



USAID
FROM THE AMERICAN PEOPLE

FY 2014 FOURTH QUARTERLY REPORT

FEED THE FUTURE

INTEGRATING NUTRITION IN VALUE CHAINS PROJECT, MALAWI
COVERING PERIOD: 1ST JULY – 30TH SEPTEMBER 2014

DRAFT

October 2014

This report 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), a Feed the Future (FtF) initiative

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 Project, Malawi

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 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

FOURTH QUARTERLY PROGRESS REPORT FY2014

COVERING PERIOD: JULY 1ST – SEPTEMBER 30TH 2014

TABLE OF CONTENTS

FIGURES	VI
TABLES	VI
ACRONYMS	VII
MALAWI INVC ACTIVITY OVERVIEW AND RESULTS	1
BACKGROUND AND CONTEXT	1
RESULTS FRAMEWORK	2
HIGHLIGHTS OF PROGRESS THIS QUARTER	5
PROJECT MANAGEMENT:	5
COMPONENT 1: ADVANCING VALUE CHAIN COMPETITIVENESS	5
COMPONENT 2: IMPROVING PRODUCTIVITY	6
COMPONENT 3: IMPROVING COMMUNITY CAPACITY TO PREVENT UNDER-NUTRITION	6
COMPONENT 4: INVESTING IN INNOVATION	7
COMPONENT 5: DEVELOPING LOCAL CAPACITY	7
CHALLENGES EXPERIENCED THIS QUARTER	7
SUMMARY TABLES: PROGRESS MADE THIS QUARTER	10
PROGRAM MANAGEMENT AND MONITORING	13
TASK 1: KEY PROGRAM MANAGEMENT ACTIVITIES	13
<i>Sub-Task 1: Project Implementation/Management Activities</i>	13
<i>Sub-Task 2: Project Site Visits and Field Trips</i>	15
<i>Sub-Task 3: Donor Coordination</i>	15
TASK 2: KEY MONITORING AND REPORTING ACTIVITIES	16
<i>Sub-Task 1: Monitoring and Reporting System</i>	16
<i>Sub-Task 2: Strengthening Grantee M&E Systems</i>	16
<i>Sub-Task 3: Project Baseline and Performance Update</i>	17
COMPONENT 1: ADVANCING VALUE CHAIN COMPETITIVENESS	20
TASK 1: INCREASE ACCESS TO MARKETS	20
<i>Sub-Task 1: Conduct Upgrading strategies, Competitive / Market Analyses and Demand Assessments</i>	20
<i>Sub-Task 2: Support Industry Participants in Market Development and Marketing</i>	24
<i>Sub-Task 3: Strengthen Producer, Processor and Value Chain Based Trade Associations</i>	26
<i>Sub-Task 4: Enhance Capacity to Comply with Standards, Quality Control and Food Safety Procedures</i> 27	
<i>Sub-Task 5: Develop Partnerships and Strengthen Industry / Business Linkages</i>	28
TASK 2: INCREASE VALUE CHAIN EFFICIENCY AND VALUE ADDING OPTIONS	28
<i>Sub-Task 1: Conduct Assessments of Value Added Sector</i>	28
<i>Sub-Task 2: Facilitate Technology Transfer Through Firm-Level and Association Assistance</i>	29
<i>Sub-Task 3: Improve Access to Post-Harvest Handling and Storage Options</i>	29
TASK 3: INCREASE ACCESS TO CREDIT AND FINANCE	30
<i>Sub-Task 1: Support Development of Effective Structured Trade Opportunities</i>	30
<i>Sub-Task 2: Facilitate Linkages between Lending Institutions and Small-holders</i>	30
TASK 4: FOSTER BUSINESS ENABLING ENVIRONMENT	31
<i>Sub-Task 1: Strengthen Vertical Coordination and Trust</i>	31
<i>Sub-Task 2: Build Agricultural Policy Advocacy & Dialogue Capacity</i>	31
<i>Sub-Task 3: Facilitate Policy Review and Advocacy Support</i>	32
COMPONENT 2: IMPROVING PRODUCTIVITY	33
TASK 1: IMPROVE ACCESS TO QUALITY SEED AND OTHER AGRO-INPUTS	33
<i>Sub-Task 1: Increase/Strengthen Seed Supply</i>	33
<i>Sub-Task 2: Strengthen and Expand Seed/Inputs Distribution Systems</i>	33
TASK 2: INCREASE ACCESS TO NEW TECHNOLOGY AND MANAGEMENT PRACTICES	35
<i>Sub-Task 1: Improve Access to Effective Best Bet Technologies and Management Practices</i>	35
<i>Sub-Task 2: Improve access to good management practices in the dairy sector</i>	38
TASK 3: IMPROVE ACCESS TO EFFECTIVE ADVISORY EXTENSION SERVICES AND INFORMATION	40
<i>Sub-Task 1: Support Linkages of Research Institutions with Extension Service providers</i>	40
<i>Sub-Task 2: Use ICT in Stimulating Productivity and Value Chain Development</i>	40
TASK 4: PROMOTE RISK MITIGATION EFFORTS	40
<i>Sub-Task 1: Promote Conservation Agriculture and Other Resilient Agricultural Practices</i>	40

