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QUARTERLY REPORT

OCTOBER – DECEMBER 2012

*WITH A SUMMARY OF PROJECT RESULTS
JANUARY 2010 – DECEMBER 2012*

INITIATIVES INTÉGRÉES POUR LA CROISSANCE ECONOMIQUE AU MALI (IICEM)

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(IICEM) - IQC# EDH-I-13-05-00005**

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ACRONYMS

AOM	<i>Agrume et Oléagineux du Mali</i>
ATP	Agribusiness and Trade Promotion project
AVRCD	Asian Vegetable Research Development Center
BDS	Business Development Services
BICIM	<i>Banque Internationale pour le Commerce et l'Industrie au Mali</i>
BIM	<i>Banque Internationale du Mali</i>
BNDA	<i>Banque Nationale de Développement Agricole</i>
BOA	Bank Of Africa
CAPAM	<i>Coopérative Agro-Pastorale de Mandela</i>
CMDT	<i>Compagnie Malienne de Distribution de Textile</i>
CRRA	<i>Centre Régional de Recherche Agronomique</i>
DCA	Development Credit Authority
DNA	<i>Direction Nationale de l'Agriculture</i>
DNCN	<i>Direction Nationale de la Conservation de la Nature</i>
DRA	<i>Direction Régionale de l'Agriculture</i>
DRCN	<i>Direction Régionale de la Conservation de la Nature</i>
FIAS	Foreign Investor Advisory Service
GRN	<i>Gestion des Ressources Naturelles</i>
ha	Hectare (equivalent to 2.47 acres)
HIMO	<i>Haute Intensité de Main d'Œuvre</i>
IER	<i>Institut d'Économie Rurale</i>
IFDC	International Center for Sol Fertility and Agricultural Development
ITC	International Trade Center
VIP	Irrigated Village Perimeter
km	Kilometers
LOA	<i>Loi d'Orientation Agricole</i>
M	Million (units)
m	Meter
MÉIC	<i>Ministère de l'Économie, de l'Industrie et du Commerce</i>
NGO	Non-Governmental Organization
OP	<i>Organisation Paysannes (Producer Organization)</i>
PAFA	<i>Programme d'Appui aux Filières Agricoles</i>
PCDA	<i>Projet de Compétitivité et de Diversification Agricole au Mali</i>
UCPMY	<i>Union des Coopératives des Planteurs de Mangue de Yanfolila</i>
URCEP	<i>Union Régionale des Commerçants Exportateurs de Pommes de Terre</i>
USAID	United States Agency for International Development
SAF	<i>Fonds d'Activités Stratégiques (Strategic Activity Fund)</i>
SICA	<i>Société d'Intérêt Collectif Agricole</i>
SCOFLES	<i>Société Coopérative de Commercialisation des Fruits et Légumes de Sikasso</i>
USB	<i>Unité de Semences de Base (of the IER)</i>
WARDA	Africa Rice Center
WASA	West African Seed Alliance
WATH	West Africa Trade Competitiveness Hub

EXECUTIVE SUMMARY

During this reporting period, Mali began to experience political and socio-economic crisis, which was built up following the coup d'état of March 22, 2012 and the subsequent occupation of the three northern regions by Islamist insurgents. Since April 2012, these events have resulted in degradation of Mali's socio-economic environment, the cessation of banking activities in occupied zones and regions (including the region of Mopti), and the interdiction by USAID of formal collaboration with the Government of Mali or its agencies. Consequently, IICEM has focused on working with the Malian private sector, in close collaboration with USAID/Mali.

It should be noted that during the month of May 2012, in response to a request of USAID/Mali, IICEM developed and submitted an urgent food security initiative based on the provision of production inputs for FTF producer organizations in the region of Mopti that were significantly affected by the closure of private banking networks and a shortage of production inputs on local markets. This program was designed to prevent a severe food security crisis following the relatively poor harvest in the 2011-2012 season by providing training and production inputs to improve the productivity of millet and rice production.

IICEM continued to closely monitor the rice and millet agricultural season in the region of Mopti to ensure success of this food security initiative. IICEM has been working with producer organizations benefitting from the food security program to promote consolidation of production for aggregated group sales in order to develop commercialization of production, and the establishment of funds at the producer organization level for the purchase of inputs in support of future planting seasons.

Generally, activities during the quarter focused on : (1) site selection for new irrigation infrastructure for the 2013 agricultural season; (2) monitoring harvest activities for the 2012-2013 agricultural season (establishing yield measurements in fields), starting to facilitate formally contracted sales arrangements between producer groups and wholesale traders, and monitoring producer group reimbursement of loans facilitated by IICEM.

Operationally, during the period from October through December 2012 project activities focused on monitoring harvest and post-harvest aspects of the 2012-2013 agricultural season, including best storage practices, acquisition of basic analytical equipment (moisture meters) to ensure crop quality in storage, as well as BDS and quality training in post-harvest best practices and quality control techniques (including control of humidity and impurity levels, proper bagging and stocking at different levels of the targeted value chains).

