



USAID
FROM THE AMERICAN PEOPLE

ANNUAL PROGRESS REPORT AND QUARTERLY REPORT – FY 2012

MALAWI INTEGRATING NUTRITION IN VALUE CHAINS (INVC)

COVERING PERIOD: 25TH APRIL - 30TH SEPTEMBER 2012

FINAL

October 2012

This publication was produced for review by the United States Agency for International Development. It was prepared by DAI and its partners under the Malawi Integrating Nutrition in Value Chains (INVC) project.

AUTHORITY/DISCLAIMER

Prepared for USAID/Malawi under Contract Number AID-623-I-10-00003 awarded on April 25, 2012, entitled Malawi Integrating Nutrition in Value Chains (INVC).

This document is made possible by the support of the American People through the United States Agency for International Development (USAID). It was completed in partial fulfillment of Section F.6.(e).1. of the reference contract. The views expressed and opinions contained in this report are those of the Malawi INVC field team and are not intended as statements of policy of either USAID or the contracting companies. As such, the contents of this report are the sole responsibility of the DAI Field team and do not necessarily reflect the views of USAID or the United States Government.

PREPARED BY:

Integrating Nutrition in Value Chains (INVC) Project

MALAWI INVC IMPLEMENTING PARTNERS:



Development Alternatives, Inc (DAI)
7600 Wisconsin Ave., Suite 200
Bethesda, MD 20814
USA

Tel: +1-301-771-7600
Fax: +1-301-771-7777
Email: dai@dai.com

Malawi INVC Project Office
Old Manobec Complex
Area 4, Plot No: 4/356
Lilongwe, Malawi

Tel: +265-99-653-6071
+265-88-861-7037

With:



Save the Children

Save the Children Federation Inc. (STC)
54 Wilton Road
Westport, CT 06880

And:



Michigan State University (MSU)
Institute of International Agriculture
319 Agriculture Hall
East Lansing, MI 48824

MALAWI INVC ANNUAL PROGRESS REPORT AND QUARTERLY REPORT — FY2012

**COVERING THE PERIOD APRIL 25TH THROUGH 30TH
SEPTEMBER 2012**

DISCLAIMER

The views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

TABLE OF CONTENT

ACRONYMS	VI
MALAWI INVC ACTIVITY OVERVIEW AND RESULTS	9
BACKGROUND AND CONTEXT	9
RESULTS FRAMEWORK	11
HIGHLIGHTS OF PROGRESS THIS QUARTER	13
KEY RESULTS THIS QUARTER	16
PROGRAM MANAGEMENT AND MONITORING	17
TASK 1: KEY PROGRAM MANAGEMENT ACTIVITIES	17
<i>Sub-task 1: Project Start-UP</i>	17
<i>Sub-task 2: Project Launch</i>	18
<i>Sub-task 3: Project Implementation/Management Activities</i>	18
TASK 2: KEY MONITORING AND REPORTING ACTIVITIES	20
<i>Sub-Task 1: Monitoring and Reporting System Set-Up</i>	20
<i>Sub-Task 2: Strengthening Grantee M&E Systems</i>	20
<i>Sub-Task 3: Project Baseline Set-Up</i>	21
COMPONENT 1 – ADVANCING VALUE CHAIN COMPETITIVENESS	22
TASK 1: INCREASE ACCESS TO MARKETS	22
<i>Sub-task 1: Conduct Upgrading Strategies, Competitiveness Analyses and Demand Assessments</i>	22
<i>Sub-task 2: Support Industry participants in Market Development and Marketing</i>	22
<i>Sub-task 3: Strengthen Producer, Processor, and Value Chain based Trade Associations</i>	22
<i>Sub-task 4: Enhance Capacity to Comply with Standards, Quality Control and Food Safety Procedures</i> .	23
<i>Sub-task 5: Develop Partnerships and Strengthen Industry/Business Linkages</i>	23
TASK 2: INCREASE VALUE CHAIN EFFICIENCY AND VALUE ADDING OPTIONS	24
<i>Sub-task 1: Conduct assessments of value added sector</i>	24
<i>Sub-task 2: Facilitate technology transfer Through Firm-Level and Association Assistance</i>	24
<i>Sub-task 3: Improve Access to Post-Harvest Handling and Storage Options</i>	24
TASK 3: INCREASE ACCESS TO CREDIT AND FINANCE.....	24
<i>Sub-task 1: Support Development of Effective Structured Trade Opportunities</i>	24
<i>Sub-task 2: Facilitate Linkages between Lending institutions and smallholders</i>	25
TASK 4: FOSTER BUSINESS ENABLING ENVIRONMENT	25
<i>Sub-task 1: Strengthen Vertical Coordination and Trust</i>	25
<i>Sub-task 2: Build Agricultural Policy Advocacy and Dialogue Capacity</i>	25
COMPONENT 2: IMPROVING PRODUCTIVITY	26
TASK 1: IMPROVE ACCESS TO QUALITY SEED AND OTHER AGRO-INPUTS	26
<i>Sub-task 1: Increase/Strengthen Seed Supply</i>	26
<i>Sub-task 2: Strengthen and Expand Seed/Inputs Distribution Systems</i>	26
TASK 2: INCREASE ACCESS TO NEW TECHNOLOGY AND MANAGEMENT PRACTICES	26
<i>Sub-task 1: Improve Access to Effective Best Bet (Production) Technologies and Management Practices</i> 26	
<i>Sub-task 2: Improve Access to Proven Management Practices in the Dairy Sector</i>	27
TASK 3: IMPROVE ACCESS TO EFFECTIVE ADVISORY EXTENSION SERVICES AND INFORMATION	27
<i>Sub-task 1: Support Linkages of Research Institutions with Extension Service providers (both public and private sector based)</i>	27
<i>Sub-task 2: Use ICT in Stimulating Productivity and Value Chain Development</i>	27

TASK 4: PROMOTE RISK MITIGATION EFFORTS.....	28
<i>Sub-task 1: Promote Conservation Agriculture and Other Resilient Agricultural Practices</i>	28
<i>Sub-task 2: Develop The Environmental Management and Monitoring Plan (EMMP)</i>	28
COMPONENT 3: IMPROVING COMMUNITY CAPACITY TO PREVENT UNDER-NUTRITION ...	29
TASK 1: IMPROVE KEY NUTRITION-RELATED BEHAVIORS (ESSENTIAL NUTRITION ACTIONS) WITHIN HOUSEHOLDS	29
<i>Sub-task 1: Determine Factors that Influence Nutrition and Feeding Practices.....</i>	29
<i>Sub-task 2: Develop BCC Strategy.....</i>	29
<i>Sub-task 3: Facilitate Implementation of BCC Strategy.....</i>	30
TASK 2: INCREASE ACCESS TO DIVERSE AND QUALITY FOODS AMONG TARGET POPULATIONS	30
<i>Sub-task 1: Facilitate and Promote Cultivation of Nutritious Crops.....</i>	30
<i>Sub-task 2: Facilitate Food Processing.....</i>	30
<i>Sub-task 3: Facilitate Food Fortification</i>	30
TASK 3: ENHANCE CONSUMPTION OF A NUTRITIOUS AND SUFFICIENTLY DIVERSIFIED DIET	30
<i>Sub-task 1: Facilitate promotion of dietary diversification</i>	30
<i>Sub-task 2: Promote Management of Acute Malnutrition.....</i>	30
<i>SUB-TASK 3: Promote Hygiene and Sanitation.....</i>	31
TASK 4: INCREASE ACCESS TO AND UTILIZATION OF KEY NUTRITION-RELATED SERVICES AMONG TARGETED POPULATIONS INCLUDING COMMUNITY SURVEILLANCE AND REFERRALS.....	31
<i>Sub-task 1: Conduct Community-Based Growth Monitoring and Promotion</i>	31
<i>Sub-task 2: Promote Vitamin A Supplementation and De-Worming</i>	31
<i>SUB-TASK 3: Support/Strengthen Community System/Strategy for Referral of children</i>	31
COMPONENT 4: INVESTING IN INNOVATION.....	32
TASK 1: DESIGN FUND	32
TASK 2: OPERATIONALIZE FUNDING MECHANISM	32
<i>Sub-task 1: Establish Grant Review and Management Process</i>	32
<i>Sub-task 2: Management of post-grant award activities.....</i>	33
TASK 3: DEVELOP SUSTAINABILITY MECHANISMS FOR FUNDS	33
<i>Sub-task 1: Conduct Organizational Capacity Assessments.....</i>	33
<i>Sub-Task 2: Develop Industry Business Plans.....</i>	33
<i>Sub-Task 3: Survey and Assess third-party fund managers and donor/industry interest.....</i>	33
TASK 4: INCREASE INVESTMENTS IN AGRICULTURE AND NUTRITION-RELATED ACTIVITIES BY PRIVATE SECTOR ACTORS	33
<i>Sub-task 1: Facilitate public-private partnership related to Agriculture and Nutrition sectors.....</i>	33
<i>Sub-task 2: Investment Promotion Targeting INVC Value Chains</i>	33
COMPONENT 5: DEVELOPING LOCAL CAPACITY	34
TASK 1: DEVELOP MALAWI'S CAPACITY GOING FORWARD	34
<i>Sub-task 1: Upgrade/Improve Organizational Capacity to Manage Grants</i>	34
<i>Sub-task 2: Build Organizational Capacity</i>	34
TASK 2: ENHANCE HUMAN AND INSTITUTIONAL CAPACITY DEVELOPMENT WITHIN VALUE CHAINS	34
<i>Sub-task 1: Upgrade Organizational Capacity in New Technologies and management practices.....</i>	34
<i>Sub-task 2: Deliver New Technologies and Management Practices to organizations.....</i>	34
<i>Sub-task 3: Deliver New Technologies and Management Practices to farmers</i>	34
<i>Sub-task 4: Facilitate Policy review and Advocacy Support</i>	35
<i>Sub-task 5: Conduct Training in Value Chain and Nutrition specific topics.....</i>	35
<i>Sub-task 6: Strengthen and Facilitate Growth of Service Providers</i>	35
QUARTERLY FINANCIAL SUMMARY REPORT.....	36

FIGURES

FIGURE 1: INVC ZONE OF IMPACT	11
FIGURE 2: MALAWI INVC RESULTS FRAMEWORK.....	11

TABLES

TABLE 1: INVC PROJECT COMPONENTS AND IRS	12
TABLE 2: PERFORMANCE INDICATORS	12
TABLE 3: KEY RESULTS - THIS QUARTER.....	16
TABLE 4: PROPOSAL/CONCEPT NOTE SUBMISSION BY COMPONENT	32
TABLE 5: QUARTERLY FINANCIAL SUMMARY	36