<i>Sub-Task 2: Develop the Environmental Management and Monitoring Plan (EMMP)</i>	40
COMPONENT 3: IMPROVING COMMUNITY CAPACITY TO PREVENT UNDER NUTRITION..	41
TASK 1: IMPROVE KEY NUTRITION-RELATED BEHAVIORS (ESSENTIAL NUTRITION ACTIONS) WITHIN HOUSEHOLDS	41
<i>Sub-Task 1: Determine Factors that Influence Nutrition and Feeding Practices</i>	41
<i>Sub-Task 2: Develop BCC Strategy</i>	42
<i>Sub-Task 3: Facilitate Implementation of BCC Strategy</i>	42
TASK 2: INCREASE ACCESS TO DIVERSE AND QUALITY FOODS AMONG TARGET POPULATIONS	43
<i>Sub-Task 1: Facilitate and Promote Cultivation of High Nutritive-Value Crops</i>	43
<i>Sub-Task 2: Facilitate Food Processing</i>	44
<i>Sub-Task 3: Facilitate Food Fortification</i>	44
TASK 3: ENHANCE CONSUMPTION OF A NUTRITIOUS AND SUFFICIENTLY DIVERSIFIED DIET	44
<i>Sub-Task 1: Facilitate Promotion of Dietary Diversification</i>	44
<i>Sub-Task 2: Promote Management of Acute Malnutrition</i>	44
<i>Sub-Task 3: Promote Hygiene and Sanitation</i>	44
TASK 4: INCREASE ACCESS TO, AND UTILIZATION OF, KEY NUTRITION-RELATED SERVICES AMONG TARGETED POPULATIONS INCLUDING COMMUNITY SURVEILLANCE AND REFERRALS	45
<i>Sub-Task 1: Conduct Community-Based Growth Monitoring and Promotion</i>	45
<i>Sub-Task 2: Promote Vitamin A Supplementation and De-Worming</i>	45
TASK 5: CREATE ENABLING ENVIRONMENT FOR EXECUTION OF NUTRITION ACTIVITIES	45
<i>Sub-Task 1: Conduct Meetings with Key Stakeholders</i>	45
<i>Sub-Task 2: Conduct Mentoring and Coaching and Expansion into Three new Districts</i>	46
COMPONENT 4: INVESTING IN INNOVATION	49
TASK 1: FUND DESIGN	49
TASK 2: OPERATIONALIZE FUNDING MECHANISM.....	49
<i>Sub-Task 1: Establish Grant Review and Management Process</i>	50
<i>Sub-Task 2: Management of Post-Grant Award Activities</i>	51
TASK 3: DEVELOP SUSTAINABILITY MECHANISMS FOR FUNDS.....	54
<i>Sub-Task 1: Conduct Organizational Capacity Assessments</i>	54
<i>Sub-Task 2: Develop Industry Business Plans</i>	54
<i>Sub-Task 3: Survey and Assess Investors' Interest</i>	54
TASK 4: INCREASE INVESTMENTS IN AGRICULTURE AND NUTRITION-RELATED ACTIVITIES BY PRIVATE SECTOR ACTORS	54
<i>Sub-Task 1: Facilitate public-private partnership related to Agriculture and Nutrition sectors</i>	54
COMPONENT 5: DEVELOPING LOCAL CAPACITY	56
TASK 1: DEVELOP MALAWI'S CAPACITY GOING FORWARD	56
<i>Sub-Task 1: Upgrade/improve Organizational Capacity to manage grants</i>	56
<i>Sub-Task 2: Build Organizational Capacity</i>	57
TASK 2: ENHANCE HUMAN AND INSTITUTIONAL CAPACITY DEVELOPMENT WITHIN VALUE CHAINS.....	57
<i>Sub-Task 1: Deliver New Technologies and management practices to organizations</i>	57
<i>Sub-Task 2: Deliver new technologies and management practices to farmers</i>	58
<i>Sub-Task 3: Facilitate policy review and advocacy support</i>	58
<i>Sub-Task 4: Conduct training in value chain and nutrition specific topics</i>	59
<i>Sub-Task 5: Strengthen and facilitate growth of service providers</i>	60
ANNEXES: PARTNER ACTIVITY REPORTS	62
ANALYSIS OF IP PERFORMANCE IN SUBMITTING REPORTS.....	62