In addition, IICEM opened a competition between producer organizations to promote adherence to quality assurance practices in their daily activities related to production, harvesting and storage practices - including adoption and routine use of basic management documents (e.g. registers for production, stock control, purchases and sales), and administrative documents related to scheduled membership meetings and decisions, lists of members, etc.

The reporting period also coincided with the end of activities for the initial contract period of the second implementation phase of IICEM, and the approval of a contract extension for one additional year, ending in December 2013. As a result, all IICEM local staff and implementing NGO partners were given contract termination notices for the period of October 1st through December 15th. This effective 'demobilization' has without a doubt had a negative impact on implementation of programmed activities and results for the reporting period.

Despite these challenges, the following results were obtained during the quarter.

- In the regions of Mopti and Sikasso, IICEM and its partners identified 14 program sites (8 for the rehabilitation of irrigation infrastructure for IVPs and 6 sites for lowland construction).
- In the Mopti region, IICEM trained 225 producers, including 62 women, in best production practices for millet ; distributed 12 moisture meters to partner producer organizations for quality control assurance ; distributed 24 moisture meters to producers' organizations in Mopti and Sikasso regions; and IICEM's efforts led to the signing of 60 supply contracts for paddy rice between participating producer groups and rice mill operators, and 81 supply contracts for millet signed between participating producer groups and cereal wholesalers.
- In the Sikasso region, producers' cooperative representatives went to the region of Koulikoro, in Beleco, to visit seed multiplication centers for improved millet and sorghum seed. The relevant producers union, USCPMD, has multiplied 150 hectares of improved seed at the request of IICEM. Producers were impressed with the cultivars under multiplication, as these cultivars can increase yields from 600 to 900kg/ha at minimum - an increase of 50 %. The producers also had a chance to learn about the techniques of seed multiplication.
- In the Sikasso region, IICEM's work led to the signing of 73 supply contracts between participating producer organizations in Bougouni, Koutiala and Sikasso with wholesalers Kalilou Diallo and Sidiki Badian Doumbia. These sales were for over 804 MT of millet and sorghum. IICEM also distributed 97 moisture meters to partner producers' organizations for quality control and assurance. In addition, 200 producers (including 36 women), were trained in water management techniques for IICEM-sponsored small dams, and in mobilizing financial resources for rice production. Finally, 400 producers (including 12 women), were trained in best practices for post-harvest processing and storage.

PROGRESS ON ACTIVITIES

IMPROVED PRODUCTION AND PRODUCTIVITY

Improving production and productivity in the targeted staple value chains is meant to increase on-farm production, thus permitting producers to meet the demands of the marketplace and ensure household food security. This increasingly commercial orientation is also intended to encourage farmers and service providers to continue to invest in innovative technologies that will sustainably improve productivity, reduce losses, increase revenues and enable targeted farming systems to become more resilient to the negative impacts of climate change. In general, efforts to improve productivity are based on the need to progressively improve the volume and value of raw material supplies to meet the requirements of targeted markets. IICEM continues its efforts to improve production and productivity in the rice and sorghum/millet value chains; in concert with efforts aimed at market development, market diversification and quality enhancement, to assure that the producers continue to perceive the economic and financial incentives that lead to greater investment in innovative technologies. In general, to achieve this linkage between improved on-farm production and down-stream market demand, IICEM's efforts focus on establishing more efficient raw material supply chains based on formalizing farm-gate commercial transactions with wholesale cereal buyers through increasingly structured trade arrangements. During the reporting period, BDS training and support was essentially focused on strengthening the formalization of farm gate transactions.

For the rice value chain, consolidating these professional/commercial relationships further ensures the continued adoption of productivity-enhancing technologies, and ultimately the sustainability of IICEM's past and future investments. In addition, they provide a positive commercial basis for continued investments to expand irrigated village perimeter (VIP) rice production infrastructure, which is a key element in the IICEM workplan for 2012. These investments will build on IICEM's previous successes in increasing productivity and gross margins in VIP production systems, which have led to both improved productivity and increased incomes for producer households.

Millet and sorghum, however, are not generally considered commercial crops, but rather household food security crops where home consumption (subsistence) is the dominant post-harvest destination. Accordingly, very little investment has been made to improve neither productivity nor product quality, or to meet targeted market demand for higher value commercial cereals. Consequently, to develop a sustainable production context for sorghum and millet, whereby harvests are increasingly commercialized and quality improvement and value addition are progressively introduced, IICEM has focused on improving productivity using improved seed and more efficient agronomic practices, including judicious use of fertilizer, uptake of water conservation techniques to progressively reduce unit production costs, and increasing commercial production in concert with developing final product markets. Without the coupling of segmented final product markets that increasingly pay for quality and significant on-farm productivity enhancements, widespread on-farm investments to improve millet/sorghum productivity will likely not occur as home consumption does not reward investments in product quality, nor support reimbursement of agricultural credit.

