ACCESS TO FINANCE UNDER THE LOAN GUARANTEE FUND

This quarter, IICEM facilitated seven loans valued at 57.6M FCFA with support of the loan guarantee fund at BNDA and *Kafo Jiginew*. This included loans to four rice farmer organizations and a shallot trader in Mopti, a rice commercialization cooperative in Timbuktu, and a mango exporter in Bamako.

The four rice production loans totaling 32.1M FCFA were provided to the cooperatives of Kouin, Abdou Karim, Gonnikondé of Diogui and Migui Meguiti of Aouré. Two marketing and commercialization loans were extended to the Women's Association Jigiseme of Tonka and shallot trader Drissa Nantoumé totaling 9M FCFA. The previous loans were issued via BNDA. Finally, mango exporter Sahel Fruit of Bamako received a loan valued at 16.5M FCFA through the loan guarantee fund at Kafo Jiginew.

IMPROVING PARTNER ACCESS TO AND MANAGEMENT OF FINANCING

In all intervention zones, IICEM facilitates access to finance for a range of value chain actors, from farmers to processors to traders. The program helps beneficiaries understand and request financing, accompanies loan recipients with technical assistance to support efficacy of the loans, and works with partner farmer organizations to develop mechanisms to monitor loan needs and repayment progress of its membership.

Within the millet/sorghum sector, IICEM helped partner farmer organizations identify their input financing needs to support their improved millet and sorghum production this year, which are indicated in the table below:

Table 1: Input Financing Needs of Millet/Sorghum Farmers in the South (2011 – 2012)

Work Zone	No. of OPs	No. of Producers	Surface Area (ha)	Fertilizer (sacks)	Seeds (MT)	Input Financing Needs (FCFA)
Koutiala/Yorosso	124	1,580	2,469	2,638	15,828	32,395,000
Sikasso	31	628	3,000	4,300	0	53,750,000
Dioïla	7	1,806	5,000	10,000	30	125,000,000
TOTAL	162	4,014	10,469	16,938	45,828	211,145,000

To put 10,469 ha under improved cultivation, partners will need 211.2M FCFA. Financing will be achieved through bank credit or producers themselves. For certain new cooperatives in the Sikasso region, the program is conservative in its approach, not encouraging financing in the first year. Since IICEM is scaling up production fast from 3,600 ha to more than 10,000 ha, and this rapid expansion needs to be pursued prudently. This recommendation was formulated by IICEM's management committee, so IICEM will first determine the management, production and commercialization capacity of the organization, the respect of the farmer organization in meeting contractual commitments with traders, and the commercial potential for the new varieties before bringing in additional assistance. As the farmer organization demonstrates potential on these levels, the program will ramp up access to finance activities.

In the north, financial support to the rice sector included monitoring loan repayment by farmer organizations. In Mopti, over 50% of 93.5M FCFA in loans to farmers has been reimbursed as of the end of the reporting period. In Timbuktu, about 18% has been reimbursed.

In the south, IICEM technical specialists and implementing NGOs monitored loan repayment of partner rice cooperatives. Five organizations have repaid on average 90% of their loans, totaling 23.1M FCFA as indicated below in Table 2:

Table 2: Input Loan Repayment of Rice farmers in the South (2010 – 2011)

Village	OP	Credit Received	Total Repayment (includes interest)	Repaid to Date	% Repaid
Nantoumana	Benkadi	2,141,500	2,383,226	2,383,226	100%
Loutana	Fokaben	2,000,000	2,198,345	2,198,345	100%
M'Pègnèso	Benkadi	10,915,000	12,162,945	11,282,060	93%
Niena	COFRN	4,000,000	4,410,745	2,785,380	63%
Finkolo	Sabougnouma	4,000,000	4,410,745	4,410,745	100%
TOTAL		23,056,500	25,566,006	23,059,756	90%

IICEM also helped seven partner rice farmers determine their need for 35.4 M CFA Francs in input financing for the 2011 – 2012 planting season.

The total financing needs of IICEM's women rice growing partners in the south have grown by 53.4% over last season. This increase in credit requests is due to an increase in the number of organizations requesting credit, as well as a small increase in surface area under rice cultivation between the 2010 – 2011 and 2011 – 2012 rice growing seasons.

In other sectors during the quarter, IICEM facilitated access to finance as well as loan repayment management as follows:

- Monitored repayment of 126.6M FCFA in input loans for maize production in Sikasso and Bougouni, which are 90% and 99% repaid, respectively.
- Identified 248M FCFA of input financing needs for the 2011 – 2012 maize season.
- Monitored loan repayment of partner potato producers, which is at 41% of 528.4M FCFA to be reimbursed (credit plus interest).
- Monitored input loan repayment of partner tiger nut producers, which is at 98% of a total 35.1M FCFA to be reimbursed.
- Guided ULPTE's loan reimbursement, which as of writing this report is 90% repaid and expires at the end of the month.
- Helped shallot trader Drissa Nantoumé establish a sales journal to improve accounting practices and support monthly repayments of a 6.5M FCFA loan.

INCREASING ACCESS TO MARKETS AND TRADE; AND IMPROVING COMMERCIALIZATION

This was an active period for the program's marketing, trade, and commercialization activities. Most activities focused on either providing technical assistance to support partner sales activities of products grown and stored during the 2010-11 agricultural season, or on creating alliances with significant traders and commercial-scale partners who will drive quality and revenue improvement for partner farmers during the 2011-12 season. Below is an update of activity progress by sector.

MILLET/SORGHUM

IICEM's approach has been to build on its recent market study looking at solvable demand in key markets in the South and North, developing alliances with traders and commercial partners to clarify qualitative and quantitative requirements of demand at the production level. In the South, IICEM built on market research on how producers in Sikasso, Koutiala, Ségou and Bamako performed last quarter to better understand solvent demand and identify strategic partners. Subsequently the program signed partnership agreements with one key wholesaler in each zone (Kalilou Diallo in Sikasso, Sidiki Badjan Doumbia in Koutiala, Issiaka Keïta in Ségou, and Bandiougou Samaké in Bamako). Through these partnerships, linkages will be strengthened with producers, who will provide a specified quality of cereals to the wholesale traders, who in turn will consolidate 31,900 MT of millet, sorghum and maize.

To create a better-structured supply chain, the program organized and facilitated negotiation meetings between IICEM's targeted wholesale traders and major local cereals processor *Moulins du Sahel* (MdS). From this meeting, traders learned about demand requirements of the processing facility, which has had significant challenges in getting quality raw material to support its potential output. MdS agreed to a sales contract for 6,000 MT of quality maize deliverable between April – September 2011. MdS is currently installing new equipment for millet and sorghum processing that will generate similar contracts for large quantities of millet and sorghum.

Meanwhile, partner traders in the South have continued commercial sales operations in national and sub-regional markets with other millet and sorghum buyers, resulting in a total of 2,401 MT in millet and sorghum purchases from partner smallholder farmers. The 2,401 MT represents 1,500 MT of millet and 901 MT of sorghum sales, valued at 270 M FCFA.

On sub-regional markets, IICEM's partner traders sold 150 MT of millet to Ivory Coast buyers for 18.8M FCFA. Regarding sorghum, traders sold 160 MT to Mauritanian buyers for 26.4M FCFA and 140 MT for 21M FCFA to Sénégalaise buyers.

In the North, IICEM finalized millet/sorghum market research in seven market hubs, and began building relationships with Mamoutou Guindo and Moullaye Sounkoro, two traders active in the markets of the Timbuktu and Mopti areas. Mamatou Guindo participated in the negotiation meeting

with MdS, and both traders helped communicate demand requirements to IICEM's partner producer organizations in the North.