FIGURES

FIGURE 1: INVC ZONE OF INFLUENCE	2
FIGURE 2: MALAWI INVC RESULTS FRAMEWORK	3
FIGURE 3: LEAD FARMER TRAINING RECORD BOOKLET	16
FIGURE 4: A LEAD FARMER FILLING OUT ONE OF HIS RECORDS IN THE NEW BOOKLET	16
FIGURE 5: NEW SOYBEAN PRODUCTS AVAILABLE IN THE MALAWI MARKET	28
FIGURE 6: EXAMPLE OF SELF-CONTRADICTIONARY ARTICLE	31
FIGURE 7: HANDOUTS: ‘LAND PREPARATION’	37
FIGURE 8: HANDOUTS: SEED CONDITIONING/GERMINATION TESTING	37
FIGURE 9: (AT RIGHT) LAND PREPARATION TRAINING UNDERWAY	37
FIGURE 10: (AT LEFT) SEED CONDITIONING AND SEED GERMINATION TESTING	37
FIGURE 11: % FARMERS APPLYING NEW TECHNOLOGIES & IMPROVED MANAGEMENT PRACTICES	39
FIGURE 12: CARE GROUP VOLUNTEER WORKING IN HER GARDEN	43
FIGURE 13: FTF-INVC CHIEF OF PARTY, BAGIE SHERCHAND OPENING ORIENTATION SESSION OF NEW STAFF	47
FIGURE 14: SOME OF THE PROMOTERS DURING TRAINING IN MANGOCHI	47
FIGURE 15: FTF-INVC BRANDED CLOTH (ZITENJE).....	48
FIGURE 16: TRAINING EXERCISES BEING DELIVERED BY BDS PROVIDERS AT FIELD LEVEL.....	60

TABLES

TABLE 1: INVC PROJECT COMPONENTS AND IRS	3
TABLE 2: PERFORMANCE INDICATORS	4
TABLE 3: PROGRESS ON PERFORMANCE INDICATORS - THIS QUARTER (FY14 Q4).....	10
TABLE 4: SHORT TERM TECHNICAL SUPPORT MOBILIZED DURING THE QUARTER.....	14
TABLE 5: PROJECT SITE VISITS CONDUCTED THIS QUARTER	15
TABLE 6: QUARTERLY DQAs JUNE-SEPTEMBER 2014.....	17
TABLE 7: MAIN BASELINE INDICATORS BY DISTRICT.....	18
TABLE 8: MMPA FINAL OUTCOMES SURVEY.....	19
TABLE 9: CUMULATIVE TONNAGE BY IMPLEMENTING PARTNERS	20
TABLE 10: FARMER PARTICIPATION IN COLLECTIVE FARMING UNDER NASFAM	21
TABLE 11: CONTRACTS FACILITATED Q4 2014.....	22
TABLE 12: LEGUME VOLUMES ON WAREHOUSE RECEIPT	22
TABLE 13: MAIZE VOLUMES ON WAREHOUSE RECEIPT	23
TABLE 14: BANK FINANCING FACILITIES AND % UTILIZATION IN Q4FY14.....	23
TABLE 15: RESULTS FROM FIRST-EVER OVO AUCTIONS IN MALAWI FOR SOYBEANS.....	24
TABLE 16: SEED RECOVERY PERFORMANCE FY14 Q4 – CADECOM DEDZA	34
TABLE 17: LEGUME SEED RECOVERY PROGRESS UNDER INVC ANALYZED BY LOCATION AND VALUE CHAIN.....	34
TABLE 18: STORAGE AND AFLATOXIN TRAINING BY CADECOM AND FUM	35
TABLE 19: SUMMARY ANALYSIS OF TRAINING GIVEN.....	36
TABLE 20: HANDOUTS PRODUCED, ANALYZED BY IMPLEMENTING PARTNERS.....	37
TABLE 21: ANALYSIS OF TRAINING IN IMPROVED DAIRY MANAGEMENT PRACTICES	38
TABLE 22: OVERVIEW OF FEED PRESERVATION ACHIEVEMENT Q4 FY2104.....	39
TABLE 23: MAIN BASELINE INDICATORS BY DISTRICT.....	42
TABLE 24: PROMOTERS WHO ATTENDED TRAINING SESSION BY SEX AND DISTRICT	45
TABLE 25: SELECTIVE LISTING OF MEETINGS ATTENDED (JULY-SEPTEMBER 2014)	45
TABLE 26: GRANT MODIFICATIONS IN Q4 2014	49
TABLE 27: CUMULATIVE PROGRESS IN USAID CONCURRENCE AND SIGNATURE	50
TABLE 28: ANALYSIS OF THE SUBMISSION OF EXPENSE REPORTS	51
TABLE 29: ANALYSIS OF NASFAM PROCUREMENTS	51
TABLE 30: SUMMARY OF FUNDS DISBURSED	53
TABLE 31: SUMMARY OF FARMERS RECEIVING TRAINING IN NEW TECHNOLOGIES- Q4	58