RICE VALUE CHAINS

Rehabilitation of IVPs and Lowland Water Management Infrastructures

During this reporting period, activities related to the rehabilitation of VIP irrigation networks and water management infrastructures in Sikasso and Mopti were focused on identifying potential sites for rehabilitation and construction activities for the 2013/14 production season.

The following tables give details about the sites identified under this activity for Mopti:

Table 3 : Sites for Rehabilitation of Irrigation Infrastructures for VIPs suggested in 2013

Community	Site	Area before (ha)	Commentary
Dialloubé	Pira	35	1.5 km of the main canal
Konna	Kotaka	48	1.6 km of the main canal
Konna	Sengo	30	1.4 km of the main canal
Konna	Djantakoye	27	1.5 km of the main canal
Kewa	Koulenzé	40	1.2 km of the main canal
Kewa	Koua	40	1.5 km of the main canal
Ouro Modi	Kassim Daga	30	1.3 km of the main canal
Mopti	Bargondaga 2	44	1.8 km of the main canal
Total Surface Area:		294	▪ 11.8 km of the main canal

For Sikasso, the preliminary sites are:

Table 4 : Sites for Water Retention Structure (Small Dams) suggested in 2013

Community	Site	Area planned (ha)	Commentary
Zegoua	Kapaga	40	Length of 91m with a ground swell of 0.76 m
Loulouni	Perasso	45	Length of 190m with a ground swell of 0.50 m
Gongasso	Zaradougou	48	Length of 60m with a ground swell of 0.56 m
Niena	Banzana	170	Length of 525m with a ground swell of 0.18 m
Zegoua	Fanidiana	40	Length of 126m with a ground swell of 0.65 m
Zegoua	Nassoulou	50	Length of 108m with a ground swell of 0.36 m
Total Surface Area:		393	

Development of Cooperatives in Maintenance Infrastructure

In the Sikasso region, 200 producers (164 men and 36 women) were trained in the management of water retention infrastructure, and the mobilization and management of internal finance for amortization of the infrastructure. During the 2012 growing season, 17 women's organizations farmed 3,225 ha of lowland rice, while in Mopti 54 producer organizations farmed 1,600 ha in irrigated village perimeters.

MILLET AND SORGHUM VALUE CHAINS

Development of Cooperatives in Seed Agro-Enterprises

A major constraint limiting improvements in the productivity of millet and sorghum is the poor availability of improved seed varieties, and reluctance on the part of producers to invest in purchasing improved seed, due to their limited appreciation of the productivity-enhancing potential of such varieties. In order to improve producer uptake and adoption of improved, certified varieties of millet and sorghum seed, IICEM decided to support seed production by qualified local seed cooperatives. This is seen as a first step toward developing formal seed

supply chains, and in establishing horizontal commercial linkages between cereal producers in order to evolve and develop agro-enterprises producing reliable quality and certified seed.

In this regard, IICEM signed a contract with the *Union des Sociétés Coopératives des Producteurs de Maïs* (USCPMD) of Diédougou (Cercle of Dioïla) to produce 150 ha of certified seed for locally-proven (IER and ICRISAT) varieties of millet and sorghum, thus creating supply of at least 100 MT of high quality seed, sufficient for sowing approximately 16,700 ha for the 2013 growing season, at a seed rate 6 kg/ha.

In October 2012, IICEM organized a field visit to the production areas of the *Union de Diédougou* for 60 producers; 57 men and 3 women from Koutiala and Yorosso participated. This visit had several objectives: (1) to appreciate the agronomic potential of improved sorghum varieties ; (2) to begin to learn best practices for quality seed production ; (3) to facilitate contacts among IICEM-supported seed producers in the localities of Koutiala, Yorosso et Béléco ; and (4) initiate contacts and exchange of technical information and experience between different groups of seed producers. This visit enabled producers from Koutiala and Yorosso to see for themselves the productivity enhancements resulting from using improved seed varieties. In the short term, these varieties can improve productivity, from 600 to 900 kg/ha, an increase of 50%.

In the region of Mopti, approximately 20 ha of foundation millet seed were produced under the supervision of IICEM staff (NGO partners have not had their contracts renewed) for the final stages of production and harvest. At time of writing, the harvest of seed had not yet begun.

Development of Cooperatives in harvest techniques

Cooperative and agribusiness development activities in Sikasso included provision of technical assistance for monitoring field practices of rice paddy production, implementation of quality assurance efforts by partner producer organizations, and the application of best practices for harvest and post-harvest handling of targeted crops. In Sikasso, 400 producers, including 12 women, were trained in best practices of post-harvest handling.