ACRONYMS

ADMARC	Agricultural Development and Marketing Corporation
AI	Artificial Insemination
AIDS	Acquired Immune Deficiency Syndrome
ARET	Agricultural Research and Extension Trust
ARI	Acute Respiratory Infection
ASWAp	Agriculture Sector Wide Approach
BCC	Behavior Change Communication
BDS	Business Development Services
CAADP	Comprehensive African Agriculture Development Program
CBO	Community Based Organization
CCFLS	Community Complementary Feeding and Learning Sessions
CG	Care Group
CGIAR	Consultative Group on International Agricultural Research
CGV	Community Group Volunteers
CH	Community Health
C-IMCI	Community Integrated Management of Childhood Illness
COMESA	Common Market for Eastern and Southern Africa
CONGOMA	Council for Non-Governmental Organizations in Malawi
COP	Chief of Party
CSB	Corn Soy Blend
CTC	Community Therapeutic Care
DAES	Department of Agricultural Extension Services
DAPP	Development Aid from People to People
DCA	Development Credit Authority
DCOP	Deputy Chief of Party
DHS	Demographic and Health Survey
DIPD	Dairy Industry Development Platform
DNHA	Department of Nutrition, HIV and AIDS
DTWG	Dairy Technical Working Group
ELISA	Enzyme-Linked Immune-Sorbent Assay
EMMP	Environmental Mitigation and Monitoring Plan
ENA	Essential Nutrition Actions
EPA	Extension Planning Area
ERF	Environmental Review Form
EU	European Union
FAS	Field Accounting Systems
FBO	Farmer Based Organization
FISP	Fertilizer Input Subsidy Program
FTF	Feed the Future
FUM	Farmers Union of Malawi
FY	Fiscal Year
GAP	Good Agricultural Practices
GBC	Grain Bulking Center
GDA	Global Development Alliance
GHI	Global Health Initiative
GIS	Geographic Information System
GM	Growth Monitoring

GMO	Genetically Modified Organism
GOM	Government of Malawi
GPEC	Grant Proposal Evaluation Committee
GPRT	Grant Proposal Review Team
HACCP	Hazard Analysis and Critical Control Points
HICD	Human and Institutional Capacity Development
HIV	Human Immuno virus
HSA	Health Surveillance Assistant
ICRISAT	International Crops Research Institute for the Semi-Arid Tropics
ICT	Information Communication Technology
IEE	Initial Environmental Examination
IFPRI	International Food Policy and Research Institute
IHS	Integrated Household Survey
IIF	Investing in Innovation Fund
IITA	International Institute of Tropical Agriculture
I-LIFE	Improving Livelihoods through Increasing Food Security
INVC	Integrating Nutrition in Value Chains
IQC	Indefinite Quantity Contract
IR	Intermediate Results
ISF	Implementation Support Fund
IT	Information Technology
KFP	Key Family Practices
LQAS	Lot Quality Assurance Sampling
MAD	Minimum Acceptable Diet
MALEZA	Malawi Enterprise Zone Association
MASA	Malawi Seed Association
MBG	Milk Bulking Group
MCHN	Maternal Child Health and Nutrition
M&E	Monitoring and Evaluation
MDDA	Malawi Dairy Development alliance
MDGs	Millennium Development Goals
MEDI	Malawi Entrepreneurial Development Institute
MGDS	Malawi Government Development Strategy
MIM	Malawi Institute of Management
MLI-BM	Market Linkages Initiative- Bridging Mechanism
MMPA	Malawi Milk Producers Association
MoA&FS	Ministry of Agriculture and Food Security
MoICE	Ministry of Information and Civic Education
MOH	Ministry of Health
MOU	Memorandum of Understanding
MSU	Michigan State University
MUSCO	Malawi Union of Savings and Credit Association
NASFAM	National Association of Smallholder Farmers of Malawi
NGO	Non-Governmental Organization
NRU	Nutritional Rehabilitation Unit
OCAT	Organizational Capacity Assessment Tool
OIBM	Opportunity International Bank of Malawi
PDH	Positive Deviance/Health
PDI	Positive Deviance Inquiry
PERSUAP	Pesticide Evaluation Report and Safe Use Action Plan

PFS	Partners in Food Solutions
PIRS	Performance Indicator Reference Sheet
PMEP	Performance Monitoring and Evaluation Plan
PSI	Population Services International
RSA	Republic of South Africa
RUMARK	Rural Market Development Trust
RUTF	Ready to Use Therapeutic Food
SA	Supervision Area
SATH	Southern Africa Trade Hub
SFSA	Support for Food Security Activities
SME	Small and medium enterprise
SMS	Short Messaging System
SO	Strategic Objective
SPS	Sanitary and Phyto-Sanitary
SSD-E	Support for Service Delivery – Excellence
Sub-IR	Sub Intermediate Results
TAMIS	Technical and Administrative Management Information System
ToT	Trainer of trainers
UFML	Universal Farming and Milling Limited
UHT	Ultra High Temperature
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USG	United States Government
VAC	Village Aggregation center
VAT	Value Added Tax
VCS	Value Chain Specialists
VSLA	Village Savings and Lending Associations
WALA	Wellness and Agriculture and Life Advancement
WFP	World Food Program
WVI	World Vision International
ZOI	Zone of Influence

MALAWI INVC ACTIVITY OVERVIEW AND RESULTS

This document presents the *Integrating Nutrition in Value Chains (INVC)* project's first quarter report for fiscal year (FY) 2012. This quarterly report covers the period from inception through September 30, 2012.

Awarded on April 25, 2012, Malawi INVC runs for three years from April 2012 to 2015. Designed to help advance the vision of Feed the Future and Global Health Initiative in Malawi, the INVC project will focus its activities to deliver the Initiatives' two over-arching goals:

1. Sustainably reducing rural poverty; and
2. Improving Nutrition

These goals reinforce Malawi's Poverty Reduction Strategy and USAID/Malawi's Strategic Objective: Promote Economic Growth and Food Security. The INVC activity components are essentially contributing to these goals directly and indirectly.

This section presents an overview of the project as well as some of the main achievements and challenges experienced during the period covered by this report. It is intended to provide a brief background and set the context for those unfamiliar with the activity.

BACKGROUND AND CONTEXT

The Malawi "Integrating Nutrition in Value Chains (INVC)" project, a three year effort under the Task Order/Contract no: AID-612-TO-12-00001 is funded under the SFSA IQC no: AID-623-I-10-00003. To achieve the overall goals of the project, INVC will promote, support, and facilitate gender equitable market-driven, agriculture-led, and integrated economic growth approaches. The delivery of targeted technical assistance will assist not only civil society, but also the private sector and government throughout the seven target districts, to realize the advantages of greater collaboration, commercialization, and competitiveness across three targeted value chains: Soy Bean, Groundnut, and Dairy.

INVC support over the life of the activity is expected to lead to agricultural transformation across the three value chains resulting in the achievement of the following objectives:

1. Improved productivity (land, water, labor) through soil and water management practices;
2. Increased competitiveness of the legumes and dairy value chains to mitigate food insecurity and increase incomes of the rural poor;
3. Reduced chronic under nutrition;
4. Improved value chain competitiveness and nutrition outcomes through the fostering of innovation in adaptive technologies and techniques that will increase participation of the poor in agriculture-led growth; and
5. Enhanced capacity of local organizations and institutions developed to promote sustainability and climate change resilience.

To achieve the above objectives, INVC will:

1. Invest in the competitiveness of legumes (soy bean and groundnut) and dairy value chains to develop domestic and export markets and improve nutrition options;

2. Link increased market-oriented production of legumes and dairy to household consumption and improved nutritional status;
3. Support community based programs focused on behavior change, food fortification, and capacity building to impact nutritional outcomes; and
4. Strengthen Malawian agriculture-related organizations (both government and non-governmental) to improve institutional capacity to capture and scale up existing models and practices in order to implement one or more components of INVC.

To realize the above results, the INVC project will fully integrate USAID FTF goals of poverty reduction and malnutrition. INVC will focus its activities along the following five inter-related components to harness the production and commercial potential of smallholders so that they are better enabled to accelerate their march toward prosperity and healthful living. These five inter-related components form the core of the project, which provide the means to deliver long-term, systemic changes in Malawi's market and health systems:

- a. Advancing Value Chain Competitiveness
- b. Improving Productivity
- c. Improving Community Capacity to Prevent Under-Nutrition
- d. Promoting Innovation
- e. Developing Local Capacity

In addition to these components, a number of systemic and cross-sectoral issues critical to INVC success including gender, information and communication technology, HIV/AIDS, access to financial services, policy advocacy and climate change will be addressed.

Over the life of the project, INVC will also tackle market and firm-level efficiency issues for Malawi's smallholders, increase farm-level value capture, and promote more mainstream consumption of nutritious foods through behavior change strategies.

INVC Target Beneficiaries

Malawi smallholders that are eligible for participation in INVC activities are described as "the poor with assets." These are smallholders who, while they do not belong to the "ultra poor" group that fall well below the poverty line, nevertheless lack sufficient resilience to completely escape from the possibility of falling under the line in the future. External shocks beyond their control could easily plunge them into poverty.

This population representing the target beneficiaries shares the following characteristics:

- Cultivate between 1.25 to 3 acres (0.5 to 1.2 Ha) of land,
- Produce sufficient maize for home consumption,
- Have the potential to increase maize productivity and to free up land for crop diversification to legume production,
- Access extension services and inputs (seeds and inorganic fertilizers), and
- Have the potential for linking to markets.

INVC Target Districts

The focus on diversification into legume production (groundnut and soy bean) and dairy for their income generation, soil fertility and moisture enhancement and nutritional benefits determine INVC's geographic scope as those areas of Malawi suitable for these agricultural

activities. The seven districts, spanning two regions (Central and South) and affecting 275,000 households, with highest potential for increasing legume and dairy production are: Mchinji, Lilongwe, Dedza, Ntcheu, Balaka, Machinga and Mangochi (Figure 1).