In collaboration with INTSORMIL, IICEM introduced improved millet sacks to farmers who have already adopted IICEM-recommended practices in Oualo, Kanikombolé, Téré, Koutoogoro and Pissa. The new sacks contribute to preserving raw material quality and reducing post-harvest losses, which in turn helps farmers fetch better prices for a higher quantity of product sold.

RICE

This was an extremely active period for rice commercialization activities in the north. Partner PIVs sold 45 MT of rice produced in Timbuktu valued at 6.4M FCFA and 1,265 MT produced in Mopti valued at 177M FCFA, for a total volume of 1,310 MT of irrigated rice valued at 183.4M FCFA. UCAMHO in the Timbuktu area sold 900 MT of lowland rice valued at 24.7M FCFA. Overall, stepped-up cereals purchases from the Ivory Coast generated large sales volumes of paddy via traders from Sikasso and Koutiala, although price was largely unaffected.

To better inform IICEM's rice activities, value chain specialists completed market studies this quarter. As with millet and sorghum, IICEM focused on using this updated market information and coordinating upstream actors, then working back to better organize the supply chain.

To this end, this quarter IICEM focused on organizing processing hubs in the North, and strengthening linkages between farmers and processors in order to clarify quality requirements between both parties, develop sales contract mechanisms, and facilitate communications between the two stakeholder groups. The Mopti regional office organized a workshop between producers and small rice mill operators during which stakeholders mapped out tentative supply channels to furnish the small rice mills with a specific quantity and quality of paddy rice, and discussed supply requirements for each mill. By the end of the workshop, producers and processors had elaborated their demand requirements, delivery periods, and supply channels for each mill. To be profitable, the mills must process a total of 6,000 MT of paddy in six months of operation.

As a result of these meetings, a solid business relationship is developing between cereals processor RIFAB and the parastatal *Office Riz du Mopti* (ORM) to supply RIFAB with paddy rice. Presently, negotiations are underway to establish a win-win relationship between producers, RIFAB, and ORM.

In addition, supply chain options were mapped out for small mill operators *Planète Distribution* and the Rice Production and Processing Company of Lake Debo (SOPROTRILAD) in the Youwarou and Soumpi zones, respectively. These two processors will be supplied in part by IICEM's partner producer organizations.

The workshop was a prelude to establishing the new small rice mills and completing the business plan for SOPROTRILAD in Niafunké Circle. It also helped in monitoring the RIFAB financing package and in facilitating access to credit by *Planète Distribution*. In addition:

- IICEM and SOPROTRILAD finalized their collaboration agreement;
- *Planète Distribution's* financial package for expanding operations is under review by the bank and about 70% complete;
- *Planète Distribution's* new small mill was delivered;
- All regional stakeholders including the operators, farmer organizations, the bank, regional technical services, partner NGOs and IICEM technical staff are well informed on all elements of the small rice mill initiative and the path forward is clear regarding agricultural season financing, contract mechanisms based on certain quality criteria, the supply calendar, and capacity strengthening needs.

In the South, sales of lowland rice progressed considerably from technical assistance and training provided by IICEM and GREFA experts. Training focused on women rice producers and processors, who improved their parboiled rice techniques through training in best practices and improved

equipment. Women also learned about and adopted new processing techniques to turn paddy into polished, white rice—a new product for certain organizations. Finally, the women were linked to IICEM’s partner rice traders. As a result of this training and technical assistance, women’s organizations assisted by the program sold 372 MT of parboiled rice at 260,000 FCFA per MT; 261 tons of polished white rice at 270,000 FCFA per MT; and 483 tons of paddy under *Crédit Stockage Vivrier (CSV)*, or storage-based credit, at 135,000 FCFA per MT. Combined, sales totaled 232.4M FCFA, or about \$480,000.

Sales volumes achieved this quarter for parboiled rice reached 149% of the program’s estimated sales targets for parboiled rice, a success closely linked to improved husking technologies introduced by IICEM which improves the quality of the parboiled rice. The emergence of polished white rice as a new product offered by IICEM-assisted processors in addition to improved parboiled rice led to 633 MT in sales generated by new technologies promoted by IICEM.

In all, ninety processors received training in new technologies this quarter: 30 women from the Benkadi cooperative of Zangaradougou in improved parboiled rice techniques; and 60 women from Nièna, Loutana, Nantoumana, Kouroumasso, M’Pègnèso and Zangaradougou in husking best practices.

MAIZE

To create an efficient supply chain for maize, the program organized a meeting between producer cooperatives and cereals traders in Sikasso and Bamako. Four sales contracts emerged from the meeting, signed by wholesalers in Sikasso and Koutiala and producers from Sikasso and Bougouni. This facilitated the sale of maize stored by those producers. During the quarter, traders bought 1,533 MT of maize (1,375 MT by Sikasso farmers and 158 MT by Bougouni farmers) valued at 33.1M FCFA. Prices reached 105,000 FCFA per MT in Sikasso and 118,370 FCFA per MT in Bougouni. Also this quarter, traders bought 600 MT of maize from smallholder farmers for export to Sénégal at 150,000 FCFA per MT, or 90 M FCFA total.

POTATO

In the south this quarter, activities to increase access to markets and improve commercialization within the potato sector centered on the establishment of a monitoring mechanism that links potato commercialization activities of farmer organizations to the repayment of their input loans. IICEM organized training sessions for members of farmer organization commercialization committees on financial management tools and sales tracking. The mechanism put in place will help farmer organizations better plan potato commercialization activities and track sales to meet financial obligations.

In the Sikasso area, thirty-eight producer cooperatives assisted by the program to improve production and commercialization sold 14,230 MT of potato so far, which is about 95% of program expectations. They sold potatoes at an average price of 173,000 FCFA per MT for sales amounting to 2,461,790,000 FCFA, or about \$5,000,000.

On the other hand, sub-regional sales were weaker than expected due to the political crisis in Ivory Coast, an important market for potato sales. IICEM partners sold 2,625 MT of potatoes to sub-regional markets, valued at 140,000,000, or about \$290,000. Broken down, 315 MT were sold to Ivory Coast buyers at 300,000 FCFA per MT, and 65 MT were sold to Burkina Faso buyers at 250,000 FCFA per MT.

While not as efficient of a crop to grow in the north as in the south, IICEM pursues limited potato activities in Mopti, Timbuktu, and Gao regions as a means of diversifying products and generating income at other points in the year. In the course of the quarter, IICEM-assisted farmers in the northern regions commercialized 281.3 MT of potato (14.3 MT from Mopti, 245.3 MT from Timbuktu,

and 21.8 MT from Gao), valued at over 92.9M FCFA (3.7 M CFA Francs in Mopti, 81.8M FCFA Francs in Timbuktu, and 7.4M FCFA in Gao).

SHALLOT

While IICEM is phasing out its assistance to the shallot value chain, during the current quarter IICEM dedicated its efforts to increasing access to markets and improving commercialization. Most of the work is focused on our major shallot trading partner, Nantoumé. With the warehouse and the working capital loan, he is expanding his business and buying more fresh shallots (to process and dry himself), as well as dried shallots from the 12 cooperatives where IICEM has focused its technical assistance since 2007. As such, this important trader captures a significant part of IICEM's results, and is emerging as the sector champion that other traders are watching.