Support for establishing a structured supply chain in IICEM's production zones

Activities undertaken to initiate and train producer organizations and NGO implementing partners in quality assurance were continued during this reporting period. In support of the 2012-2013 agricultural season, IICEM added two new NGO implementing partners for the millet and sorghum program: AMPROD-Sahel in the Mopti region (Dogon plateau), and BEACIL in Bougouni. These new NGO partners needed to be initiated into the IICEM implementation strategy, and into concepts of quality assurance. Consequently, IICEM implemented a series of training modules for its national partners (AMPROD-Mali, BEACIL, PEENAL [Mopti] and the IICEM-supported mini-rice mills and producer organizations) on the IICEM approach to market-driven development, and in product quality control and assurance. A total of 94 individuals participated in these training activities.

Moreover, during this reporting period, value chain partners were provided with moisture meters, and trained in their use in order to control grain moisture levels (presently a major problem affecting cereal quality). The beneficiaries included producer groups, cereal wholesalers (including major traders and aggregators), cereal processors and related agribusinesses in Bamako, Mopti, Koutiala, Sikasso and Bougouni. 97 moisture meters were distributed, and all beneficiary enterprises were trained in their correct use and maintenance.

Elaboration and distribution of Best Practices Manual for the Improvement of Millet and Sorghum Grain Quality

During this reporting period IICEM completed the elaboration and printing of 500 copies of « *Manuel des Bonnes Pratiques pour l'Amélioration de la Qualité du Mil /Sorgho* ». This manual is intended for all major actors in the millet and sorghum value chains, and (given that product quality begins on-farm), particularly for IICEM-supported producer groups in all project zones.

Preparation for Workshop on Millet and Sorghum Product Quality and Commercialization at Sikasso

To highlight the importance of product quality in promoting sales and adding value and to encourage and reward producer organizations for adopting quality assurance practices, IICEM organized a competition for best performance in producing and marketing high quality millet and sorghum, and in successfully negotiating a formal supply contracting arrangement with farm-gate buyers and aggregators. The competition will require that random samples be collected from participating producer organization warehouses for analysis of humidity and impurity levels and other established parameters of product quality. Participating producer organizations throughout project zones in Mopti and Sikasso will be assessed according to their adoption of best practices related to the use of improved seeds and fertilizer, and practice of clean processing techniques for harvest and post-harvest handling, including the recording of basic information related to purchase and distribution of inputs, reimbursement of loans, grain sales and basic administrative records from periodic general assemblies and current membership lists. A total of 23 producer organizations will take part in this competition.

IMPROVED FINANCIAL SERVICES

During this reporting period, financial service efforts focused on encouraging rice and millet and sorghum producers to reimburse their loans for production inputs for the 2012/13 planting season. In the Sikasso area, FCFA 74,140,335 in loans were contracted by millet and sorghum producers, and FCFA 23,358,074 by women rice producers. In addition, 96 women rice traders in the village of Zangaradougou received a FCFA 2,000,000 FCFA loan for marketing high quality de-hulled and parboiled rice. In the region of Mopti, IICEM facilitated an extension of the repayment period for 6 producer organizations which were behind in reimbursing their loan, The loans, for a total of FCFA 4,465,672, were extended until 31 May 2013, protecting the credit worthiness of these 6 POs and hopefully mitigating the potential damage to the bank's interest in lending to the cereal sub-sector. .

EXPANDING MARKETS AND TRADE

IICEM continues to work with its agribusiness partners to increase product value addition, and develop a transactional base that is increasingly efficient and profitable - the most effective way to promote and encourage down-stream cereal supply chain investments. Consequently, activities during this reporting period, and during the remainder of FY2013, have and will focus on strengthening farm-gate transactions as the most effective way to develop down-stream linkages between producers and their intermediary and final product markets. An integral aspect of the IICEM marketing strategy is a primary focus on adding value to products at the producer level, through investment in improved quality to respond to new, high-value market niches for both raw commodities and finished products, recognizing that product differentiation by quality and price is key to market development over the long term.

Along the rice value chain, due to the fact that domestic and sub-regional rice markets are well-developed, and in fact segmented in terms of quality and price, they are characterized

by a well-defined and consistently high market demand for finished rice. Accordingly, IICEM will continue to concentrate its efforts on promoting private sector investment in rice processing, and will continue to facilitate the establishment of structured raw material supply chains for the rice mills. Building up efficient supply chains based on increasingly formal long-term supply contracts for farm-gate purchase by mill operators, and assisting producer groups to better respond to quality requirements will remain important priorities - seen as the most sustainable approach to ensure the economic and financial viability of project investments in irrigation and storage infrastructures, as well as project (and producer) investments in production-enhancing inputs such as improved seed and fertilizer.

During this reporting period, IICEM facilitated the signature of 60 contracts for the sale of paddy rice to rice mill operators, including 28 contracts for *Planète Distribution*, amounting to 1,298 MT of paddy and 32 contracts for the mill RIFAB, amounting to 1,058 MT of paddy rice.