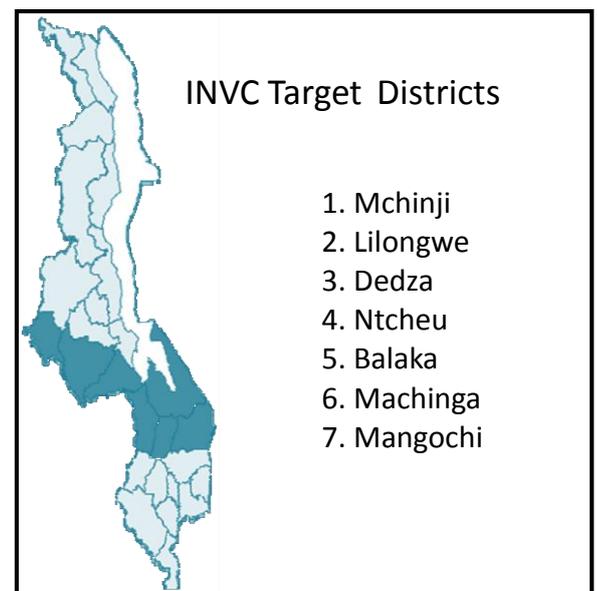
RESULTS FRAMEWORK

INVC activities fall under six intermediate results (IRs). These IRs highlight the close linkage between agriculture and nutrition, and the leveraging of resources from across both the Feed the Future (FtF) and the Global Health Initiative (GHI) portfolios further underscore the centrality of the two domains to the success of INVC (Figure 2).

Both domains support the overall USAID FtF and GHI goals, which are:

- a. Sustainably Reduce Poverty and Hunger in Malawi
- b. Foster a healthier Populace able to participate in the nation’s economic development

FIGURE 1: INVC ZONE OF IMPACT



The six IRs and their subsequent sub-IRs are clustered around a framework that supports the achievement of a strategy to deliver the achievement of the Mission-level Objectives of:

1. Inclusive Agriculture Sector Growth
2. Improved Nutritional Status

The five INVC components contain activities that are prioritized to achieve results in each IRs and Sub-IRs and maximize INVC contribution to the Mission objectives.

Together the IRs and sub-IRs provide the pathway for INVC to achieve its development goals, strategic objectives, and required results. The IRs and Sub-IRs under the two objectives are presented below:

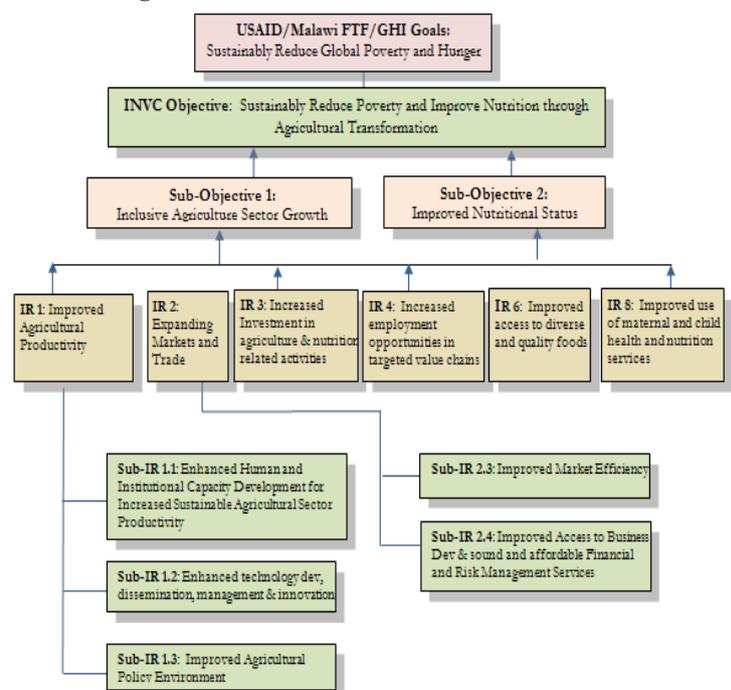
Sub-Objective 1: Inclusive Agriculture Sector Growth

IR 1: Improved Agricultural Productivity

- Sub-IR1.1: Enhanced Human and Institutional Capacity Development for Increased - Sustainable Agricultural Sector Productivity
- Sub-IR1.2: Enhanced Technology Development, Dissemination, Management, and Innovation
- Sub-IR1.3: Improved Agricultural Policy Environment

IR 2: Expanding Markets and Trade

Figure 2: Malawi INVC Results Framework



- Sub-IR2.3: Improved Market Efficiency
- Sub-IR2.4: Improved Access to Business Development and Sound and Affordable Financial and Risk Management Services

IR 3: Increased Investment in agriculture and Nutrition-related Activities

IR 4: Increased Employment Opportunities in Project-Level, Targeted Value Chains

Sub-Objective 2: Improved Nutritional Status

IR 6: Improved Access to Diverse and Quality Foods

IR 8: Improved Use of Maternal and Child Health and Nutrition Services

IR 3: Increased Investment in agriculture and Nutrition-related Activities

To successfully deliver the results outlined above, Malawi INVC must manage and monitor its activities under the five inter-related components and cross-cutting areas over the life of the project. Table 1 below illustrates how each component and IRs and Sub-IRs are linked to generate the outputs and outcomes leading to achievement of the objectives.

Table 1: INVC Project Components and IRs

Sub-Objective 1: Inclusive Agricultural Sector Growth	Sub-Objective 2: Improved Nutritional Status
<i>Component 1: Advancing Value Chain Competitiveness (IR-2;IR-4;IR-2.3; IR-2.4)</i>	<i>Component 3: Improving Community Capacity to prevent Under-Nutrition (IR-6;IR-8)</i>
<i>Component 2: Improving Ag. Productivity (IR-1;IR-1.2;IR-1.3)</i>	
<i>Component 4: Investing in Innovations (IR-3)</i>	
<i>Component 5: Developing Local Capacity (IR-1.1)</i>	

All INVC activities will contribute toward achieving the following performance targets (Table 3), as measured by the above intermediate result (IR) indicators.

Table 2: Performance Indicators

Project Wide Performance Indicators	Life of Project Targets
Households benefiting from INVC facilitation	275,000
Children under 5 years with reduced malnutrition	100,000
Yield/hectare for legumes increased	15%
Yield/cow for milk increased	50%
Land area under legumes production increased	15%
No. of agriculture-related Malawian NGOs and/or governmental organizations with operational capacity and effectiveness increased	5
No. of local partners with effective management practices & financial systems with potential to receive future USG awards	3
Value of new investments by private sector actors increased as a result of innovation fund co-investments	\$500,000

HIGHLIGHTS OF PROGRESS THIS QUARTER

This subsection of the Quarterly Report briefly summarizes progress made by the Malawi INVC project team toward completing the tasks under the five components listed in Table 1. Highlights from the quarter include:

PROJECT MANAGEMENT:

Two tasks guide efforts to achieve results under Project Management. Noteworthy progress, under these tasks attained this quarter, are as follows:

1. Malawi INVC office set-up and majority of long term technical assistance team (three out of four key personnel) fielded.
2. Malawi INVC officially launched by Her Excellency, the President of Malawi.
3. Partners meetings and visits to introduce INVC conducted.
4. Malawi INVC Transition Plan submitted to USAID and approved.
5. Malawi INVC Branding and Marking plan submitted to USAID and approved.
6. Malawi INVC Procurement Plan (ADS 548) submitted and approved.
7. Malawi INVC Year 1 (2012) Workplan completed and submitted to USAID
8. Malawi INVC Environmental Mitigation and Monitoring Plan (EMMP) initiated.
9. Malawi INVC Performance Monitoring and Evaluation Plan (PMEP) completed and submitted to USAID. PMEP approved.
10. Malawi INVC project M&E system established.
11. Malawi INVC project *Technical and Management Information System* (TAMIS) established.
12. INVC M&E Manager participated in USAID organized Feed the Future (FTFMS) M&E training in Zambia.
13. INVC participated in the Agriculture Sector Wide Approach (ASWAP) Orientation Workshop.

COMPONENT 1: ADVANCING VALUE CHAIN COMPETITIVENESS

Four tasks guide efforts to achieve results under Component 1. Noteworthy progress, under these tasks attained this quarter, are as follows:

1. Work planning Workshop held to introduce INVC and go over concepts and approaches such as value chain approach and causal analysis application.
2. Upgrading Plans for all three value chains (soy, groundnuts, and dairy) completed and submitted to USAID.
3. Agricultural/Value Chain trade show/exhibition organized as part of project launch in Tidi village.
4. Post-harvest handling and storage situation analysis completed.
5. Dairy Sector priority issues identification meeting held with stakeholders to identify important bottlenecks in the value chain that require support. Focus Group meetings were held first with dairy producers associations and another one held with the dairy processors association.
6. Dairy Technical Working Group (DTWG) established and meeting held where all key players of the sector participated to move sector issues forward. DTWG has been renamed as the Dairy Industry Development Platform (DIDP).
7. Soybean technical working group concept discussed with stakeholders and concluded that it would be best to support the formalization of the newly created soybean sector trade association to address sector wide competitiveness issues and bottlenecks.
8. Geo referencing of Dairy farmers conducted.

9. Coordinated with the Southern Africa Trade Hub (SATH) to plan a training event to address groundnut-related aflatoxin risk reduction issues prevalent in Malawi.

COMPONENT 2: IMPROVING PRODUCTIVITY

Four tasks guide efforts to achieve results under Component 2. Noteworthy progress, under these tasks attained this quarter, are as follows:

1. Malawi INVC community dairy cross-breeding program launched by Secretary Clinton at Lumbadzi to mark her historic visit to Malawi.
2. Collaborated with USAID Washington funded research project, Africa RISING, to plan on how best to target participants from the extension realm for a workshop on best bet technology proposed for next quarter.
3. Soybean Seed Sector Meeting held with key players to identify priority issues.
4. Under INVC's risk mitigation effort, an Environmental Mitigation and Monitoring Plan (EMMP) was initiated to identify effective tools and procedures to manage risks.

COMPONENT 3: IMPROVING COMMUNITY CAPACITY TO PREVENT UNDER-NUTRITION

Four tasks guide efforts to achieve results under Component 3. Noteworthy progress, under these tasks attained this quarter, are as follows:

1. Participated in USAID's Nutrition Partner's meeting held in the Mission to share nutrition-related program updates and experiences and identify areas for future collaboration and synergy.
2. BCC Strategy Development Planning completed.
3. Initial formative research tool drafted.
4. Consultative meetings held to identify BCC gaps done with Population Services International (PSI), Support for Service Delivery Integrated (SSDI)-communication, Pakachere Health Institute of Health and Development communication, Ministry of Health (Health Education Unit), Ministry of Information and Civic Education (MOICE), World Vision International (WVI), Nkhoma Hospital and the Department of Nutrition, HIV and AIDS (DNHA).
5. Various documents (policies, strategies, guidelines and policies) on nutrition and BCC were reviewed in light of two workshops (BCC development workshop and dissemination workshop) planned for next quarter.