TIGER NUT

Tiger nut activities this quarter focused on facilitating execution of a sales contract for 500 MT from tiger nut producer cooperatives to the exporter Harouna Konaté, which was supported by establishment of a quality control and traceability procedure. At the end of the quarter, 147 MT were purchased from IICEM assisted smallholder farmers at a value of 30.9M FCFA; 285.7 MT were exported sub-regionally at a value of 64.3M FCFA, and 293 MT were exported internationally for a value of FCFA 70,320,000.

MANGO

FACILITATING AND MONITORING MANGO SALES ON NATIONAL, SUB REGIONAL, AND INTERNATIONAL MARKETS

This quarter, program activities focused on supporting mango sales particularly by producer organizations. The beginning of the season kicked off slowly due to the political situation in neighboring Ivory Coast, which hampered movement of containers from the Abidjan and Dakar ports. This led producers to focus on marketing to Mauritanian and national markets. National markets absorbed over 3,700 MT of mangoes sold by producers. Mango purchases from partner smallholder farmers this quarter have reached 94.2M FCFA, or about \$200,000.

Sub-regional sales were also affected by the Ivorian crisis. However, seizing market opportunity, new Ghanaian and Algerian buyers purchased several hundred tons of fresh mangoes from Sikasso producers.

Although the pace slowed this quarter for dried mango sales (likely due to the availability of fresh mango on the market), sales still reached 1.2 MT on national and sub-regional markets. The Kéné Yiriden company sold 335 kilograms (kg) of dried mangoes on the national market and 430 kg on the Benin market, for a total of 765 kg. Dried mango processor US TAKO exported 280 kg of dried mangoes to the Republic of Congo. Finally, dried mango processor GIE AGSA sold 105 kg on the national market. Of note, while sales volumes of mango are lower than anticipated on sub-regional markets, the sales figures for fresh and dried mango on sub-regional markets have already reached 6.5 M CFA Francs, surpassing expected targets for the year by 4% with one quarter remaining to report.

FACILITATING SUPPLY CHAIN OF QUALITY RAW MATERIAL FOR THE COMAFRUIT FACTORY

At the new COMAFRUIT mango pulp factory in Sélingué, where IICEM has provided minimal, targeted assistance in organizing the supply chain to the tremendous benefit of rural mango producers, insufficient amounts of harvesting crates and delays in constructing mango ripening rooms subsequently led to delays in mango sales by smallholders in the area. However, upon starting up, IICEM partner producers sold over 100 tons of fresh mangoes in the first 10 days of operations. Sales to the COMAFRUIT factory will continue into next quarter.

IICEM focuses on limited assistance to smallholder mango producers to resolve quality issues related to harvest and handling techniques, since the quality of the raw material impacts the quality of pulp produced by the factory and is therefore largely determines the sales price of the final product. IICEM trained producers and harvesters in proper harvesting and conditioning techniques, and in respecting the buyer's purchase quality criteria. Over 200 mango harvesters were trained and closely supervised and guided by the program's technical experts in Sélingué, Bougounji, Kita and Yanfolila. With these efforts, the factory has produced 45 MT of pulp for international export.

SUPPORTING AN ENABLING ENVIRONMENT FOR AGRICULTURE, TRADE AND PRIVATE SECTOR DEVELOPMENT

This quarter, IICEM's enabling environment component focused on three main activities. The transport and trade facilitation specialist, following months of persistent and consistent coordination of top-level officials from Mali and Sénégal, convened the first inter-governmental Cross-Border Trade Conference on the Bamako-Dakar Corridor. He also followed up on a study of millet/sorghum and rice logistical costs along certain trade routes. Finally, the program's quality control specialist made significant headway towards development of an appropriate, new procedure for farmer-based seed certification.

FACILITATING THE CROSS-BORDER TRADE CONFERENCE TO IMPROVE TRANSPORT AND TRADE ALONG THE BAMAKO-DAKAR CORRIDOR

Following eight months of diplomatic coordination and analysis by stakeholder working groups, the program convened the first Cross-Border Trade Conference on the Bamako-Dakar Corridor from May 20 to 21 in attendance of Prime Ministers Cissé Mariam Kaidama Sidibé of Mali and Souleymane Ndéné N'Diaye of Sénégal. At the conference, four working groups on livestock, agriculture, industrial products and transportation infrastructure presented recommendations stemming from stakeholder exchanges facilitated by the transport and trade facilitation specialist. Participants developed an action plan with steps to relieve transport-related constraints, streamline procedures and practices, and reduce costs for the private sector.

The action plan was incorporated into a bilateral agreement signed by both countries to open the doors to free trade flows of cereals within the sub-region; implement an Interstate Road Transit system between the two countries that would specially mark interstate transport vehicles and transit documentation consistent with ECOWAS provisions; end illicit tax collecting along the trade corridor; and reduce the number of control outposts to three.

USAID was recognized by name and thanked in a follow-up joint communiqué issued by the two prime ministers and distributed to 32 ministries, institutions and partners. The letter clearly outlined the commitment by both parties to implement the conference recommendations.

STUDYING LOGISTICAL COSTS ALONG LOCAL AND SUB-REGIONAL CEREALS CORRIDORS

The transportation specialist compiled and analyzed data collected from the logistics study performed along several millet, sorghum, and rice trade corridors at the end of last quarter. With this information, the specialist spent the quarter working with value chain managers and the business development specialist to develop comprehensive strategies targeting specific needs of each commodity.

ESTABLISHING A NEW FARMER-BASED SEED CERTIFICATION PROCEDURE

This quarter, the business development and quality specialists initiated a series of activities to analyze and establish a revised, more efficient and user-friendly procedure for farmer-based seed certification. Working closely with the Malian Agency for Investment Promotion, and consulting with other

specialists such as seed certification specialists within the IER, seed vendors, and producers, the specialist identified measures to simplify administrative complications of the existing procedure to make it more practical at the farmer level, but still assure high-quality results.

By August 2011, a series of new administrative procedures will be drawn up, posted on the *eRegulations Mali* web site, and communicated to key stakeholders at a final work shop. This activity not only improves the enabling environment for agriculture and private sector development, but helps protect USAID's investments to date in improved productivity through improving farmer knowledge of practical quality and compliance criteria, which in turn encourages farmers to take advantage of farmer-based seed production and certification.

SUPPORTING THE DRA WITH A MORE MARKET-LED FOCUS

Helping provide alternative options and entry points for the government's support to private sector development in agriculture is a key element of the transformational change IICEM seeks to achieve in the environment for agriculture, trade, and private sector development. This quarter, for the first time in Mali, DRA agents and trainers are joining forces with IICEM technical advisors to help directly implement program activities. As such, 12 DRA trainers in Sikasso and Mopti have been briefed on the IICEM work plan, and are involved in production activities that are organized to respond directly to market requirements. This implementation approach offers a different focus for state extension services that is not just centered on production, but on producing to meet market needs. IICEM acknowledges that this is only the beginning of a long-term process that will provide an example for broader-scale, transformational changes to the environment.

STIMULATING ENTREPRENEURSHIP WITH A STRATEGIC ACTIVITIES FUND (SAF), SMALL BUSINESS DEVELOPMENT, AND GRANTS

STRATEGIC ACTIVITIES FUND AND INNOVATION FUND

While assistance to rice processing hubs will continue, the lack of renewed obligated funding resulted in the redefinition of priorities and temporary suspension of support to four agribusinesses that were in development. The implementation of the proposed RIFAB rice mill and livestock feed processor in Sevaré is a key initiative that is progressing satisfactorily with SAF support. The entrepreneur selected the site, received small rice mill equipment and started installation. Receipt and storage areas for hippo grass, a nutritive, locally available grass added to the animal feed blend, are complete and animal feed production equipment was ordered.