Millet and Sorghum. Market development efforts continue to focus on improving the quality of commercial grains at the primary production sector through quality assurance, providing storage infrastructures and contracting farm-gate sales to targeted buyers. The objective of these efforts is to clearly demonstrate to producers, by facilitating commercial relationships with processors, wholesalers and institutions, the need to improve the quality of their commercial grain in order to penetrate higher value, well-segmented markets.

In Sikasso, a priority was given to strengthening commercial relations between wholesalers in Sikasso and Koutiala where 73 contracts were signed with producer organizations in Koutiala, Sikasso and Bougouni and Kalilou Diallo, Sikasso, and Sidiki Badjan Doumbia, Sikasso, for a total quantity of 804 MT of millet and sorghum. In Mopti, 81 contracts, representing a total volume of 1,592 MT of millet (with an estimated value of FCFA 175,080,000) were signed between 81 producer organizations and 3 partner wholesalers.

Rice Value Chain - Support for Three Semi-Industrial Mills (Mopti)

The rice mills of Mali are suffering a great deal as a result of the insecurity and economic hardship extant in the northern areas of the country. From a commercial standpoint the present situation has favored a significant influx of humanitarian aid in the form of cereals provided to refugees, resulting in a dramatic fall in local market prices and a consequent loss of revenue for cereal traders, and particularly mill operators. Nevertheless, mills are continuing to operate, on a reduced capacity, and contract paddy supplies from partner producer organizations. For example, *Planète Distribution* purchased 851 MT of paddy for FCFA 127.5 million, and sold 218 MT of milled white rice and 51 MT of rice bran for FCFA 85 million. RIFAB purchased cotton grain for FCFA 17.2 million, and rice bran for 750,000 FCFA to continue production of animal feed.

Assistance to Partner Cereal Wholesalers

With the objective of securing the investment of partner wholesalers, and to provide technical support to strengthen their management and supply chain organization in Ségou, Koutiala, Sikasso and Mopti, IICEM undertook the following activities : (1) monitoring the acquisition of materials included in the provisions of IICEM grants (warehouses, weigh scales, pallets, etc.) ; (2) verification of financial management tools (stock register, client accounts and suppliers registers) and management computer program ; and (3) an analysis of management training needs of staff of partner wholesale agribusinesses specialized in millet and sorghum. During implementation of these activities, it became clear that several businesses did not understand and/or effectively adopt some of the management tools, in some cases due to the failure of business owners to insist on the application of some of the tools. Responsive planning and curriculum development enabled IICEM to reinforce the need for, and demonstrate the utility of, such tools in order to improve business performance of IICEM stakeholders.

Preparation for Training in Enterprise Development and Cooperative Management

During this reporting period, and following the IG audit, it became clear that there was a need to strengthen the capacity of partner producer organizations to document and manage their marketing and commercial activities.

IICEM is in the process of increasing its emphasis on structured trade agreements between its producer organizations and cereal trading partners in order to build mutual confidence, increase transactional security and facilitate producer cooperative access to finance. The IICEM focus on contracts will be accelerated by training of 5 representatives per producer group in 'Enterprise Development and Cooperative Management' by NGO partner advisors who will be intensively trained by IICEM BDS specialists. Accordingly, during this reporting period the activities of the IICEM BDS team were concentrated on elaboration of training modules to address the following issues : Business environment, cooperative structure and management, markets and marketing, supply chain management and financial management and accounting (simplified). The skill sets imparted to recipients of these training modules will be strengthened further by the USAID frameworks for assessment of organizational capacity and environmental aspects.

ACTIVITIES PROGRAMMED FOR THE NEXT QUARTER

IMPROVED PRODUCTION AND PRODUCTIVITY

MILLET/SORGHUM VALUE CHAINS

Development of Cooperatives and Agro-Enterprises

Mopti Region

- Monitoring of post-harvest activities related to seed production
- Evaluation of seed production

Sikasso Region

- Identification of new seed cooperatives in the zones of Bougouni, Koutiala and Sikasso
- Purchase of sorghum seed from the Union de Diédougou, and distribution to partner producer organizations

Development of producer cooperatives and agro-enterprises (millet and sorghum)

Mopti Region

- Monitoring of post-harvest processing of millet
- Determining production yields

Sikasso Region

- Training of cooperatives and agro-enterprises on agronomic practices – evaluation of input needs based on recommended practices, use of improved seeds, use of fertilizers in micro-dosing/organic manure and USAID fertilizer factsheet best practices in order to better structure production in relation to the demand needs of targeted markets.

Support for establishing structured supply chains in major production zones

Mopti Region

- Continuing to inform and encourage producer organizations to sell production in « group sales » and to establish revolving funds sufficient to continuing the purchase of subsidized inputs
- Continuing training in quality assurance of targeted products
- Facilitate contracting farm gate sales between producers and buyers
- Continuing training in the use of moisture meters for producer organizations

RICE VALUE CHAIN

REHABILITATION OF VIP AND FLOOD PLAINS

Mopti Region

- Inform and Explain HIMO to potential beneficiaries for rehabilitation and construction of irrigation infrastructure

Sikasso Region

- Identification of new sites for small dam construction in the Bougouni area
- Startup of construction for small dams in identified sites

Cooperative and Agro-Enterprise Development

Mopti Region

- Assessment for the 2013 off-season production of rice
- Technical assistance for the planning of training in cooperative management and business development by NGO implementing partners;
- The supervision of training in cooperative management and business development by NGO implementing partners.