COMPONENT 4: INVESTING IN INNOVATIONS

Four tasks guide efforts to achieve results under Component 4. Noteworthy progress, under these tasks attained this quarter, are as follows:

1. Malawi INVC Grants Manual completed and submitted to USAID. Grants Manual approved.
2. Call for proposal advertised in The Nation newspaper. In response to the call for proposal, a total of 43 concept notes and proposals were submitted by interested stakeholders/applicants.
3. Established an internal two-tiered proposal review process. The grants proposal evaluation committee (GPEC) is tasked to review proposals and concept notes to identify relevant submissions and separate the good from the irrelevant. The Technical evaluation committee (TEC) (the 2nd tier) is then tasked to evaluate proposals.
4. Developed proposal selection criteria to compare competing proposals.

5. Developed a pre-Award survey tool to assess potential grantees.
6. Conducted pre-award surveys and organizational capacity assessments of seven (7) organizations.
7. Developed a financial capability questionnaire to be utilized once grantees have been selected.
8. Developed a checklist for Reference checks to obtain professional feedback on potential grantees in terms of ability to manage grants.
9. Evaluated and provided feedback on 26 concept notes and proposals as of September 30, 2012. Feedbacks were via email and/or meetings.
10. Provided detailed feedback, guidance and technical assistance to shortlisted applicants to help them improve their concept notes and proposal submissions. For potential implementing partners such as MMPA, FUM, CADECOM etc. training on proposal development and writing was also conducted.

COMPONENT 5: DEVELOPING LOCAL CAPACITY

Two tasks guide efforts to achieve results under Component 5. Noteworthy progress, under these tasks attained this quarter, are as follows:

1. Capacity Building of key partners on proposal writing and development conducted.
2. Developed institutional capacity assessment tool which included organizational development and BCC issues.
3. Conducted institutional capacity assessment of eight (8) organizations: Malawi Institute of Management (MIM), Malawi Entrepreneurial Development Institute (MEDI), Farmers Union of Malawi (FUM), Malawi Union of Savings and Credit Cooperatives (MUSCO), Pakachere Health Institute of Health and Development communication, Nkhoma Hospital, Universal Industries (Universal Farming & Milling) and MOICE. The assessment will continue in the next quarter.
4. Organizational needs assessments were conducted for eight (8) organizations. These assessments will continue in the next quarter for other relevant organizations that are likely to receive grants from INVC.
5. Developed M&E capacity assessment tool/checklist.
6. Shortlisted/identified five (5) organizations that will have their M&E systems assessed next quarter.

CHALLENGES EXPERIENCED THIS QUARTER

The key challenges experienced during the quarter were primarily focused around staffing. Three long-term positions had to be recruited for again given performance issues. INVC immediately began recruitment for replacements and is confident that such replacements will be in place before the end of the next quarter.

Details for each activity under the five components and project management mentioned above are presented in subsequent chapters.

KEY RESULTS THIS QUARTER

The combined effect of all of the activities mentioned in the next sections is expected to contribute to the achievement of the overall impact objectives pertaining to this Activity.

INVC estimates that during this quarter, it contributed the following toward the achievement of the targets. As INVC further establishes itself in the communities across the zone of influence (ZOI), we expect its contribution toward the impact indicators to increase as well.

Table 3: Key Results - This Quarter

Applicable Performance Indicator	This Quarter Outputs
Number of members of producer organizations and community based organizations receiving USG assistance	326
Value of incremental sales (collected at farm- level) of milk, soybeans and groundnuts attributed to FTF implementation	0
Number of public-private partnerships formed as a result of FTF assistance	4
Number of private enterprises, producer organizations, water users associations, women's groups, trade and business associations and community based organizations (CBOs) that applied new technologies or management practices as a result of USG assistance	40
Number of farmers and others who have applied new technologies or management practices as a result of USG assistance	221
Number of individuals who have received USG supported short-term agricultural sector productivity or food security training	120
Number of rural households benefiting directly from USG interventions	1500
Value of new private sector investment in the agriculture sector or food chain leveraged by FTF implementation	\$25,000
Number of new technologies or management practices made available for transfer as a result of USG assistance	0
Value of exports of targeted agricultural commodities (groundnut, soybean and milk) as a result of USG assistance	0
Value of agriculture and rural loans	0
Number of MSMEs, including farmers, receiving USG assistance to access loans	0
Number of MSMEs, including farmers, receiving business development services from USG assisted sources	0
Number of firms (excluding farms) or CSOs engaged in agricultural and food-security related manufacturing and services now operating more profitably (at or above cost) because of USG assistance	0
Gross margin per unit of land (for soybean and groundnut) and animal (for milk)	0
Number of hectares under improved technologies or management practices as a result of USG assistance	0
Number of private enterprises (for profit), producer organizations, water users associations, women's groups, trade and business associations and community based organizations (CBOs) receiving USG assistance	50
(CBLD 5) Score, in percent, of combined key areas of organization capacity amongst USG direct and indirect local implementing partners	0
Numbers of Policies/Regulations/Administrative Procedures analyzed	0
Women's dietary diversity: Mean number of food groups consumed by women of reproductive age	0
Number of people trained in child health and nutrition through USG-supported programs	0
Number of children under five reached by USG-supported nutrition programs	0

PROGRAM MANAGEMENT AND MONITORING

This section of the report provides a concise overview of project management and monitoring efforts undertaken by the project team to contribute toward achieving the overall project objectives. The main focus of the project team during the first quarter was to hit the ground running by (1) rapidly mobilizing key staff and operationalizing the project office, and (2) by installing management and monitoring systems to successfully and effectively kick-start the program. These activities are discussed under the two tasks detailed below.

TASK 1: KEY PROGRAM MANAGEMENT ACTIVITIES

SUB-TASK 1: PROJECT START-UP

The DAI technical team, led by the Chief of Party, was on the ground in Lilongwe within three weeks after contract signing (April 25, 2012) to begin project implementation. While setting up the project office, the project-start-up team took up temporary office quarters at the Capital Hotel. This temporary base enabled the DAI team to move contract activities forward quickly. It also provided the project the space to meet with potential partners and collaborators. Within three months of contract signing, the project office in Area 4 was fully operational and key staff members were in place.

As detailed in the transition plan submitted to the USAID/Malawi on May 3, 2012, the project start-up team worked rapidly to accomplish key activities such as establish USAID/COR contact on arrival, mobilize the LTTA team, establish office base, and prepare documentation to process project registration with relevant Malawi government institutions.

During the start-up phase, the team also began the process of customizing DAI's field manuals to ensure consistent application of human resources and office policies, and to ensure that procedures and practices are in line with USAID regulations, local laws and DAI's own policies. The Field manual covers office management, employment policies, compensation, benefits, staff evaluation, and ethics compliance among other topics.

Procurement of equipment and supplies was also carried out as outlined in the ADS 548, which was submitted to USAID as part of the contracting process. As such, the project secured major equipment and office furniture to set up the office. Items procured during this quarter included: IT/Servers, Printers, laptops and desktops, generators and project vehicles. The project also secured a 3-phase back-up generator given the erratic nature of electricity in Malawi.

As part of the DAI project management, administration and financial management systems setup, the start-up team also began the process of installing several core management and project backstopping systems, such as the customized version of our Technical and Administrative Management Information System (TAMIS), Field Accounting System (FAS), and IT for the project's network system. By the end of the quarter, all these systems were established. Most importantly, the recruitment of staff for key positions in the administration and financial management team was completed.

All project staff are now fully trained on use of the TAMIS and will be expected to use the system on a daily basis and maintain the data base to allow for accurate, timely project information and results. TAMIS has offered INVC project staff a very user friendly approach

to carry out the administration and technical responsibilities through the already existing IT infrastructure. Paper work has been minimized thereby reducing operations cost. INVC project staff members have welcomed the system since it offers them a quick and easy approach to place many of their technical and administrative tasks at the click of a button.

SUB-TASK 2: PROJECT LAUNCH

The INVC project team worked closely with USAID/Malawi to plan and prepare for the launch of USAID's *Feed the Future* (FtF) Program. The activity was officially inaugurated by Her Excellency, the President of Malawi Joyce Banda on July 12, 2012 at Tidi Village near Lilongwe. Tidi village was selected as the site to host the launch for several reasons. A key reason was that the village already had a well-organized group of motivated smallholders actively participating in group activities through NASFAM. The group, led by a single-mother and widow, also engaged in dairy farming, and as a group belonged to a milk bulking center previously funded by the EU. Since the group engaged in two out of three value chains, were closely linked to a potential partner, NASFAM, and the village had the space to host a big event, it served as a perfect candidate. More than 500 guests and well-wishers graced the event. The guests represented not only partners such as the NGOs and donors, but also Government, the Embassies, and the private sector. FtF and INVC received excellent media (newspaper, radio and TV) coverage.

To take advantage of the event and impress upon the participants and guest the concept of value chain approach, a trade show/exhibition was also mounted at the site. A total of 20 exhibitors, who were key actors in the dairy, soy bean, and groundnut value chains, were invited to display their products and services. The event provided the opportunity for the exhibitors to showcase a number of products, services, and industries spawned by the three commodities creating employment along the value chains and raising economic growth prospects.

SUB-TASK 3: PROJECT IMPLEMENTATION/MANAGEMENT ACTIVITIES

To initiate USAID's "light touch" approach under INVC, DAI invited key local organizations who had the potential to serve as partners to a pre-planning workshop. The pre-planning workshop, held on June 7, 2012 at Capital hotel, laid the groundwork to bring together organizations, associations and relevant market players from three value chains. The meeting provided an opportunity for the DAI team to share INVC goals and objectives, but also to initiate working relationships with those organizations that affect the project's outcomes and success. It was important to engage the local players early on concepts and approaches, such as value chain analysis and causal analysis to assist the activity teams in workplan development and eventual project implementation. Brief technical presentations were provided to help better align partners and stakeholders with INVC objectives.

Value Chain Upgrading Plans

In addition to organizing the workshop, and completing the first year work-plan, the DAI team focused its effort on revising the upgrading plans for all three value chains (soybean, groundnut, and dairy) to finalize the upgrading strategies. The revised and final upgrading plans and strategies served as a basis for much of the work-plan development.