ACRONYMS

ACE	Agricultural Commodity Exchange for Africa
ADC	Area Development Committee
ADMARC	Agricultural Development and Marketing Corporation
AEDC	Agriculture Extension Development Coordinator
AEDO	Agriculture Extension Development Officer
AFO	Association Field Officer
AGRA	Alliance for Green Revolution in Africa
AHCX	Auction Holdings Commodity Exchange
AI	Artificial Insemination
AIDS	Acquired Immune Deficiency Syndrome
AMC	Association Management Center
BCC	Behavior Change Communication
BDS	Business Development Services
BSP	Business Service Provider
BVO	Bid Volume Only
CADECOM	Catholic Development Commission of Malawi
CBO	Community Based Organization
CCAP	Church of Central Africa – Presbyterian
CDCS	Country Development Cooperation Strategy (USAID)
CISANET	Civil Society Agriculture Network
COP	Chief of Party
COR	Contracting Officer’s Representative
DAI	Development Alternatives, Inc.
DARS	Department of Agriculture Research Services
DfID	Department for International Development (UK)
DID	Differences-in-differences
DQA	Data Quality Assessment
DSA	Daily Subsistence Allowance
EMMP	Environmental Mitigation and Monitoring Plan
EPA	Extension Planning Area
ESCOM	Electricity Supply Company of Malawi
FBO	Farmer Based Organization
FISP	Fertilizer Input Subsidy Program
FMB	First Merchant Bank
FtF (FtF)	Feed the Future
FTFMS	Feed the Future Monitoring System
FUM	Farmers Union of Malawi
FY	Fiscal Year
GAC	Group Action Committee
GHI	Global Health Initiative
GMP	Growth Monitoring and Promotion
GoM	Government of Malawi
GP	Groundnut platform
GVH	Group Village Headman
Ha	Hectare
HIV	Human immunodeficiency virus
ICT	Information Communication Technology
IITA	International Institute of Tropical Agriculture
INVC	Integrating Nutrition in Value Chains
IFRI	International Food Policy Research Institute
IIF	Investing in Innovation Fund