Also supporting the investment in processing hubs, IICEM's financial services and small business specialists strengthened and facilitated the completion of two additional business plans for small rice mill operations. The business plans indicate a total investment value for Planète Distribution of 227M FCFA and for SOPROTRILAB (Production and Processing Rice Enterprise of Lake Debo) of 241M FCFA. Planète Distribution's business plan has been submitted to BNDA, and negotiations are underway for financing \$195M FCFA.

As with the SAF, lack of renewed obligated funding has impacted agribusinesses earmarked by the Innovation Fund. Advancement of three applications (UCODAL, UPROSEV mango vinegar, and Aqua Bamabadi) remain on hold, pending obligated funds to support the effort. The business plan for millet/sorghum, maize and rice processor Danaya is meanwhile being verified and revised as necessary.

ASSISTING SMALL BUSINESS DEVELOPMENT

Throughout the course of the past year, IICEM has been training facilitators within targeted institutions AMASSA/Afrique Verte and APROFEM to boost their capacity to provide relevant services to their membership. Business development trainers from ProMali Nord have also participated to

extend the reach of IICEM's entrepreneurship activities into Gao and Timbuktu. Last quarter, IICEM conducted another training-of-trainers in Making Cents' *MicroEnterprise* Fundamentals course to increase the number of qualified trainers within these organizations. This reporting period, IICEM supported the rollout the training to entrepreneurs. The local *Making Cents* Certified Master Trainer of *MicroEnterprise Fundamentals* supervised the series of trainings, which were delivered to Afrique Verte constituents in Koutiala, Mopti, Kayes and Bamako; APROFEM constituents in San, Sikasso, Kati and Bamako; and ProMali Nord beneficiaries in Timbuktu, Gao, and Kidal. The Master Trainer coached and certified 4 facilitators, and 145 beneficiaries received the 6-day training course (92% of whom were women).

PROMOTING E-COMMERCE

The E-Commerce training delivered through the CEFIB is on-going. The duration of the program has been extended by three months through October 2011 to accommodate schedules of the visiting Canadian trainers at CEFIB. Six of ten enterprises remain in the course; some of the trainees have either quit working for the partner agribusiness, or were too busy to continue in the course.

ENCOURAGING INVESTMENT: THE LINK BETWEEN ACCESS TO FINANCE, SMALL BUSINESS DEVELOPMENT AND MARKET-LED INITIATIVES

As part of market development for the millet/sorghum value chain, emphasis has been placed on the wholesale trader link to facilitate product consolidation and quality control. IICEM facilitated a meeting to strengthen relationships between traders, *Moulins du Sahel*, and BNDA. As part of a partnership with *Moulins du Sahel*, IICEM is providing technical assistance in business development to explore innovative technologies and market efficiencies, which will pull up commercial cereals production and revenue potential at the farmer level.

A business diagnostic of five potential partner grain wholesalers surrounding this initiative concluded that:

- The targeted wholesale businesses are in an encouraging phase of market growth and enterprise development;
- The businesses have ample relevant experience in the cereals trade (20 years on average) and have demonstrated experience taking advantage of market opportunities;
- They have a tremendous capacity for consolidating large quantities of grains; and
- The target markets (processing, exporting, regions) have potential; however, export is greatly hampered by difficulties in obtaining export licenses and other red tape.

Activities to strengthen wholesale enterprises could include:

- Strengthening capacity in storage logistics of quality raw materials;
- Strengthening capacity in transport logistics and order delivery to customers;
- Strengthening capacity in administrative and financial management as well as human resource development; and
- Facilitating access to start-up capital through credit terms and warrantage (inventory credit system).

GENDER-EQUITABLE OPPORTUNITY IN VALUE CHAIN DEVELOPMENT

To support IICEM's goal of promoting gender-equitable opportunity in activity development and implementation, IICEM's gender specialist focused this quarter on two key areas: conducting additional research to strengthen the millet/sorghum gender analysis which informs the sector value chain development plan; and reviewing and making recommendations of IICEM's work to date with the shallot processing union.

STRENGTHENING THE MILLET/SORGHUM VALUE CHAIN DEVELOPMENT PLAN

Since millet/sorghum has been a priority value chain for Feed the Future that will likely remain a priority value chain despite anticipated changes to its global strategy, IICEM concentrated gender analysis and activity recommendations on the millet/sorghum sector. After presentation and discussion with IICEM technical specialists, the gender specialist conducted additional field research to strengthen the logic chain between observations and recommended activities.

In April, the specialist met with men and women from the Union of Maize Producer Cooperatives of Beleko in Dioila, who will be key partners for IICEM in scaling up millet/sorghum in the south during the 2010 – 2011 agricultural season. The women produce millet and sorghum, and lead about 43% of the union's commercialization activities. Due to lack of basic education and cultural practice, men help them with key tasks such as gaining access to land and negotiating bank credit on their behalf. Because they cannot read and write, they are not elected as members of the management committee.

As a result of interviews and focus group discussions with over 40 men and women, the specialist concluded that women's opportunity in this organization can be expanded and strengthened through literacy and numeracy programs that support the women's ability to conduct and record sales transactions. In addition, training programs on basic financial concepts as well as cooperative legislation will help them be more capable candidates to not only manage their respective cooperatives but also participate in union management. Research with organizations in other targeted work zones will strengthen the draft gender analysis for the value chain.

Of note, since the gender specialist's first visit (during which she discussed ideas with the Union's President), the president recruited and hired a woman from microfinance institution Kondo Jiguima who will address opportunity gaps and foster stronger participation and leadership by women in union and cooperative activities.

EVALUATING IICEM'S ASSISTANCE TO SHALLOT PRODUCERS AND PROCESSORS IN THE MOPTI REGION

The gender specialist also evaluated IICEM activities in production, processing, and marketing with women shallot producers in Dandoly (Bandiagara) in anticipation of phasing out assistance to the shallot sector in that area. While not practical given the shift in IICEM's priority value chains, the specialist recommended two types of assistance to protect gains and investments that IICEM has helped them make in the past three years. First, while the women trust the men appointed to help with their accounting and storehouse operations and appreciate their involvement, literacy and numeracy courses could strengthen the women's business management and decision-making skills, making them stronger partners in the development of their communities. The specialist also posits that since the women did not have the same basic education as others and subsequently did not

develop the same base for building and retaining technical information such as production techniques, periodic check-ins and review of technical knowledge could help boost sustainability of USAID's investments to date.