Sikasso Region

- Continuing the training of cooperatives and agro-enterprises in best agronomic practices – planning calendar, use of improved seeds, economic and environmentally appropriate use of fertilizer/micro-dosing/organic manure to better structure production to meet demand requirements of targeted markets.

Support for Establishing Supply Chains

Mopti Region

- Promoting and encouraging producer organizations to establish internal revolving credit facilities to cover inputs provided by project subsidies,
- Continuing training in management and quality assurance for targeted products,
- Monitor the consolidation of harvests at the producer level for collective sales.

OTHER ACTIVITIES FOR REVENUE DIVERSIFICATION

Sikasso Region

- Identify new sites for establishing vegetable gardens in collaboration with PAJE-Nièta
- Establish gardens

IMPROVED FINANCIAL SERVICES

-

Support to partners to develop loan requests and negotiate loans

- Monitoring the reimbursement of loans contracted for the 2012 growing season
- Support to cooperatives, through efforts of NGO implementing partners to encourage loan reimbursements
- Establish sale agreements/contracts between producer organizations and buyers (cereal wholesalers) to secure markets for millet, sorghum and rice as raw commodities.

IMPROVE MARKET ACCESS AND INCREASE COMMERCIALIZATION

Support to cereal wholesalers to supply quality cereals to national markets

Millet Value Chain

- Finalize supply contracts, to be signed between millet producer organizations and cereal wholesalers to secure transactions between both parties
- Provide BDS and related technical assistance to cereal wholesalers

Rice Value Chain

- Continue to encourage producer organizations to undertake aggregated (group) sales to gain marketing leverage, and to establish revolving funds for input purchases (Peenal and IICEM)

Support to the Mopti Rice Mills in Partnership with IICEM

- Assist mill operators in managing their raw material supplies and establishing more structured agricultural commodity supply chains from the VIPs
- Provide BDS and related technical assistance

SUMMARY OF PROJECT RESULTS

JANUARY 2010 – DECEMBER 2012

During the second implementation phase of IICEM, the project successfully achieved and significantly exceeded its targets, despite periods of national crisis and through extensive re-focusing to respond to newly emerging opportunities, and to adapt to specific technical challenges on the ground.

As the second phase represented a transition rather than inception of implementation, the program results obtained during the first implementation phase through December 2009 may be seen as baseline values for the second phase (and the current project extension), but given the agricultural calendar it is difficult to disaggregate with any precision the results of IICEM as of January 2010.

Early on in the second phase, a re-alignment of the project and its PMP with Feed the Future indicators necessitated restructuring of program interventions, and the challenges presented by subsequent budgetary obstacles were only compounded by the national political crisis beginning in March 2012. Despite the crisis and its ongoing aftermath, the one-year period from August 2011 to August 2012 showed marked success against numerous program indicators, and the number of partner producer organizations and community organizations served by IICEM grew from 241 to 493 - representing 31,855 producers including 23,536 men and 8,319 women.

Gross margins represent a high-level impact indicator of IICEM program results, and these continued to increase for basic cereals during the second phase. Increases in gross margins were achieved mostly by increasing farmer productivity, in the case of millet and sorghum, by doubling production while introducing new seed varieties, and appropriate use of fertilizers.

In addition to increased margins for producers, other program results included improvements in product quality. Specific product quality improvements in cereal grains as raw material for industrial millers were achieved in the course of IICEM efforts to increase structured trade in food commodities. Improved quality led to formalizing farm-gate sales agreements between producers and partner cereal wholesalers based on quality-requirement contracting (*cahiers des charges*), leading to sales with quality premiums from 10% to 30% over market value. IICEM support for the establishment of three semi-industrial rice mills provided an opportunity to better organize farm-gate sales as an element of increasingly structured supply chains for industrial milling operations of cereal grains for human consumption as well feedstock.

Despite a poor harvest and lower than anticipated yields due to poor rainfall and the unavailability of fertilizer during the one-year period from FY2011 to FY2012, the total sales of all targeted crops increased from \$4.2 million in to \$13.8 million (from 2.1 billion FCFA to nearly 7 billion FCFA) an increase of 229% - due in large part to the inclusion of partner cereal wholesalers, who sourced commercial sorghum and millet grain from a much wider production area than the IICEM target zones. During this period, the value of sales was strongly influenced by the prevailing high market prices due to anticipated supply shortfalls.