FY 2012 Workplan

As part of the required deliverables, DAI also successfully submitted a comprehensive first year workplan to USAID/Malawi. The FY2012 workplan includes interventions and activities through April 24, 2013. The interventions and activities are organized under five components: Advancing value chain competitiveness; Improving productivity; Improving community capacity to prevent under-nutrition; Investing in innovations; and Developing local capacity. In addition to the five components, the DAI team also presented activities to support a number of systemic and cross-sectoral issues critical to INVC success such as gender, information and communication technology, HIV/AIDS, access to financial services, policy advocacy, and building climate change resiliency. The workplan drives the project's day-to-day activities to deliver a successful and effective program and achieve the required results.

FY 2012 Performance Monitoring and Evaluation Plan (PMEP)

To help track and manage the results, the DAI team also submitted a Performance Monitoring and Evaluation Plan (PMEP) to the Mission. The PMEP outlines the methodology applied by DAI and its partners for accurate performance management and monitoring of INVC. USAID's results framework serves as a cornerstone to INVC's monitoring and evaluation approach. As such, program performance and monitoring will be tracked on a regular and on-going basis using the performance indicators designed to monitor progress. To help hone the monitoring skills of the INVC team, the INVC M&E manager participated in a FTFMS training workshop in Zambia. The workshop was organized by USAID targeting M&E managers to ensure that data is reported regularly and accurately, so that successes and challenges are brought to the attention of FTF.

Grants Manual

As part of the start-up effort, the DAI team also drafted a grants manual. The grants manual was submitted to USAID and subsequently approved within the quarter. Grants from INVC's two mechanisms (Strategic Activities Fund and Innovation and Investment Fund) will be awarded to those applicants who submitted their concept notes and/or proposals within the deadline announced in the Call for Proposals. In response to the Call for Proposals that closed on September 7, 2012, 43 applicants submitted their concept notes and proposals. While the grants review process is ongoing, as of September 30, 2012, 26 proposals and concept notes had been reviewed and feedback provided to by the grants manager.

Environmental Mitigation and Management Plan (EMMP)

The process for developing the environmental mitigation and management plan (EMMP) for INVC was initiated during the quarter. INVC expects the EMMP to be completed for submission next quarter. There were challenges in getting this activity started since there were some confusion in terms of the exact nature of the environmental evaluation that needed to be conducted, who would conduct this, and whether or not the effort needed to await the completion of the PERSUAP.

Donor Coordination

To foster synergy, reduce duplication, increase coordination, and contribute to development, INVC participated in several workshops and meetings organized by donors such as the ASWAP workshops. We will continue to contribute to and participate in such activities next

quarter so that we are better able to link with other development efforts and capture synergies.

TASK 2: KEY MONITORING AND REPORTING ACTIVITIES

SUB-TASK 1: MONITORING AND REPORTING SYSTEM SET-UP

The INVC M&E Team began the process of designing some key monitoring tools needed to track progress of INVC performance indicators. The monitoring tools, which will be reviewed by the grantees, will make sure that the data they collect are done at the required level of disaggregation. The consultative process espoused by the INVC team is designed to obtain data while also building capacity of the grantee, vis-a-vis developing effective M&E tools for project monitoring. As such, this quarter, INVC met with the M&E units of those potential grantees to observe the design of their monitoring tools and assess how effective and relevant they might be to INVC. We expect to conclude this activity next quarter.

This quarter, the INVC M&E team also consulted potential partners to check their level of M&E expertise. The assessment was conducted to determine how INVC can help build strong M&E units relevant to the data required by USAID. That said, in most M&E units of grantees, the staff is not well trained and in other cases the staff doing M&E work are employed on other jobs. Based on this information, the M&E Team plans to hold regular training data collection techniques and data quality assessments to support INVC grantees' M&E staff so that data is of high quality.

The M&E team also assisted some potential grantees in database design and management in order to ensure that data collected is useful. MMPA and CREMPA were assisted to improve their database and data collection system. The database has been hailed as a timely technical assistance considering that most of their data was not kept in a database which used to delay their reports to donors.

To establish a sound database and data collection system within INVC itself, the M&E team began designing the database in TAMIS to track indicators monthly. The database when designed well will enhance quality of reporting. When managed appropriately, the database will also help alert sudden rise and fall in the numbers reported. Such alerts can be used to check responsible grantees for an explanation. To ensure that information is meaningful, INVC will regularly collect data from grantees and will them enter in TAMIS upon receipt. Later the data will be entered in the performance indicator tracking table (PITT). A monthly PITT report will cumulate to the quarterly report and the Feed the Future Monitoring System (FTFMS). As agreed with USAID/Malawi, INVC will take the responsibility of inputting data into FTFMS.

It must be noted here that INVC staff benefitted from the recently held training on Feed the Future Monitoring System (FTFMS). The FTFMS training was held in Chipata, Zambia in August 2012. In this workshop, INVC learned skills on how to collect data for some difficult key indicators and was further introduced to the FTFMS which requires updating annually. It should be noted that soon after the Baseline values are out, the FTFMS will be updated accordingly by INVC M&E staff.

SUB-TASK 2: STRENGTHENING GRANTEE M&E SYSTEMS

INVC does not believe that one size fits all therefore each grantee will be assisted with the challenges that are confront them. For instance, INVC will not introduce new M&E systems

but will just help to strengthen them so that they are able to incorporate the data requirements of INVC. The following steps have been taken to assess the M&E unit of the grantee to determine whether it is ready to meet INVC reporting requirements:

- INVC has been conducting Grantee M&E needs assessments to assess the skill gaps within grantee M&E systems. A complete and consolidated report will be produced with summarized findings. For those organizations that are yet to be assessed, INVC will continue this effort next quarter.
- The needs assessment has identified the need to hold a workshop to address some key skill gaps among grantees. INVC plans on holding this workshop in the near future to relay the needs assessments findings and how they will be addressed. At the workshop, different organizations will be able to interact and learn from each other, as well as from the training modules prepared for the workshops. Consultations are underway to design and further refine the M&E workshop for potential grantees.
- INVC is also in consultation with the potential grantees to develop realistic data flow maps as they will help do guarantee checks and balances analysis before the report reaches INVC. Each grantee will be asked to produce a data flow map which should be able to show how data will be flow from the communities/households to the grantees for analysis and reporting.
- As part of the needs assessment survey, INVC also reviewed the reporting templates of the potential grantees. Based on the review, INVC will assist grantees to revise their templates to fit the needs/requirement of the INVC project. As part of this assistance, INVC also intends to support training the M&E staff of grantees on such topics as data compilation and reporting skills.

SUB-TASK 3: PROJECT BASELINE SET-UP

INVC has been in consultation with IFPRI to assess the best approaches to the design and conduct of the baseline survey for INVC. IFPRI plans to collaborate with Bunda College of Agriculture to carry out the survey in the field. This approach is intended to strengthen the College of Agriculture's capability to undertake baseline surveys.

The baseline results will be shared with all our grantees with a view to provide them with data to adjust their activity programming and their analysis of production, productivity, income and nutritional change at the household level. The baseline will cover the entire 7 districts of Mangochi, Dedza, Machinga, Lilongwe, Mchinji, Balaka, Machinga and Ntcheu. As instructed by USAID/Malawi, nutrition-related data will be collected from only the two "nutrition districts" – Mchinji and Lilongwe, while agriculture/value chain related data will be collected from all seven target districts.

COMPONENT 1 – ADVANCING VALUE CHAIN COMPETITIVENESS

The competitiveness of most agricultural value chains in Malawi has been negatively affected by the lack of knowledge, capacity, finance, institutional deficiencies and policy/regulatory interventions that have distorted the business environment. INVC initiated some key activities this quarter under component one to begin setting the stage to address these constraints while developing an overall value chain framework to drive sustainable, market-led solutions within the following value chains:

- Dairy
- Soybean
- Groundnut

TASK 1: INCREASE ACCESS TO MARKETS

SUB-TASK 1: CONDUCT UPGRADING STRATEGIES, COMPETITIVENESS ANALYSES AND DEMAND ASSESSMENTS

As part of the start-up activities, the DAI team revised the upgrading plans for all three value chains (soy, groundnut, and dairy) and finalized the upgrading strategies. Since upgrading strategies are about improving competitiveness along the value chain and trading up, it will also include prioritized infrastructure needs. The revised and final upgrading plans and strategies drove much of the work-planning and provided the basis for collaboration with local implementing partners across all three INVC value chains: soy beans, groundnut, and dairy. The upgrading plans also provided the basis for identification of local business service providers (BSPs) and technical service providers (TSPs) to further strengthen the local support sector.

SUB-TASK 2: SUPPORT INDUSTRY PARTICIPANTS IN MARKET DEVELOPMENT AND MARKETING

INVC took advantage of the official FTF program Launch by President Banda to showcase the concepts behind a value chain approach. A trade show/exhibition was held at the FtF program launch site that brought together key actors in the three value chains to demonstrate a range of activities required to bring a product or service from conception through the different phases of production, and delivery to final consumers. The twenty (20) exhibitors from the public and private sector participated in the trade show, demonstrating their roles in these value chains. Each of the invited 20 exhibitors from the dairy, soy bean, and groundnut value chains (and nutrition) presented their organization/company to President Banda and the dignitaries that visited the tables. The event also provided the opportunity for the 500 or so guests to see the potential of the three commodities in terms of income generation and employment creation.

SUB-TASK 3: STRENGTHEN PRODUCER, PROCESSOR, AND VALUE CHAIN BASED TRADE ASSOCIATIONS

INVC held several consultative meetings with several industry representatives in all three commodity sectors to gain a deeper understanding of the status of their industry organizations. While the groundnut sector is less organized, and the dairy sector is better organized, those working on dairy industry issues are not communicating nor collaborating sufficiently to advance the sector. The soybean value chain on the other hand, is just

beginning to form an association called “Soyama” to address their sector needs. In that vein, Soyama has asked INVC for assistance and guidance to establish a sustainable trade association. INVC will work with the association beginning next quarter to help them move forward.

Along the same lines, with assistance from INVC, the dairy sector representatives (MMPA and DPAL) have now agreed to come together to form a dairy sector technical working – DIDP- group. Since CISANET has also been working on policy advocacy issues related to livestock and dairy, they have agreed to “house” the technical working group, to ensure all members are on the same page vis-à-vis policy issues. INVC is working with all three organizations and will continue assistance next quarter to help identify and analyse key policy issues.