IP	Implementing Partner
IPC	Innovation and Productivity Centre
IPM	Integrated Pest Management
IR	Intermediate Results
ISF	Implementation Support Fund
IT	Information Technology
IYCF	Infant and Young Children Feeding
LUANAR	Lilongwe University of Agriculture and Natural Resources
LPO	Local Purchase Order
M&E	Monitoring and Evaluation
MAC	Marketing Action Center
MAPAC	Malawi Program on Aflatoxin Control
MBC	Malawi Broadcasting Cooperation
MBG	Milk Bulking Group
MDI	Malawi Dairy Industries
MIM	Malawi Institute of Management
MIP	Market Information Point
MKW	Malawi Kwacha (symbol for)
MMPA	Malawi Milk Producers Association
MoA&FS	Ministry of Agriculture and Food Security
MOH	Ministry of Health
MOU	Memorandum of Understanding
MSU	Michigan State University
MT	Metric ton
MZ	Malawi Zebu (cows)
NASFAM	National Association of Smallholder Farmers of Malawi
NFRA	National Food Reserve Agency
NGO	Non-Governmental Organization
OBM	Opportunity Bank of Malawi (Also referred to as OIBM)
OCA	Organizational Capacity Assessment
OPC	Office of President and Cabinet
OVO	Offer Volume Only
PCI	Project concern International
PSA	Public Service Announcement
QR	Quick Response
RLEEP	Rural Livelihoods Enhancement Program
SCU	University of South Carolina
SOYAMA	Soy Bean Association of Malawi
SSDI	Support for Service Delivery Integration
STTA	Short Term Technical Assistance
Sub-IR	Sub Intermediate Results
TA [T/A]	Traditional Authority
TWG	Technical Working Group
UNC	University of North Carolina
USAID	United States Agency for International Development
USG	United States Government
VAC	Village Aggregation Center
VC	Value Chain
VCC	Value Chain Competitiveness
WRS	Warehouse Receipt System
ZBS	Zodiac Broadcasting Station
ZOI	Zone of Influence

MALAWI INVC ACTIVITY OVERVIEW AND RESULTS

This document presents the *Integrating Nutrition in Value Chains* (INVC) project's fourth and final quarterly progress report for fiscal year (FY) 2014. This quarterly report covers the period from 1st July to 30th September 2014.

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 Development objective of Increasing Sustainable Livelihoods. The INVC activity components are essentially contributing to these goals directly and indirectly.

This report presents an overview of the project as well as some of the main achievements and challenges experienced during the reporting period. 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, groundnuts, 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 and 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.

FtF-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.

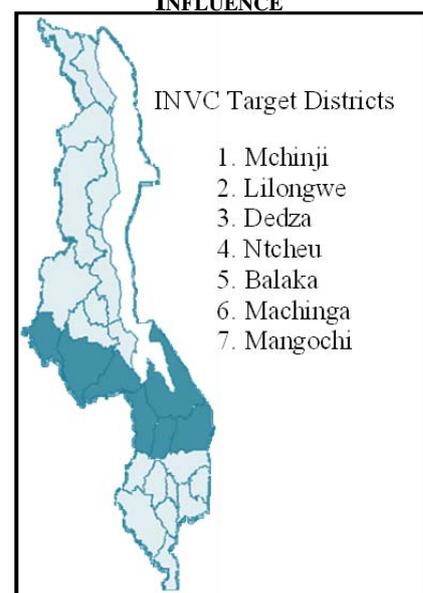
FtF-INVC Target Districts

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 (See 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 FtF and the Global Health Initiative (GHI) portfolios further underscore the centrality of the two domains to the success of INVC (Figure 2).

FIGURE 1: INVC ZONE OF INFLUENCE



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

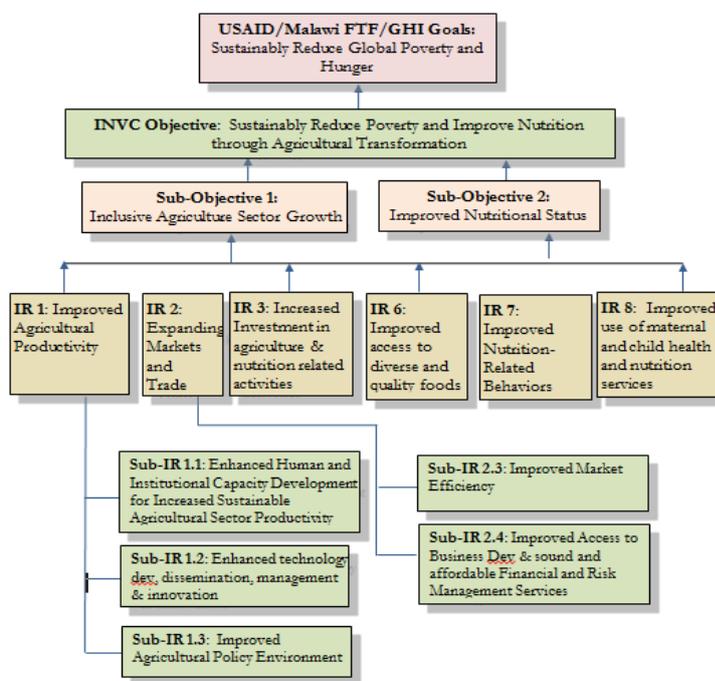
The six IRs and their subsequent sub-IRs are clustered around a framework that supports the achievement of a strategy to deliver the achievement of the Mission-level objectives of:

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:

Figure 2: Malawi INVC Results Framework



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

- 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.