SYNERGISTIC ACTIVITIES WITH OTHER PARTNERS

To leverage funding and to coordinate with similar donor and government initiatives, IICEM places a strong emphasis on developing synergies with other programs. Details of these partnerships appear throughout this report and include, for example:

- Continued collaboration as reported in past quarters with the USAID-funded INTSORMIL Collaborative Research Support Program (CRSP) to scale-up improved varieties and cultivation techniques of key cereal crops, and also to find innovative, appropriate processing technologies to boost quality and commercial-scale operations in Mali;
- Coordination with the USAID-funded program Malian Agricultural Value Chain Enhancement Network (MAVEN) to design and deliver a training course in Bougouni to develop a fish farming pond model using local materials to address a problem with soil percolation. MAVEN brought in an American volunteer who worked closely with the IICEM aquaculture specialist, regional government officials, and local fish farmers to finalize and deliver the training;
- IICEM's horticultural specialist attended the Integrated Pest Management CRSP training on how to identify types of damage from mites and how to deter infestations with organic and chemical methods, then incorporated elements of the training into IICEM's work with Bamako's peri-urban gardeners, who have been experiencing problems with mites reducing or destroying eggplant, potato, and tomato production;
- A partnership with the Malian Investment Promotion Agency to provide technical assistance in streamlining regulation pertinent to agribusiness registration and start-up, starting with farmer-based seed certification procedures. The streamlining and eRegulation initiative was launched by the United Nations Conference on Trade and Development (UNCTD), but does not have implementation resources;
- The chief of party and gender specialist attended UN World Food Program's "Purchase for Progress" annual meeting. Women small holder farmers were a particular focus of the meeting. The program is conducting a gender study in Burkina Faso and is particularly looking at intercropping activities involving women. IICEM will stay abreast of the results of the study to see if there are interesting opportunities involving intercropping with IICEM partner farmer organizations; and
- A collaboration with the National Agency for Food Safety (ANSSA) to deliver a training on basic principles of quality, different elements of international standards and certifications pertaining to production, hygiene and sanitation, and packaging. Participants included the 13 partner agribusinesses who have received support from the Agribusiness Innovation Fund to launch or expand their agribusinesses, plus the agribusinesses that are currently taking the e-commerce course and developing a website with support from IICEM and the local vocational training center CEFIB.

INDICATOR DATA TABLE

The table inserted in the following pages provides an overview of targets and achievements, updated for all data collected to date for the period ending May 31, 2011. Of note, due to reduced activity levels following funding constraints explained in the “Problems and Challenges” section of this report, the program has been impeded in achieving progress in most indicators as planned in early 2010 when the PMP was developed. In the upcoming quarter, the program will work with the USAID/Mali AEG office to review and set more realistic targets and indicators according for the current technical program and funding levels.

Table 3: Indicators, Targets and Results

Indicator	Baseline ¹	2009 – 2010 Result	2010 – 2011		2011 – 2012		Life of Project	
			Target	Result as of <u>May 2011</u>	Target	Result	Target (PMP)	Result as of <u>May 2011</u>
Task Area I: Agricultural Sector Productivity Improved								
<i>Number of new technologies or management practices made available for transfer as a result of IICEM assistance</i>	12	11	10	20	10	-	30	31
<i>Number of additional hectares under improved technologies or management practices as a result of IICEM assistance</i>	2,778	10,609	12,500	605	14,500	-	37,000	11,214
<i>Number of vulnerable households benefitting directly from IICEM assistance</i>	7,817	5,735	11,000	13,182	12,000	-	32,000	18,917
<i>Number of rural households benefitting directly from IICEM interventions</i>	4,757	10,268	12,500	7,194	15,000	-	37,500	17,462
<i>Number of producers organizations, water user associations, trade and business associations, and community-based organizations receiving IICEM assistance</i>	162	393	500	333	600	-	600 C	333
<i>Number of agriculture-related firms benefitting directly from IICEM- supported interventions</i>	15	14	30	17	40	-	90	31

Indicator	Baseline ¹	2009 – 2010 Result	2010 – 2011		2011 – 2012		Life of Project	
			Target	Result as of May 2011	Target	Result	Target (PMP)	Result as of May 2011
<i>Number of public-private partnerships formed as a result of IICEM assistance</i>	19	3	10	0	10	-	25	3
<i>Percent change in volume of purchases from smallholders of targeted commodities as a result of IICEM assistance (Basis of calculation in MT reported per quarter, percentage change calculated annually)</i>	24,537	28,510 16.19%	75,000	29,193 ²	90,000	-	90,000	29,193 C
<i>Percentage change in volume of intraregional trade of targeted agricultural commodities (Basis of calculation in MT reported per quarter, percentage change calculated annually)</i>	3,853	4,122 7%	7,000	787 ²	10,000	-	10,000	787
<i>Percentage change in volume of international trade of targeted agricultural commodities (Basis of calculation in MT reported per quarter, percentage change calculated annually)</i>	3,414	4,679 37%	15,000	677 ²	25,000	-	25,000	677
<i>Number of individuals who have received IICEM-supported short-term agricultural sector productivity training</i>	3,520	1,913 (291 women, 1,622 men)	2,000 (700 women, 1,300 men)	1,555 (293 women, 1,262 men)	2,300 (805 women, 1,495 men)	-	6,000 (2,100 women, 3,900 men)	3,468 (584 women, 2,884 men)

Indicator	Baseline ¹	2009 – 2010 Result	2010 – 2011		2011 – 2012		Life of Project	
			Target	Result as of May 2011	Target	Result	Target (PMP)	Result as of May 2011
<i>Number of women's organizations/associations assisted as a result of IICEM assistance</i>	61	57	70	53	80	-	80	53 C
[Program Element 8.1: Enhanced Natural Resources and Biodiversity]								
<i>Number of hectares under improved NRM as a result of IICEM assistance</i>	476	221	1,000	21	2,500	-	2,500	21 C
<i>Number of hectares in areas of biological significance under improved management as a result of IICEM assistance (B)</i>	0	4,000	10,000	129	15,000	-	15,000	129 C
<i>Number of policies, laws, agreements, or regulations promoting sustainable natural resource management and conservation that are implemented as a result of IICEM assistance</i>	15	6	10	0	10	-	30	6
<i>Number of people receiving IICEM supported training in NRM and/or biodiversity conservation</i>	198 (45 women 153 men)	223 (69 women, 154 men)	200 (70 women, 130 men)	404 (101 women, 303 men)	200 (70 women, 130 men)	-	600 (210 women, 390 men)	427 (179 women, 257 men)

Indicator	Baseline ¹	2009 – 2010 Result	2010 – 2011		2011 – 2012		Life of Project	
			Target	Result as of <u>May 2011</u>	Target (PMP)	Result	Target (PMP)	Result as of <u>May 2011</u>
[Program Element 8.2: Clean Productive Environment]								
<i>Number of people with increased adaptive capacity to cope with the impacts of climate variability and change as a result of IICEM assistance</i>	0	18,767 (6,767 women and 12,000 men)	1,000	2,969 (352 women and 2,617 men)	2,000	-	3,000	21,736 (7,119 women and 14,617 men)
Task Area 2: Enhanced Financial Services								
<i>Number of IICEM-supported special fund loans issued this year</i>	164	104	150	16	200	-	450	
<i>Value of IICEM-supported special fund loans issued (projected targets \$1 = 500 FCFA) ³</i>	673M CFA \$1.346M	478M CFA \$956,000	700M CFA \$1.4 M	71M	800M CFA \$1.6M	-	2B CFA \$4M	
Task Area 3: Enhanced Access to Markets and Trade, and Improved Commercialization of Targeted Commodities						-		
<i>Gross margin per unit</i>	6,716,000 M CFA	762,000 M CFA	n/a ⁴	n/a ²	n/a	-	n/a	
<i>Number of farmers who have adopted new technologies/practices</i>	7,523	7,758	9,000	2910	10,000	-	27,000	10,668