SUB-TASK 4: ENHANCE CAPACITY TO COMPLY WITH STANDARDS, QUALITY CONTROL AND FOOD SAFETY PROCEDURES

INVC is collaborating with the Southern Africa Trade Hub (SATH) to roll out a regional approach to post-harvest aflatoxin mitigation. Malawi’s high levels of aflatoxin in particularly in groundnuts, pose serious product quality and food safety problems. Aflatoxin is also a big issue vis-à-vis accessing higher-value export markets. Next quarter’s November workshop will provide opportunities for the participants to learn a few tools to address some key constraints to accessing higher value markets.

In other areas of standards, quality control and food safety practices, INVC met with the Malawi Bureau of Standards (MBS) to discuss potential areas of collaboration where their expertise could be utilized to strengthen value chain players. Successful commercialization of any product requires standards to be in place to regulate commerce, ensure product safety, and maintain consumer confidence. INVC and MBS have identified training opportunities in food-quality and food safety that could be targeted to middle-level players such as traders, depot managers, milk bulking groups, and agro dealers among others to raise their level of understanding and awareness. INVC plans to work with both MBS and sector associations next quarter to assess how best to avail this service to members of the various associations and organizations such as MMPA, RUMARK among others.

SUB-TASK 5: DEVELOP PARTNERSHIPS AND STRENGTHEN INDUSTRY/BUSINESS LINKAGES

The purpose of this subtask is to facilitate not only business/industry linkages between producers and buyers of the three commodities, but also to strengthen and even trigger partnerships between and among various parts of the value chains. As a result of the various meetings held with the disparate members of the value chains, some of them are beginning to dialogue with each other. The initial partnership forged by MIM with various associations and organizations to deliver targeted training to beneficiaries serves as a good example of strengthening value chain linkages.

The INVC team expects more of these activities to take place beginning next quarter with the award of the various grants in which business services providers and technical services providers will be embedded.

TASK 2: INCREASE VALUE CHAIN EFFICIENCY AND VALUE ADDING OPTIONS

SUB-TASK 1: CONDUCT ASSESSMENTS OF VALUE ADDED SECTOR

This quarter, INVC held a meeting with key players from the dairy sector to identify important bottlenecks and challenges that reduce dairy value chain efficiency and hinder growth in sectoral productivity and profitability. The exercise contributed to better understanding of the constraints and assisted in narrowing them down to those considered most critical in the sector. Based on the group analysis, the entire value chain requires substantial upgrading, in terms of not only product, but also process and function. As such, it was strongly recommended that a value chain analysis be conducted as soon as possible to identify the most critical leverage points that can improve high performance. As agreed with the dairy industry partners, INVC will launch a dairy value chain analysis next quarter.

SUB-TASK 2: FACILITATE TECHNOLOGY TRANSFER THROUGH FIRM-LEVEL AND ASSOCIATION ASSISTANCE

INVC staff work with the value chain associations, ASWAP working groups, and with the prospective grantees in the first call for proposals has helped INVC identify the gaps in the way that technologies are appraised, introduced, and monitored after introduction. Very little financial analysis is done on technologies or management practices before their introduction to assess their potential value and sustainability. In cases where financial analysis is done, it often uses unrealistic assumptions, e.g., that processing plants can operate for 3 eight-hour shifts a day for 52 weeks a year or that crop prices are not subject to substantial volatility in today's markets. And, technologies once introduced are not evaluated using either comparable benchmark performance in similar countries, or against a common set of performance indicators to permit evaluation of alternatives in technology or scale. INVC counseled grantees on these issues to sharpen their proposals, and will apply sharpened financial analysis standards to work with all partners in the next quarter.

SUB-TASK 3: IMPROVE ACCESS TO POST-HARVEST HANDLING AND STORAGE OPTIONS

Post-harvest losses are high at smallholder level in Malawi. Loss rates from insects, diseases and animal pests run as high as 40 percent. To develop and promote affordable approaches to reduce losses, INVC conducted a post-harvest handling and storage situation analysis. The analysis provides a background on current postharvest handling and storage practices of legumes in Malawi. Several possible interventions have been recommended, which are under review and will be shared with implementing partners next quarter. Since losses occur not only on farm, but also in the various stages of transportation, storage, processing and preservation, partners active in these areas will be brought in to address the issues of better management of quantitative, qualitative and financial loss.

TASK 3: INCREASE ACCESS TO CREDIT AND FINANCE

SUB-TASK 1: SUPPORT DEVELOPMENT OF EFFECTIVE STRUCTURED TRADE OPPORTUNITIES

To help increase liquidity in the agricultural sector, especially for smallholders, INVC is working with the Agricultural Commodity Exchange (ACE) to analyze how best to expand smallholder access to such instruments as warehouse receipts and structured trade. Inventory financing through locked depots at the community level and commercial warehouses in trading centers or *Boma* are also expected to improve the post-harvest liquidity of larger pools of traders and smallholders. INVC plans to play an important role in helping coordinate and host meetings with key financial institutions, such as the local banks and the Export

Development Fund, to discuss further the opportunities and modalities of using warehouse receipts and structured trading. INVC is also encouraging linkages between partners such as NASFAM, RUMARK, FUM etc. so that smallholders, agrodealers, and traders can learn about the benefits of warehouse receipts in terms of cashflow, security of transactions, and risk/causality mitigation..

SUB-TASK 2: FACILITATE LINKAGES BETWEEN LENDING INSTITUTIONS AND SMALLHOLDERS

Access to finance for smaller borrowers especially in agriculture is a continuing challenge in Malawi. Village savings and loans associations (VSLA) and clubs have been promoted across some districts as an option to meet smallholder financing need at the village level. However, many of those who participate in and operate VSLAs are financially illiterate, and frequently subject group savings to high investment risks. Since VSLAs are popular in the INVC target districts, INVC met with the Malawi Union of Savings and Credit Cooperatives (MUSCO) to assess the value of linking VSLAs with MUSCO. Given MUSCO's wide coverage, experience, and expertise, they have the capacity to deliver financial literacy training and technical assistance to those VSLAs ready to link with a financial cooperative. Next quarter, INVC will continue the discussion with MUSCO to see how best to move forward on assisting the VSLAs in underserved areas.

TASK 4: FOSTER BUSINESS ENABLING ENVIRONMENT

SUB-TASK 1: STRENGTHEN VERTICAL COORDINATION AND TRUST

During the quarter, INVC organized several meetings to bring together almost all the stakeholders in the dairy sector to focus on the value of establishing a unified dairy working group to focus on strengthening and growing the dairy value chain. As a result of these meetings, the stakeholders (public and private) have agreed to form a platform/working group called the "dairy industries development platform (DIDP)," to help develop a sector strategy for growth and sustainability of the dairy industry. CISANET, representing the advocacy side of the industry, has agreed to house the DIDP, and take leadership in continuing the momentum and coordinating the way forward. INVC will continue to support the sector's interest in developing a strategy for growth and sustainability.

SUB-TASK 2: BUILD AGRICULTURAL POLICY ADVOCACY AND DIALOGUE CAPACITY

Policy advocacy is generally successful when there is genuine stakeholder participation and involvement in the process of identifying constraints and solutions. CISANET has experience in policy advocacy, and a track record with dairy stakeholders. Given their interest and experience, INVC plans to work more closely with them to help them improve their issues identification and their preparation at policy briefs to build a stronger advocacy and dialogue capacity for the dairy sector. The intent is to assist the policy advocacy/reform process, as it affects the private sector, to be more "grass-roots informed" and process-driven, appealing for resolution and reform based on science and evidence-based analysis rather than sympathy or politics.

COMPONENT 2: IMPROVING PRODUCTIVITY

Across the three INVC value chains – soy bean, groundnuts and dairy – Malawi’s per unit productivity remains well below world levels. In each respective value chain, this low productivity is attributable to a number of factors. Productivity and profitability will be improved through increased availability of inputs, better crop management and expansion of extension support.

TASK 1: IMPROVE ACCESS TO QUALITY SEED AND OTHER AGRO-INPUTS

SUB-TASK 1: INCREASE/STRENGTHEN SEED SUPPLY

INVC has been in discussions with almost all of the stakeholders in the input/seed sector to gain a better understanding of the systemic problems that exist in Malawi, particularly for soybean. The successful model of ICRISAT with the groundnut revolving fund provides an opportunity to learn from and replicate it for the soybean sector. Discussions are ongoing with key stakeholders in terms of offering support to IITA and DARS to establish a robust breeder seed program to kick-off a soybean revolving fund. This support to stimulate the breeder seed sector, while supporting the rise of private sector in breeding foundation seed, should boost certified seed availability for smallholders. INVC is also assessing how best to strengthen the linkage between breeders/research institutions and seed multipliers and between international centers and seed companies with DARS.

An area that will be addressed in more depth next quarter is the development or revision of seed road maps (for soy especially but also a revised map for groundnuts) since such maps are useful to the organizations in terms of varietal selection to respond to projected demand. The seed sector appears is still unsure about volume of seed that needs to be produced.

SUB-TASK 2: STRENGTHEN AND EXPAND SEED/INPUTS DISTRIBUTION SYSTEMS

INVC has been in discussions with Malawi’s key agrodealers network (RUMARK and AISAM) to discuss the modalities of distributing quality, and competitively-priced inputs (seed, fertilizer, tools, crop protection products etc.) along with technical information and services to INVC target smallholders, the “poor with assets.”

Discussions are ongoing with key stakeholders including RUMARK, NASFAM, FUM etc. regarding options to stimulate demand and supply of inputs, and to provide with smallholders a move away from free/recycled inputs toward market purchase of inputs from agrodealers. These discussions will continue next quarter and perhaps expand into assessing the utility of a voucher program. Under the voucher program, the vouchers would be distributed to farmer members identified by the farmer organization such as NASFAM and FUM. This idea is still in its early stages of discussion and needs to be further vetted by the stakeholders.

TASK 2: INCREASE ACCESS TO NEW TECHNOLOGY AND MANAGEMENT PRACTICES

SUB-TASK 1: IMPROVE ACCESS TO EFFECTIVE BEST BET (PRODUCTION) TECHNOLOGIES AND MANAGEMENT PRACTICES

This quarter, INVC took advantage of the June pre-workplanning workshop to share with participants promising production and management technologies made available through AfricaRising and the research institutions. Dr. Wezi Mhango from Bunda College of Agriculture shared a presentation on the “Legumes’ Best Bets for Soil Fertility and Family

Nutrition” on behalf of AfricaRising. The presentation focused on results achieved with the double-intercropped legumes approach practiced in Ekwendeni. This practice resulted in improved soil fertility status and increased yields. INVC will collaborate with AfricaRising to support the participation of agricultural extension officers from DAES and key implementing partners next quarter at a three-day participatory training workshop in Dedza.