Sub-Objective 2: Improved Nutritional Status

IR 6: Improved Access to Diverse and Quality Foods

IR 7: Improved Nutrition Related Behaviors

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
Component 1: Advancing Value Chain Competitiveness (IR-2;IR-2.3; IR-2.4)	Component 3: Improving Community Capacity to prevent Under-Nutrition (IR-6;IR-7;IR-8)
Component 2: Improving Ag. Productivity (IR-1;IR-1.2;IR-1.3)	
Component 4: Investing in Innovations (IR-3)	
Component 5: Developing Local Capacity (IR-1.1)	

All INVC activities will contribute toward achieving the following performance targets (Table 2), as measured by the above intermediate result (IR) indicators.

Table 2: Performance Indicators

Project Wide Performance Indicators	Life of Project Targets (Apr-25, 2015)
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 and 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 in FY14 Quarter 4 by the Malawi FtF-INVC project team toward completing the tasks under the five components listed in **Table 1**.

PROJECT MANAGEMENT:

During the quarter, FtF-INVC achieved the following:

- INVC invited our focus district partners (Baylor, Dignitas, PCI-Wala, FHI360) to share FY15 plans. In addition, we have also invited 4 districts assemblies (3 focus districts and one partial-focus district) to present to us their District implementation plan vis-a-vis agriculture and nutrition. These discussions took place July 9th – 11th at the Golden peacock hotel.
- INVC conducted a week long planning session with our implementing partners the week of July 14 through 18th where we refined 2015 workplans for the INVC project including the extension years of 2016 and 2017. In addition to NASFAM, Nkhoma, Pakachere, FUM, CADECOM and IITA, STTA from DAI headquarters attended and contributed technical approaches to the workplans for the project components and the individual partner workplans.
- On July 23rd the M&E team leader met with Geoffrey Kananji from AGRA to discuss M&E issues as the Scaling Seeds and Technologies project prepares to launch.
- This past quarter INVC engaged two survey teams to conduct a baseline survey for nutrition indicators in the three expansion districts and also to survey project beneficiaries in the seven project districts to gather data on agricultural outcome indicators.
- INVC M&E staff assisted a team from Bunda who is working with the University of North Carolina to conduct an impact survey on the INVC project in various GACs and GVHs in Mchinji and Lilongwe. The study will look at impacts with nutrition and agriculture combined and with agriculture alone.

COMPONENT 1: ADVANCING VALUE CHAIN COMPETITIVENESS

Significant achievements under this component this quarter included

- Collective marketing of grain legumes resulted in increases in spot market prices at Village Aggregation Centers (VACs) from 17% (NASFAM) to 25% (FUM).
 - Collective marketing sensitization, training, and the impact of previously recruited marketing clerks stimulated farmer organization members and *non*-members to sell through VACs.
- A model was developed for bridging finance that can provide cash to farmers within 24-48 hours and maintain their ownership for subsequent sales decisions on a spot or structured trade market.
 - A formal presentation of the model was made to OBM (formerly OIBM).
 - Confirmation of additional bridge financing was obtained from ACE.
- The first Offer Volume Only (OVO) auctions were held on the ACE exchange resulting in a rapid increase in spot market prices for soybeans reflecting regional as well as national market valuation of soybeans produced in Malawi.
 - The OVO provided a level of transparency on soybean market value that has never been as visible to smallholders before.
- During this quarter, a total of 176 deposits were made and registered at ACE under WRS.
 - Beneficiaries deposited a total of 11,716MT of commodities, a very large increase compared to the 3rd quarter.
 - For the first time, soybeans accounted for about 50 percent of all WRS deposits and grain legumes (including soybeans and pigeon peas) represented the majority of crop deposits.
- A total of 216 contracts for 22,614 MT of soybean, maize and sunflower were facilitated this quarter through ACE.
 - The value of these contracts was MWK4.873 billion - or over \$12 million.

- ACE has now successfully established its Mozambique storage facility, and engaged in auction activity with Mozambique participating to improve regional price transparency for soybeans, sunflower and maize.
- Steady efforts since the project's inception have supported conditions of systemic changes in staple food supply chains that are financed principally through loans financed from depositor accounts in commercial banks.