Indicator	Baseline ¹	2009 – 2010 Result	2010 – 2011		2011 – 2012		Life of Project	
			Target	Result as of May 2011	Target	Result	Target (PMP)	Result as of May 2011
<i>Number of processors who have adopted new technologies/practices (baseline depends heavily on shallot VC, maintaining baseline is a challenge)</i>	856	304	160	90 ⁴	220	-	460	394
<i>Volume of new products produced with new processing techniques (metric tons)</i>	0	1,380	5,000	633 ⁴	6,000	-	15,000	2,013
<i>Value of purchases from smallholders of targeted agricultural commodities (by commodity)</i>	\$6,884,000	\$9,908,000 44%	\$8,600,000	\$18,051,180 ²	\$3,000,000	-	\$12,300,000	
<i>Percent change in value of intra-regional exports of targeted agricultural commodities as a result of IICEM assistance</i>	\$1,748,000	\$3,498,000 100%	\$2,812,500	\$310,469 ²	\$4,210,000	-	\$2,462,000	
<i>Percent change in value of international exports of targeted agricultural commodities as a result of IICEM assistance</i>	\$6,234,000	\$7,148,000 146%	\$15,282,000	\$372,850 ²	\$22,471,000	-	\$16,237,000	
<i>Volume of targeted commodities⁵</i>	30,895	38,167	60,000	78,937	80,000	-	140,000	116,017
<i>Volume of targeted products entering IICEM-supported storage facilities (GFSR - added 2010)</i>	0	188	4,850	894	6,150	-	6,150	1082
<i>Usage of price and market information systems (hits)⁶</i>	0	0	1,000	0	2,500	-	3,500	0 ⁶

Indicator	Baseline ¹	2009 – 2010 Result	2010 – 2011		2011 – 2012		Life of Project	
			Target	Result as of May 2011	Target	Result	Target (PMP)	Result as of May 2011
<i>Number of consultative processes with the private sector as a result of IICEM assistance</i>	5	4	5	1	6	-	15	5
<i>Number of participants in trade and investment trainings</i>	1,968 (787 women and 1,181 men)	563 (530 women and 33 men)	500 (175 women and 325 men)	1,018 (392 women and 626 men)	550 (193 women and 357 men)	-	1,250 (438 women and 812 men)	1,581 (922 women and 659 men)
<i>Number of institutions/ organizations undergoing capacity/competency assessments as a result of IICEM assistance</i>	3	3	4	2	3	-	10	5
<i>Number of institutions/ organizations making significant improvements based on recommendations made via IICEM-supported assessment</i>	4	4	2	n/a ²	4	-	7 (C)	4
<i>Number of individuals who have received IICEM-supported short-term agricultural enabling environment training</i>	212 (38 women and, 174 men)	688 (190 women and 498 men)	1,000 (350 women and 650 men)	1,077 (262 women and 815 men)	1,200 (420 women and 780 men)	-	2,500 (875 women and, 1,625 men)	1,765 (452 women and 1,313 men)
<i>Number of policy reforms analyzed with IICEM assistance</i>	1	0	2	0	2	-	6	0
<i>Number of policy reforms presented for legislation/decree as a result of IICEM assistance</i>	1	0	1	0	2	-	4	0

¹ As of IICEM annual report November 2009

² n/a because calculation is annual; in some cases, raw data is presented in number of tons or FCFA; percentage change is calculated on an annual basis; PIVA calculated on an annual basis.

³ Represents loans supported by the loan guarantee fund only; does not include loans IICEM facilitates from banks without guarantee or via input suppliers.

⁴ Data compiled from report from Sikasso regional office: parboiled rice, 30 women in Zangaradougou; husking rice, 60 women in Nièna, Loutana, Nantoumana, Kouroumasso, M'Pègnèso, and Zangaradougou.

⁵ This is not currently in our contract or PMP, but is a GFSR indicator we are required to track for their on-line database.

⁶ This indicator will be proposed for elimination; the supporting work by other partners has not been completed to allow our work intended to be tracked by this indicator to even be implemented.

PROBLEMS/CHALLENGES

OBLIGATED FUNDS

Due to Washington-level budget debates in the face of a challenged US economy, the IICEM program has not received the expected obligated funding renewal for the fiscal year starting October 1, 2010. Near the end of the second year of a three-year contract, obligated funding and spending levels should be around 70% of the total contract; however, as of May 31, 2011, they remained at only 44% of the total contract value (\$19,685,942 obligated out of the \$44,727,298 ceiling). As a result, by the end of January 2011, the program submitted a revised work plan to assure continued support to key Feed the Future priorities in the approaching agricultural season, such as the scaling up of millet and sorghum production initiatives, but to significantly cut back certain other activities of lower priority.

This agricultural season, IICEM has planned to triple the area under improved millet and sorghum cultivation supervised by IICEM, from 3,600 last season to 11,500 this season. IICEM will also continue to support scaling up of SRI activities, and will support maize production on 3,500 hectares. We are also pursuing an innovative structure for farmer-based seed certification which seeks to relieve a chronic problem of lack of quality seed from year to year. However, the following changes were made due to the funding shortage, which significantly impact results USAID originally sought to achieve under the IICEM program (See Revised Work Plan dated February 2011):

- Elimination of the Medium-term Guarantee Fund housed with Kafo Jiginew and 75% reduction in the Medium-term Guarantee fund housed with BNDA;
- Suspension of new projects identified for Innovation Fund or Strategic Activity Fund support, with the exception of the RIFAB rice mill project which is already under way;
- Suspension of support to the REDD+ activity under the climate change adaptation mandate;
- Suspension to the natural resource management and biodiversity conservation training that supports the community management agreements being put in place;
- Continued value chain capacity building and institutional strengthening activities solely via the NGOs who were already trained by the ACIDI/VOCA capacity building specialist;
- Postponing Y2 support to the Regional Directions of Agriculture for seed multiplication through farmer seed producers;
- Postponing Y2 support to the Regional Centers for Agronomic Research for seed based multiplication;
- Postponing and reducing quantities of motorized diesel pump procurement from 20 to 5 for use in the northern PIVs, and elimination of community level reimbursements for the pumps, as the terms for reimbursement will come due after December 31, 2012;
- Ceasing collaboration with the Mali BioCarburant Foundation (MBSA) in Y2 and Y3, as they are not active in the three priority regions of the USAID/Mali Feed the Future strategy;
- Stopping work with all Regional Centers for Agronomic Research and Regional Directions of Agriculture regarding the rice seed sector in Mopti, Timbuktu and Gao. The last 3 years of work permitted the development of around 300 tons of improved seeds per year, which is a substantive achievement. IICEM will still work with targeted seed farmers;
- Stopping work with the GIE CONFIGES in the Gao region for Y3 and the NGO BEACIL in the Bougouni area pertaining to the maize value chain; and
- Stopping work with all other value chains except millet/sorghum and rice in Y3; maintaining intercropping and diversification of revenues for millet/sorghum and rice producers; and in Mopti, maintaining the rice-fish farming demonstration sites.

In addition, the program was able to save funds through planned partnerships that did not come to fruition. For example, the International Trade Center (ITC) decided to postpone their program for Mali, so the program was able to drop the joint financial activity "Improved SME Financing." Similarly,

since PDCO was exclusively working in the shallot sector and outside of millet, sorghum, and rice production areas, the program scaled back collaboration with PDCO to ensure activities stayed within the program's strategically targeted zones and sectors.

Staffing levels in the national and regional offices have also been scaled back to accompany these programmatic shifts. Between January to August 2011, 14 employees will have been phased out.

MARKETING

IICEM's overall strategy is to use a market-based approach to begin the process of transforming subsistence agriculture into one that is increasingly capable of responding on a sustainable basis to the commercial demands of value-added intermediate and final markets for cereal-based products. With a re-focusing of value chain activities on priority cereal crops and developing market opportunities to encourage the investment all along the value chain, IICEM is tasked with having to encourage fundamental changes in how commercial operators in Mali's cereal sector undertake business and structure their commercial transactions. This process is not "business as usual" - and it necessitates bold interventions to facilitate commercial partnerships that will better share risk, encourage productive investments and progressively improve competitiveness in terms of cereal production for targeted domestic and sub-regional markets.