Overall, IICEM financing for infrastructure- including dams, warehouses, and small cereal mills - and technical training on improved productivity and product quality has enabled producers, processors, and consolidators to obtain skills necessary to increase their margins and improve productivity on multiple fronts. Productivity has been improved through intensification of cultivation and increased

yields (productivity and production). The reduction of post-harvest losses through improved processing and storage has increased marketable quantities. Improved product quality control and quality assurance, reduced transaction costs through more efficient logistical management, and increased access to more remunerative commercial opportunities for producers including better strategic positioning on targeted markets have permitted producers to benefit from improved quantity of sales at higher prices.

Rice Value Chain

In the rice value chain, IICEM activities had supported 2,685 MT of production during the 2008-2009 agricultural season, which (as noted above) may be seen as a baseline for the second implementation phase. IICEM's value chain specialists and a consultant conducted research in Bamako markets to show the evolution of prices of paddy and husked rice and to determine consumer requirements. As a measure to help value chain actors meet demand requirements, contacts were made with the company CAFON Niono for the provision of two mini rice mills that are able to provide a variety of rice to consumers in the Mopti region, with potential to expand into other areas of Mali.

Mopti Rice Value Chain - Irrigated Village Perimeter

Despite the national political crisis beginning in March 2012 and its aftermath, during the one-year period from FY2011 to FY2012, revenues from irrigated village perimeters (VIPs) increased by 20%, from \$1,247/ha to \$1,501/ha, representing 93% of the target of \$1,610/ha. The increase in gross margins during 2012 was in part the result of the widespread adoption of improved agronomic practices, e.g. improved seed and judicious use of fertilizer (when available), but mostly due to the significant increase in market prices during a period of insufficient supply. Due to these high prices, the national and regional market dynamics of 2011-2012 enabled IICEM partner producer organizations to sell a lesser quantity of their paddy to make their loan payments. Thus despite a poor harvest, the producers still saw financial benefits.

Mopti Rice Value Chain - Irrigated Village Perimeter										
Indicator / Disaggregation	FY 2009	FY 2010		FY 2011		FY 2012		FY 2013		FY12 / Baseline
	Baseline Value	Actual Results		Actual Results		Actual Results		Targets		3 Years
	Number	Number	% Growth	Number	% Growth	Number	% Growth	Number	% Growth	% Growth
Gross margin	\$1,037	\$991	-4%	\$1,247	26%	\$1,501	20%	\$1,550	3%	45%
Number of hectares under new or improved rehabilitated irrigation	516	855	66%	1,190	39%	1,840	55%	2,134	16%	257%
Number of producers organizations receiving USG support	25	43	72%	49	14%	61	24%	74	21%	144%
Number of farmers who have applied new technologies	1,019	1,013	-1%	3,519	247%	4,663	33%	6,829	46%	358%
Value of incremental Sales	\$313,897	\$414,330	32%	\$800,000	93%	\$691,305	-14%	\$1,500,000	117%	120%
Value of agricultural and rural loans	\$137,724	\$194,467	41%	\$105,605	-46%	\$129,846	23%	\$260,000	100%	-6%

Sikasso Rice Value Chain – Lowland

Lowland rice production systems in Sikasso showed a 57% increase in gross margins during the third year of the second phase, from \$681/ha in FY2011 to \$1,072/ha in FY2012, exceeding targets by 134%.

Sikasso Rice Value Chain - Lowland										
Indicator / Disaggregation	FY 2009	FY 2010		FY 2011		FY 2012		FY 2013		FY12 / Baseline
	Baseline Value	Actual Results		Actual Results		Actual Results		Targets		3 Years
	Number	Number	% Growth	Number	% Growth	Number	% Growth	Number	% Growth	% Growth
Gross margin	\$259	\$438	69%	\$681	55%	\$1,072	57%	\$1,090	2%	314%
Number of hectares under new or improved rehabilitated irrigation	382	1,127	195%	2,255	100%	3,225	43%	3,618	12%	744%
Number of producers organizations receiving USG support	5	10	100%	8	-20%	17	113%	23	35%	240%
Number of farmers who have applied new technologies	316	822	160%	2,629	220%	3,843	46%	5,199	35%	1116%
Value of incremental Sales	\$93,300	\$308,400	231%	\$1,600,000	419%	\$2,761,254	73%	\$3,200,000	16%	2860%
Value of agricultural and rural loans	\$0	\$48,694	n/a	\$39,822	-18%	\$41,925	5%	\$60,000	43%	n/a

Millet/Sorghum Value Chain

USAID/Mali considers millet and sorghum as a single value chain (the ‘millet/sorghum value chain’), and as such IICEM has not always disaggregated the two. The following two tables are an exception to this general rule, provided to illustrate the relatively higher value and commercial potential of millet according to the experience of the project.

Millet Value Chain : Mopti and Sikasso

As noted above, millet has proven a versatile crop with relatively strong demand. Gross margins for millet increased dramatically FY2011 to FY2012, from \$221 to \$448/ha in FY2012 in particular, exceeding targets by 178%.