SUB-TASK 2: IMPROVE ACCESS TO PROVEN MANAGEMENT PRACTICES IN THE DAIRY SECTOR

The highlight of the quarter was the visit by Secretary of State Hillary Clinton to Lumbadzi, where she kicked-off a community-managed dairy cattle breeding program. The cross-breeding program was established in Lumbadzi to help increase the community’s improved dairy herd. Secretary Clinton’s donation of a pure-breed Holstein bull to the community is expected to benefit the 206 members of the Lumbadzi milk bulking group. Under INVC, the community dairy breeding unit will also contribute to bringing more households with zebu cows into dairy farming, thereby increasing the throughput of fresh raw milk in market/processing plants to improve their capacity utilization. INVC is working closely with MMPA to determine the number of households with zebu cows within 10 kms of MBGs and zebu owner interest to engage in dairy farming as a source of livelihood.

TASK 3: IMPROVE ACCESS TO EFFECTIVE ADVISORY EXTENSION SERVICES AND INFORMATION

SUB-TASK 1: SUPPORT LINKAGES OF RESEARCH INSTITUTIONS WITH EXTENSION SERVICE PROVIDERS (BOTH PUBLIC AND PRIVATE SECTOR BASED)

This quarter, INVC focused its efforts on engaging with some key players in the agricultural extension delivery sector such as the Ministry of Agriculture’ Department of Agricultural Extension Services (DAES), and private sector partners such as RUMARK and other NGOs and Future Harvest Centers such as IITA and ICRISAT that have moved in to fill the gaps left by the public sector. These players are of critical importance to establish systems that are able to provide sustainably the full range of technical support needed by Malawian smallholders. While many of the players do have linkages with developers of best practices (DARS and research institutions), the linkages are ad hoc. Under this sub-task, INVC hopes to strengthen the partnership between research institutions and extension service delivery units including DAES, lead farmers, and agrodealers to ensure that smallholders receive the information and best-bet technologies and other relevant management practices they require for better production. Private sector service providers such as agrodealers and lead farmers will be supported to maintain demonstration plots, hold farmer- field schools and sponsor field days to transfer information and technologies.

SUB-TASK 2: USE ICT IN STIMULATING PRODUCTIVITY AND VALUE CHAIN DEVELOPMENT

INVC initiated communications with satellite companies (SES/ASTRA) and service provider (INTERSAT) to begin procurement of the satellite equipment required to set-up pilots in three locations to test the innovative Satellite/solar kiosk technology. Once successfully installed and operationing, the technology offers the opportunity to fast track delivery of extension information and learning. As part of INVC’s public-private partnership, SES/ASTRA and INTERSAT are providing the three satellite equipment for free to the project. The three pilots will be installed and tested next quarter.

TASK 4: PROMOTE RISK MITIGATION EFFORTS

SUB-TASK 1: PROMOTE CONSERVATION AGRICULTURE AND OTHER RESILIENT AGRICULTURAL PRACTICES

Conservation agriculture practices offer the potential to build a more resilient and sustainable crop production system that is likely to increase yields while buffering against droughts and similar shocks. INVC is in consultation with research institutions and Michigan State University to identify the best way to support expansion of conservation agricultural practices among smallholders. Rotational cropping, intercropping with legumes, or double legumes cropping are some CA practices that are under review for scaling with potential implementing partners and research institutions.

SUB-TASK 2: DEVELOP THE ENVIRONMENTAL MANAGEMENT AND MONITORING PLAN (EMMP)

INVC initiated the design of a detailed plan to integrate environmental actions within INVC activities. The EMMP, which will include procedures, policies and tools, is expected to show how INVC will complete the IEE's and subsequent environmental reviews and analyses if needed, and comply with policies by tracking environmental conditions and the effects of project activities and mitigation measures. A consultant, an environmental specialist with deep understanding of pesticide issues, has been identified to carry out the plan and is expected to complete the EMMP next quarter.

COMPONENT 3: IMPROVING COMMUNITY CAPACITY TO PREVENT UNDER-NUTRITION

The key challenges and constraints to improving community capacity to prevent under-nutrition, specifically chronic malnutrition in children leading to stunting, and anemia in women, will be addressed through INVC interventions resulting in:

- Improved key nutrition-related behaviors (essential nutrition actions) within households.
- Increased access to diverse and quality foods among target populations through improved production, purchase, storage, and preparation of nutritious foods.
- Enhanced consumption of a nutritious and sufficiently diversified diet.
- Increased access to and utilization of key nutrition-related services among target populations, including community nutrition assessment/surveillance, bi-directional referral with clinic services, and support for vulnerable populations to access appropriate care at the community or clinic level.

INVC interventions are aligned to the national programs i.e. the special 1000 days and Scaling Up Nutrition (SUN) policies and programs.

In keeping with the overall INVC implementation framework, all interventions in the target districts focusing on improving community capacity to prevent under-nutrition will be channeled through INVC implementation partners. Below, we present INVC's nutrition program elements, which will be introduced. INVC will ensure that all implementing partners understand that INVC's nutrition programs are to be delivered to all members of a community in each target district.

TASK 1: IMPROVE KEY NUTRITION-RELATED BEHAVIORS (ESSENTIAL NUTRITION ACTIONS) WITHIN HOUSEHOLDS

SUB-TASK 1: DETERMINE FACTORS THAT INFLUENCE NUTRITION AND FEEDING PRACTICES

The initial formative research tool was drafted. The tool includes questions on knowledge, practices, perceptions, attitudes and other socio-economic issues that influence behaviors on nutrition. The tool also includes questions on sources of information on nutrition. The formative research will be conducted in the next quarter. Organizations to carry out continuous barrier analysis and positive deviance inquiry were identified e.g. Pakachere Health Institute of Health and Development Communication. They will execute the inquiry once partners are funded in subsequent quarters.

SUB-TASK 2: DEVELOP BCC STRATEGY

Consultative meetings to identify BCC gaps were held with Population Services International (PSI), Support for Service Delivery Integrated (SSDI)-communication, Pakachere Health Institute of Health and Development communication, Ministry of Health (Health Education Unit), Ministry of Information and Civic Education (MOICE), World Vision International (WVI), Nkhoma Hospital, Save the Children US, and the Department of Nutrition, HIV and AIDS (DNHA). Various documents (policies, strategies, guidelines and policies) on nutrition and BCC were reviewed. BCC development workshop and dissemination sessions are being planned for subsequent quarters.

SUB-TASK 3: FACILITATE IMPLEMENTATION OF BCC STRATEGY

Partners to facilitate implementation of BBC strategy were identified and are being mobilized to develop proposals for funding. Existing communication (community mobilization, social mobilization, social marketing, interpersonal communication, mass communication etc.) approaches used by other partners are being reviewed. Implementation of BCC strategy will commence in quarter three and carried out by the organizations that receive partner grants.

TASK 2: INCREASE ACCESS TO DIVERSE AND QUALITY FOODS AMONG TARGET POPULATIONS

SUB-TASK 1: FACILITATE AND PROMOTE CULTIVATION OF NUTRITIOUS CROPS

Consultative meetings were held with organizations that will facilitate and promote cultivation of nutritious crops; including those that will enhance increased access to diversified and quality foods. The organizations were: NASFAM, CADECOM, Lilongwe Archdiocese, RUMARK, WVI MOH-Nutrition Department, MOAFS, WVI, DNHA, Nkhoma Hospital and Universal Industries (Universal Farming & Milling). Organizations were mobilized to develop proposals for funding. NASFAM, CADECOM, Lilongwe Archdiocese, RUMARK, Nkhoma Hospital and Universal Industries (Universal Farming & Milling) submitted proposals. They are currently being reviewed for funding.

SUB-TASK 2: FACILITATE FOOD PROCESSING

Consultations were carried out with various organizations to identify effective value addition approaches through food processing. Ideas such as Vitamilk using soybean to produce soy milk is being considered for funding. The consultations also involved identification of change agents who can facilitate food processing at the community level.

SUB-TASK 3: FACILITATE FOOD FORTIFICATION

A series of consultative meetings were held with potential organizations who may lead facilitation of food fortification, particularly Likuni Phala (corn soy blend) using soy bean products. Identification of effective approaches to support milk fortification in small packs are underway with dairy processors and marketers. Lilongwe Dairies has submitted a proposal to include milk fortification as part of their program to contribute to rural nutrition improvement given that approximately 70% of their UHT milk is sold in rural markets.

TASK 3: ENHANCE CONSUMPTION OF A NUTRITIOUS AND SUFFICIENTLY DIVERSIFIED DIET

SUB-TASK 1: FACILITATE PROMOTION OF DIETARY DIVERSIFICATION

Mobilization of organizations that will facilitate promotion of dietary diversification were identified e.g. Nkhoma Hospital. Mechanisms to facilitate promotion of dietary diversification were explored with potential implementers, for example the use of Care groups, conduct cooking demonstrations, and introduction of backyard vegetable gardens.

SUB-TASK 2: PROMOTE MANAGEMENT OF ACUTE MALNUTRITION

Institutions with functional nutrition rehabilitation units (NRU) where severely malnourished children will be referred to were identified in Mchinji and Lilongwe districts e.g. Nkhoma Hospital and Government hospitals and health centers/clinics. Promotion of management of acute malnutrition will begin next quarters once Nkhoma Synod grant is funded.

SUB-TASK 3: PROMOTE HYGIENE AND SANITATION

Mapping of change agents from partner organizations who will facilitate promotion of hygiene and sanitation were identified. These include: health surveillance assistants, Care group mothers and fathers, health promoters, community volunteers and safe motherhood groups. The change agents are under various institutions e.g. MOH, Nkhoma Hospital, and Save the Children U.S., etc. Mapping of change agents and actual sites will continue through next quarter to quarter three.

TASK 4: INCREASE ACCESS TO AND UTILIZATION OF KEY NUTRITION-RELATED SERVICES AMONG TARGETED POPULATIONS INCLUDING COMMUNITY SURVEILLANCE AND REFERRALS

SUB-TASK 1: CONDUCT COMMUNITY-BASED GROWTH MONITORING AND PROMOTION

Consultations are being held with various organizations to identify effective approaches to mobilize strong community support to ensure that all children under-five years of age participate in monthly/quarterly growth monitoring sessions. The consultations have also involved identification of the ways that care group volunteers will use growth monitoring sessions to deliver nutrition education modules. Consultations are planned for conclusion next quarter.