Developing a viable commercial base for the progressive transformation of Mali's cereal sector to one that is increasingly productive and focused on quality is a long-term venture. In the short-term IICEM is developing several 'commercial models' which demonstrate the positive impacts of market-driven investments to enhance productivity and competitiveness, and which over time, can be replicated and scaled up. This process requires IICEM to manage the expectations of its clients and partners. Accordingly, maintaining a consistent vision and program focus, respecting engagements with clients and partners, and providing limited resources to mitigate risk in new, innovative business initiatives will be imperative. IICEM needs to work more closely with the USAID/Mali mission to ensure that our vision is shared, our strategies are coherent and consistent, and our expectations are realistic in order to strengthen our client/partner relations and achieve our collective objectives.

The process IICEM is putting in place requires increased private and public investment at all levels, and, as noted above, the development of private and public partnerships to create a *risk management framework which will reduce transaction costs and encourage business development and investment*. Activities are therefore focused on supporting economic growth by targeting interventions to encourage the development of innovative technologies designed to increase market-driven agricultural productivity. Such interventions will also help farmers, processors and wholesalers better manage risk by formalizing transactions through appropriate contracting and partnership mechanisms. These formal mechanisms will also guide upstream and downstream investments and better define viable credit needs. For all partners in targeted cereal value chains, this is a process that requires new skill sets and strengthened capacity to better understand and more effectively use formal contracting instruments to manage production.

An associated factor is to have the capacity and resources to meet quality criteria for targeted markets. The commercial incentive (profitability potential) driving on-farm investments in production is increasing the volume of quality product produced. Understanding this concept and progressively moving away from a production focus on maximizing unit prices to a focus on volumes of product produced is difficult, and in many cases is not self-evident. However, this concept enables economies of scale to result in improved productivity, competitiveness in the marketplace and better meeting consumer needs. This is a fundamental change in the way many cereal farmers presently 'manage' their production, particularly given the fact that most cereal production is focused on meeting food security needs, not on maximizing margins through structured commercial transactions. Meeting these challenges requires commitment from all parties.

SUCCESS STORIES



SNAPSHOT

Women Farmers Improve Child Nutrition

Increased agricultural productivity and revenues support success of child nutrition program.



Photo: Dana Starkey, Abt Associates, Inc.

A woman from the village Finkolo Ganadougou feeds her child a nutritive hot cereal she learned to make from blended grains, citrus, and other ingredients that she grew herself and also purchased with increased income from rice farming and vegetable gardening.

Two years of integrated initiatives to spur agricultural-based economic growth helped a nutrition training program in place since 2005 achieve real impact.

Telling Our Story
U.S. Agency for International Development
Washington, DC 20523-1000
<http://stories.usaid.gov>

In 2005, the local Association of Inter-Aid and Development (AEAID) was the only organization helping Finkolo-Ganadougou women. AEAID representatives would show women how to prepare enriched meals for children 6 months to 5 years old. Women's cooperative president Binta Diarra explained that because of a lack of recipe ingredients in the area, the women had difficulties preparing the meals at home. Women also could not write down the recipes for later reference.

Then, following a socio-economic study of the women in the area in 2009, USAID's Integrated Initiatives for Economic Growth in Mali (IICEM) launched a series of activities intended to boost women's participation in economic growth, which also boosted traction of the nutrition program. In the last 2 years, functional literacy and numeracy courses helped the women keep better business records, collect market information and fix profitable prices. Improved water harvesting, better processing technologies, access to finance, and technical training helped them improve rice productivity from subsistence levels of 0.80 MT/ha to commercial levels of over 5 MT/ha. To diversify agricultural revenue, vegetable gardening in the rice off-season produced garlic, tomatoes, onions, potatoes, and eggplant.

In the 2010 – 2011 agricultural season, the ability to read and write, the increased income, and the increased availability of products used in the nutrient-rich recipes have helped the women apply AEAID's lessons at home for the first time. Aissata Sanogo explained, "My child has been tracked by the program for more than 2 years and suffered from malnutrition. Last year, I could not prepare the enriched meals, but this year with the increased availability of vegetables, I prepare vegetable-based purées and his condition has much improved." AEAID's training facilitator agrees, adding, "IICEM's activities have been a big help to our program... the women are better able to apply the training we provide."

Diarra is quick to point out that the children aren't the only beneficiaries. "Before the improved availability of water from the new check dam, everything we produced, we sold to cover family expenses, but this year, with increased water, we have an abundance of diverse products. We can sell a portion and consume the rest, which contributes to better nutrition for the whole family."



FIRST PERSON

Sorghum Is a Surprising Alternative

Coordinated research and community development initiatives increase harvests and income for sorghum farmers in rural Mali.



Photo: Maimounatou Touré, Abt Associates, Inc.

“Before, we grew sorghum largely for family consumption; we did not know that sorghum could be a solid money-maker, too. When cotton prices are unstable, we can now rely on sorghum as an alternative source for generating income.”

—Rural farmer Arouley Dembélé

For 20 years, Arouley Dembélé has been a hard-working, determined farmer, trying to scratch out a living and support his family by planting various crops like millet, sorghum, cowpea, and cotton. Sorghum in particular is a preferred staple food in his village of Dougouan in the Sikasso region of southern Mali. However, in 20 years of farming, his harvests never surpassed 1.5 metric tons per hectare (MT/ha) at most—which is higher than the country average of 0.80 MT/ha using traditional varieties and practices. He certainly never viewed sorghum as an income-generating crop—it was just for family consumption.

USAID/Mali changed Arouley’s perspective. Through orchestrating a partnership between its agricultural development program Integrated Initiatives for Economic Growth in Mali (“IICEM”) and its INTSORMIL Collaborative Research Support Program that developed the *Grinkan* improved seed variety and better agronomic practices, farmers are increasing harvests and income.

Arouley planted 3 ha using the same methods and seed he has always used, yielding 4.5 MT; and 3 ha of the improved variety using *Grinkan* and new techniques, yielding 6.5 MT. For the first time, he had a surplus of sorghum, and sold most of the 6.5 MT harvest for about \$1,200. This exceeded his revenue from planting cotton on the same 3 ha. in previous years, and his gross margin is higher because sorghum input costs are lower than those of cotton. Arouley emphasizes, “With this new variety of sorghum, farmers can go beyond producing for family consumption and into generating income.” With the new profit, he purchased cement to turn his mud house into a sturdier dwelling. He also sent another child to school, a daughter; and paid for a son’s emergency medical care.

Arouley learned about the new variety via IICEM implementing partner, The Malian Association for Awakening to Sustainable Development (AMEDD). Seven AMEDD agents received training on INTSORMIL’s improved seed and farming practices, and then trained 1,402 producers in 80 cooperatives around Sikasso, including Arouley and 48 colleagues from Dougouan. As a result, the Dougouan cooperative improved production from 0.8t/ha to 2.25 t/ha. Concurrently, IICEM and INTSORMIL refined processing techniques to create a higher-quality product, and improved linkages between producers, processors, and traders to increase profitability for each.

ACTIVITIES PLANNED FOR NEXT QUARTER

In general, activities for the next quarter focus on: (1) formalizing input purchase and delivery contracts for targeted cereal production in the regions of Sikasso and Mopti; (2) assisting to mobilize credit for collaborating producer groups; and (3) planning and structuring the commercialization of cereals for the end of the harvest season.