Millet Value Chain : Mopti and Sikasso										
Indicator / Disaggregation	FY 2009	FY 2010		FY 2011		FY 2012		FY 2013		FY12 /
	Baseline Value	Actual Results		Actual Results		Actual Results		Targets		Baseline
	Number	Number	% Growth	Number	% Growth	Number	% Growth	Number	% Growth	3 Years
Gross margin	\$0	\$0	n/a	\$221	n/a	\$448	103%	\$335	-25%	n/a
Number of hectares under improved technologies	0	0	n/a	2,776	n/a	13,177	375%	17,933	36%	n/a
Number of producers organizations receiving USG support	0	0	n/a	38	n/a	178	368%	235	32%	n/a
Number of farmers who have applied new technologies	0	0	n/a	3,285	n/a	8,949	172%	11,972	34%	n/a
Value of incremental Sales	\$0	\$0	n/a	\$0	n/a	\$180,073	n/a	\$1,100,000	511%	n/a
Value of agricultural and rural loans	\$0	\$0	n/a	\$126,950	n/a	\$0	-100%	\$150,000	n/a	n/a

Sorghum Value Chain : Sikasso

Due to the tendency of USAID/Mali to consider millet and sorghum as a single value chain (the 'millet/sorghum value chain'), it should be noted that the figures provided for FY2012 and FY2013 under 'Value of agricultural and rural loans' have not been disaggregated from millet for those years.

Sorghum Value Chain : Sikasso										
Indicator / Disaggregation	FY 2009	FY 2010		FY 2011		FY 2012		FY 2013		FY12 / Baseline
	Baseline Value	Actual Results		Actual Results		Actual Results		Targets		3 Years
	Number	Number	% Growth	Number	% Growth	Number	% Growth	Number	% Growth	% Growth
Gross margin	\$0	\$0	n/a	\$293	n/a	\$330	13%	\$350	6%	n/a
Number of hectares under improved technologies	0	0	n/a	186	n/a	12,117	6415%	17,275	43%	n/a
Number of producers organizations receiving USG support	0	0	n/a	26	n/a	145	458%	194	34%	n/a
Number of farmers who have applied new technologies	0	0	n/a	842	n/a	4,577	444%	7,713	69%	n/a
Value of incremental Sales	\$0	\$0	n/a	\$0	n/a	\$14,730	n/a	\$1,700,000	11441%	n/a
Value of agricultural and rural loans	\$0	\$4,739	n/a	\$44,734	844%	\$171,193	283%	\$280,000	64%	n/a



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SUCCESS STORY

USAID Support is Increasing Productivity

USAID support builds and reinforces the technical and commercial capacities producer organizations



"Last year I benefited from USAID support by planting 2 hectares of sorghum, from which I harvested and sold more than 3,500kg of sorghum. I used the cash to pay my children's school fees, and to construct a house. This year I received support to produce seeds, by which I expect to earn even more. For all this, I have USAID to thank."

Union President Mr. Togola, while touring his seed plot

Impressed with the results obtained by the Union in doubling their sales through USAID's support, the World Food Program (WFP) is in the process of constructing a warehouse for the Union in the village of Beleko for the consolidation and storage of 500MT of cereals.

USAID has contributed heavily to improving the agricultural value chains by increasing the capacity of producer organizations. One of these, the *Union des Sociétés Coopératives des Producteurs de Maïs de Diédougou*, focuses on adding value and marketing cereals, specifically millet and sorghum, with a membership of over 1900 members (including 900 women) drawn from seven producer groups.

In order to better respond to the needs of its members, the Union established a partnership with USAID in 2010. This relationship has helped to facilitate access to inputs for producing millet and sorghum on 5,000 ha, trained 700 producers (including 300 women) on best practices of production, harvest, and post-harvest, and has facilitated market access by negotiation of supply contracts to USAID's clients and commercial partners.

With USAID support, cereal yields have tripled - from 700 kg/ha in previous years to 2.2 MT/ha, and product quality has increased (reducing impurities to less than 1%), factors which have doubled the value of sales from FCFA 40 million to 80 million. A price premium of FCFA 10/kg is now obtained by all members of the Union, due to the quality of their products with respect to the quality standards specified by their buyers.

With this supplementary income, the Union installed two units of multifunctional processing equipment for the women of two villages. These motorized units mill cereals, support extraction of shea butter, and provide electricity to the communities. The Union has also purchased 14 plows and 28 oxen to support animal traction for its seven member producer organizations.

During the 2011-2012 agricultural season, the Union's collaboration with USAID has focused on the replication of certified seed on 150 ha by 156 seed producers (including 36 women), all of whom were trained on best practices of seed production. The resulting 180 MT of seed will allow USAID to expand its support to the production of over 25,000 ha of millet and sorghum during 2013. Recently, 60 producers from the region of Sikasso participated in a learning and exchange visit to the Union at Diédougou, during which time they established commercial relationships for the purchase of quality seed to plant in the Sikasso region during the next production season.