SUB-TASK 2: PROMOTE VITAMIN A SUPPLEMENTATION AND DE-WORMING

Consultations are being done with BCC organizations (e.g. Pakachere) as well as health institutions (e.g. MOH) to identify how best to promote vitamin A supplementation and de-worming during Child Health Days and during other community-based campaigns. Consultations will be concluded during quarter three.

SUB-TASK 3: SUPPORT/STRENGTHEN COMMUNITY SYSTEM/STRATEGY FOR REFERRAL OF CHILDREN

Capacity assessments were done to identify organizations that have capacity to support or strengthen community referral of children to NRUs e.g. Nkhoma Hospital and some hospitals/health centers under Lilongwe Archdiocese. This activity will continue through next quarter three.

COMPONENT 4: INVESTING IN INNOVATION

The \$2 million “Investing in Innovation Fund” (IIF) is an integral element of INVC’s programming across Components 1, 2, and 3. The fund will be open to private and non-governmental entities, and public-private partnerships who are able to demonstrate that proof-of-concept interventions can be tested in one growing or marketing season or less, with a clear pathway to a business case for scaling that is built upon end-market analysis and a financing plan. The \$9 million “Implementation Support Fund” (ISF) cuts across Components 1, 2, 3 and 4. It is intended primarily to support the refinement and scaling of partner programs that align very closely with INVC objectives in value chain competitiveness, productivity, and community nutrition activities. ISF grants will also enable INVC to build partner capacity to meet the objectives of USAID’s FORWARD Initiative.

TASK 1: DESIGN FUND

The Grants Manual had been developed in May 2012 by the Grants Manager (functioning as an independent consultant) and was ‘polished up’ thereafter by DAI for review at DAI Headquarters. Comments were received from DAI’s Grants Specialist, John McGuire on 30 July 2012. These comments were incorporated by the Grants Manager, after which the Chief of Party forwarded the Grants Manual to USAID for approval. After considering their comments and another round of amendments, USAID approved the Grants Manual on 12 September 2012.

TASK 2: OPERATIONALIZE FUNDING MECHANISM

SUB-TASK 1: ESTABLISH GRANT REVIEW AND MANAGEMENT PROCESS

The process evolved during quarter one and two. Two committees were set up for evaluation of submissions at various stages. The Grants Proposals Evaluation Committee (GPEC) consisting of the Chief of Party, Deputy Chief of Party, Value Chain Specialist and Grants Manager evaluates initial submissions and provides speedy feedback to applicants. Once the proposals are received they are sent to the Grant Proposals Review Team (GPRT) consisting of Nutrition, Behavioral Change, Monitoring & Evaluation and Organizational Development Specialists. GPRT sends its feedback to the Grants Manager who then obtains the comments of GPEC, consolidates the response and communicates with the applicant. Once the final proposal is received GPEC scores it and recommends it to USAID, or communicates rejection to applicants.

The Call for Proposals was advertised on 20 and 22 August, 2012, in The Nation newspaper with a deadline of 7 September specified therein for receipt of Concept Notes and Proposals. The response was encouraging. 43 Concept Notes and Proposals were received from interested stakeholders by the specified deadline. Up to 30 September 2012, 26 submissions were evaluated and replied to. The 43 Concept Notes/Proposals received can be categorized as illustrated in Table below.

Table 4: Proposal/Concept Note Submission by Component

Components	Concept Notes	Proposals	Total
Advancing value chain competitiveness	13	6	19
Improving productivity	6	7	13
Improving community capacity to prevent under-nutrition	2	2	4
Investing in Innovation	0	2	2
Developing local capacity	4	1	5
Grand Total	25	18	43

Evaluation was done by the GPEC. This committee has 4 members but for most of this quarter only the COP and Grants Manager were available to participate. This is mainly because the Deputy Chief of Party will not commence his assignment until October 2012. The Value Chain Specialist participated only in a few evaluations. 26 applicants received feedback from INVC. This feedback was provided via email or in a face-to-face meeting with the applicant.

All proposals that are short listed will need to be evaluated. A score sheet has been developed and is awaiting approval by the COP. A Financial Capability questionnaire will be sent to shortlisted candidates for filling up, prior to proposal evaluation.

SUB-TASK 2: MANAGEMENT OF POST-GRANT AWARD ACTIVITIES

The GPEC will recommend approximately 10 grants for approval by 30 November 2012. It is also expected that 8 grant agreements will be signed by 31 December out of which approximately 4 will begin disbursements by 31 December.

TASK 3: DEVELOP SUSTAINABILITY MECHANISMS FOR FUNDS

SUB-TASK 1: CONDUCT ORGANIZATIONAL CAPACITY ASSESSMENTS

Pre-Award Surveys are normally done once a proposal has been short-listed. Although INVC has not reached that stage, formally, with any of its applicants, INVC staff carried out Pre-Award surveys of selected applicants who are presumptive grantees based on initial proposal assessment. The organizations for which a Pre-Award Survey was done are:

- Malawi Milk Producers Association (MMPA)
- National Smallholder Farmers Association of Malawi (NASFAM)
- Malawi Institute of Management (MIM)
- Pakachere Institute of Health and development Communication
- Farmers Union of Malawi (FUM)
- Malawi Enterprise Zone Associations (MALEZA)
- Universal Farming and Milling Limited (UFML).

SUB-TASK 2: DEVELOP INDUSTRY BUSINESS PLANS

This task will be initiated further in the next quarter. It will start after set up of the Groundnut task force. The other 2 value chains are already represented in this regard.

SUB-TASK 3: SURVEY AND ASSESS THIRD-PARTY FUND MANAGERS AND DONOR/INDUSTRY INTEREST

This task too will be started next quarter. INVC is poised to engage in discussion with financiers and some soybean value chain companies.

TASK 4: INCREASE INVESTMENTS IN AGRICULTURE AND NUTRITION-RELATED ACTIVITIES BY PRIVATE SECTOR ACTORS

SUB-TASK 1: FACILITATE PUBLIC-PRIVATE PARTNERSHIP RELATED TO AGRICULTURE AND NUTRITION SECTORS

This sub-task which is particularly applicable to the Innovation Fund will start next quarter. So far, we have received 2 proposals that fit the criteria of the Innovation Fund.

SUB-TASK 2: INVESTMENT PROMOTION TARGETING INVC VALUE CHAINS

A Business Development Services provider has been requested and selected to focus on business plan development and is expected to start work next quarter.

COMPONENT 5: DEVELOPING LOCAL CAPACITY

INVC's approach to capacity building will follow a three-stage course of action consisting of:

- **Assessments**, to determine status and needs
- **Alliances**, to maximize performance and benefits accrual within the value chain, and
- **Capacity building** of all the associated actors.

TASK 1: DEVELOP MALAWI'S CAPACITY GOING FORWARD

SUB-TASK 1: UPGRADE/IMPROVE ORGANIZATIONAL CAPACITY TO MANAGE GRANTS

The capacity assessment tools for organizational development have been developed. The tool includes organizational development and BCC issues. Capacity assessments were done with 8 organizations namely: Malawi Institute of Management (MIM), Malawi Entrepreneurial Development Institute (MEDI), Farmers Union of Malawi (FUM), Malawi Union of Savings and Credit Cooperatives (MUSCO), Pakachere Health Institute of Health and Development Communication, Nkhoma Hospital, Universal Industries (Universal Farming & Milling) and MOICE. The assessments will continue through quarter three.

SUB-TASK 2: BUILD ORGANIZATIONAL CAPACITY

Organizations that will facilitate capacity building were identified: Malawi Institute of Management (MIM), Malawi Enterprise Development Institute (MEDI) and Trade-Line. Capacity building sessions will commence once the organizations are funded during quarter three.

TASK 2: ENHANCE HUMAN AND INSTITUTIONAL CAPACITY DEVELOPMENT WITHIN VALUE CHAINS

SUB-TASK 1: UPGRADE ORGANIZATIONAL CAPACITY IN NEW TECHNOLOGIES AND MANAGEMENT PRACTICES

Organizational needs assessments were carried out with Malawi Institute of Management (MIM), Malawi Entrepreneurial Development Institute (MEDI), Farmers Union of Malawi (FUM), Malawi Union of Savings and Credit Cooperatives (MUSCO), Pakachere Health Institute of Health and Development communication, Nkhoma Hospital, Universal Industries (Universal Farming & Milling) and MOICE. The assessments will continue in the next quarter.

SUB-TASK 2: DELIVER NEW TECHNOLOGIES AND MANAGEMENT PRACTICES TO ORGANIZATIONS

Consultations are underway with training institutions that could provide and deliver new technologies and management practices to other organizations e.g. RUMARK, MIM, and Trade-Line. Further consultations on actual technologies to be offered and on how to disseminate such technologies will continue during the next quarter.

SUB-TASK 3: DELIVER NEW TECHNOLOGIES AND MANAGEMENT PRACTICES TO FARMERS

Modalities for delivery of new technologies, management practices, and best-bet technologies targeting smallholder-farmers were identified and will be developed further during the next quarter. Collaboration with other activities such as Africa-Rising have continued and as a result, plans are underway to support the training of front-line extension staff (from the Department of Agriculture Extension and implementing partners such as NASFAM and

FUM) in proven best-bet technologies such as double legume cropping. The training is being planned for next quarter.

SUB-TASK 4: FACILITATE POLICY REVIEW AND ADVOCACY SUPPORT

Consultations on policies that need review and on areas that require advocacy support were identified. CISANET will take lead in the implementation of the activity with support from INVC particularly on dairy sector issues. Consultation will continue during the next quarter.

SUB-TASK 5: CONDUCT TRAINING IN VALUE CHAIN AND NUTRITION SPECIFIC TOPICS

The pre-planning workshop held on June 7, 2012 also provided the opportunity to walk the potential partners through the principles and practices of “advancing value chain competitiveness.” In short, the workshop provided the space to train participants on value chain analysis and competitiveness. A total of 35 participants from 16 organizations attended the workshop.

On another front, institutions that have potential to conduct training in value chains and nutrition specific topics were mobilized to develop proposals for possible funding. The institutions are MIM, Trade-line and MEDI. More institutions will be identified in the next quarter.

SUB-TASK 6: STRENGTHEN AND FACILITATE GROWTH OF SERVICE PROVIDERS

Consultations are being done with various organizations to identify effective approaches to strengthen rural based SME development and to support trade organizations and businesses. Consultations will continue during the next quarter.