IMPROVING PRODUCTION AND PRODUCTIVITY

Activities will focus on the efficient application of improved agronomic practices and securing input financing by strengthening and structuring sales to intermediate and final product markets (note the following sections on enhancing financial services and increasing market access).

In the North, IICEM will pursue two major programs for rice: monitoring of off-season paddy production on 131 ha and assessing demonstration trials in farmers' fields conducted by IER for the production of improved rice varieties to be used in off-season production; and organization of the 2011-2012 rice campaign on 6,057 ha, including 4,400 ha in Timbuktu with 31 producer organizations (PIV 1,400 ha and lowlands 3,000 ha); 1,473 ha in Mopti with 56 producer organizations; and 184 ha in Gao with 13 producer organizations.

For the 2011-2012 millet/sorghum campaign in the north, activities will concentrate on monitoring and facilitating (including mobilizing input credit) the application of improved agronomic practices, specifically the use of improved seed and fertilizer. Since the Regional Direction of Agriculture (DRA) in Mopti will help implement this initiative, IICEM will train extension agents from the DRA regarding IICEM's approach to producing according to quality demand specifications. IICEM will work with farmer organizations to negotiate and sign supply contracts for inputs for approximately 1,300 ha in Mopti.

In the south, activities planned for the following quarter focus on the millet/sorghum and maize value chains. Specifically, program activities will focus on improving access to quality production inputs, applying best agronomic practices, enhancing business skills of producer groups and planning for commercialization following harvest.

Millet/sorghum activities in the south will include:

- Assisting producer groups in negotiating and signing supply contracts for inputs for approximately 7,700 ha in the regions of Sikasso;
- Training producers in best agronomic practices for millet and sorghum production;
- Training extension agents of the Sikasso DRA on IICEM's approach to producing according to quality demand specifications; and
- Monitoring farmers' fields during the 2011-12 production season.

Maize activities in the South will include:

- Assisting producer groups in negotiating and signing supply contracts for inputs for approximately 3,500 ha in the Sikasso Region;
- Monitoring the delivery of inputs to producers and the preparation of fields for production;
- Training and guidance for producers concerning best agronomic practices and the most economical use of inputs such as fertilizer and herbicides in collaboration with input suppliers; and
- Working with producers to monitor production costs and determine net margins.

ENHANCING FINANCIAL SERVICES

Activities programmed for next quarter will continue to support improved access to finance, with an increasing emphasis on formalizing transactions with sales contracts as a form of guarantee. Activities will also focus on facilitating and supporting the start-up of three rice processing centers. Overall, to enhance financial services in the upcoming quarter, IICEM will:

- Facilitate an estimated 80M FCFA of input credit (diesel fuel and fertilizer) with the BNDA for about 20 producer cooperatives producing paddy rice;
- Facilitate an estimated 248M FCFA of input loans (seed and fertilizer) with the BNDA for about 103 millet/sorghum producer cooperatives in Sikasso, Koro, Bankas, Koutiala, Yorosso and Dioïla;
- Support credit applications from 31 maize producer cooperatives for input credit estimated at approximately 80M FCFA from the BNDA;
- Elaborate and facilitate the signing of sales contracts between producer organizations and cereal wholesalers; and
- Facilitate access to credit for processors, ex. Planete Distribution for 195M FCFA to start up a rice mill (which does not involve the IICEM loan guarantee fund).

INCREASING ACCESS TO MARKETS AND TRADE; AND IMPROVING COMMERCIALIZATION

In the north, IICEM targets millet and rice value chains by structuring raw material supply chains to better capture regional and export demand for quality milled rice and commercial millet and to capitalize on IICEM's recent investments to improve productivity in targeted PIVs and rain-fed zones. In this regard, three small-scale rice processing units are being installed, two in Mopti and one in Attara. These units will provide a semi-commercial scale value-added link between paddy production and final product markets which have limited market opportunities for producers in the past. Supply chain activities programmed for the next quarter include:

For millet:

- Develop and sign 37 supply contracts for the sale of quality millet (total estimated volume of 1,769 MT) from 17 producer organizations in Bankass and 20 producer organizations in Koro to three wholesalers located in Mopti.

For Rice:

- Support credit requests from the BNDA from 31 maize producer cooperatives for input credit estimated at approximately 80M FCFA Francs;
- Elaborate and facilitate the signing of sales contracts between producer organizations and cereal wholesalers;
- Elaborate and sign of contracts for the supply of quality paddy with at least 50 producers/organizations;
- Finalize a supply contract with a GIE in Attara for the provision of quality paddy for the processing unit which is presently being installed;
- Structure paddy supplies from the parastatal organization *Office du Riz Mopti* for a processing unit for both rice and animal feed production; and
- Continue business development support to facilitate and ensure efficient start-up of rice processing units.

In the South, activities programmed for the next quarter will support supply chain development for millet/sorghum and maize, including structuring transactions, improving logistics and increasing the use

of local warehousing to consolidate and maintain the quality of harvests and training partners in the different aspects of IICEM's product quality program. Specifically, IICEM will:

- Finalize the elaboration and signature of sales contracts between wholesalers working with IICEM and maize and millet/sorghum producers to ensure an efficient and profitable commercialization of available stocks;
- Finalize the selection of a supplier of building materials for the construction of warehouses for stocking millet/sorghum harvests; and
- Train extension agents of the Regional Directions of Agriculture and implementing partners in Sikasso and Mopti in the IICEM approach to establish quality control procedures at the farm level for cereal grains.

SUPPORTING AN ENABLING ENVIRONMENT FOR AGRICULTURE, TRADE, AND COMMERCIALIZATION

Presently, IICEM's efforts to support an enabling environment for agriculture complement market development and increasing commercialization of locally produced cereals and cereal-based products. Activities are focused on improving the competitiveness of cereals in sub-regional markets by reducing transport costs, facilitating the formal export of cereals by professional exporters and reducing or eliminating inappropriate taxes, rebates and commissions related to both domestic and cross-border transport. In the coming quarter, meetings and workshop will be organized to create a more favorable environment for cereal wholesalers/exporters to access targeted local and sub-regional markets. Following up on the Cross-Border Trade Conference on the Bamako-Dakar Corridor, IICEM will follow the lead of the ministerial commission and provide technical assistance as active members of the follow-up committee charged with implementing the two countries' priority initiatives stemming from the cross border trade conference. Such initiatives are deemed necessary in order to diversify value-added cereal markets and assist in driving up-stream investments in production and supply chain development.

STIMULATING ENTREPRENEURSHIP THROUGH A SAF, SMALL BUSINESS DEVELOPMENT AND GRANTS

IICEM's Special Activities Fund and Innovation Fund will continue promoting investment and start-up of enterprises through the following activities:

- Monitoring the establishment and start-up of RIFAB, a rice mill and animal feed mill complex. The staff will be recruited and trained during the quarter and the production lines tested;
- Similarly, two rice mills, Planète Distribution and SOPROTRILAB, will come on-line during the quarter; and
- Finalize business plan of Danaya, an enterprise for processing millet/sorghum, maize and fonio, will be finalized and later submitted for financing.

The business development specialist will continue providing business planning, financial management, and accounting training to partner organizations on an as-needed basis to support the program's assistance to innovative agribusiness investment and start-up. In addition, he will monitor and assess the impact of training in Making Cents' curriculum *MicroEnterprise Development Fundamentals* and supervise a Making Cents certification training program for 18 trainers of ProMali Nord in *MicroEnterprise Fundamentals* that is scheduled for next quarter.