COMPONENT 2: IMPROVING PRODUCTIVITY

Significant achievements under this component this quarter included:

- Significant outreach activities continued during the last quarter of FY 2014 including widespread training on improved post-harvest techniques for the current harvest (2013-14 season) and appropriate land preparation practices for the upcoming season (2014-15).
- Nearly 10,000 extension workers and lead farmers were trained in these topics as well as nearly 1,300 farmers on improved dairy management practices.
- Focused crop residue preservation training helped these farmers to produce 220 MT of animal feed.
- The procurement strategy implemented by FtF-INVC for 100MT of high-quality, certified, soy seed (*Serenade*) was a major advance in the search for reliable seed quality.
 - Advertisements placed in the Malawi Press specified that companies would only be eligible to provide the seeds if they were able to document the source of basic seed, report on germination test results and other critical data.
 - This was almost certainly a breakthrough in seed quality requirements and probably the first time in Malawi that such high standards have been demanded as part of a seed solicitation process.
- Likewise, the delivery from an international supplier of 2MT of soy inoculum - needed to realize the full potential of the certified Serenade soybean seed - can also be regarded as another breakthrough.
- A final milestone for this quarter was the full mobilization of the newly-recruited Lead for Component 2, who arrived in-country on August 20, 2014.

COMPONENT 3: IMPROVING COMMUNITY CAPACITY TO PREVENT UNDER-NUTRITION

Significant achievements under this component this quarter included:

- FtF-INVC now has almost 85,000 households being supported with various nutrition-related interventions
 - The team registered over 9,500 new households in Lilongwe and Mchinji
 - In the three expansion Districts, 47,500 new households were registered
 - Nkhoma Hospital continued to provide support to around 42,000 already-registered households
- During Q4 over 3,800 new care group clusters were created
 - This brings the total number of clusters of pregnant women, lactating woman and families with children under 5 years old to just over 7,000
- FtF-INVC now has a team of 276 promoters working with communities: of these, 156 are within the new expansion Districts
- Care group activities were supported through 189 drama performances, reaching around 35,700 community members
- Transfer of skills and reinforcement of learning on the 15 prioritized behaviors was supported through the printing, publishing and distribution of 2,500 counseling cards.
- In Q4 almost 9,800 kitchen gardens were newly established to grow a wide variety of nutritious crops.

COMPONENT 4: INVESTING IN INNOVATION

Significant achievements under this component this quarter included:

- USAID concurred to increase the FUM grant by US\$285,000.
- US\$874,572 was distributed to eight grantees.
- Cleared expenses were 65% more than that of the previous quarter.
- Cumulative grantee expenses cleared by FtF-INVC are now 86.4% of total funds disbursed to grantees.
- ACE facilitated a total of 216 commodity contracts during this quarter, out of which 161 were forward contracts.

COMPONENT 5: DEVELOPING LOCAL CAPACITY

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

- FtF-INVC conducted a mid-year Organizational Capacity Assessment (OCA) in seven of the main implementing partner organizations.
 - This was designed to monitor progress made in capacity development since the last OCA (February 2014) and the results confirmed a general improvement in partners' capacity since the earlier OCA.
- FtF-INVC partnered with three Business Service Providers (BSP) to provide Corporate Governance and Agribusiness training support to various farmers associations
 - These BSPs also facilitated the development of 10 bankable Business Plans for the farmers' associations/cooperatives
- Training courses were delivered at farmer-level for lead farmers, assistant lead farmers and field extension staff in land preparation, seed conditioning and seed germination testing
- Three value chain policy studies through CISANET were actively supported:
 - Dairy Value Addition in Malawi
 - Soya beans and Groundnuts cross border trade
 - Challenges in Farmer adoption of soybeans and groundnuts technologies.

CHALLENGES EXPERIENCED THIS QUARTER

Challenges relating to Value Chain Competitiveness included:

- Market interventions and political risks from the May elections, contentious debate in parliament over the FY2015 (July 2014-June 2014) Budget, and the delay of the budget vote until September combined to delay announcement of government procurement levels by the National Food Reserve Agency.
 - This delayed clearing of long-term stocks in storage and slowed maize market clearing overall.
 - While ACE structured significant maize trade, and fully utilized available financing because of combined grain legume and maize trades, there should have been substantially greater volumes of maize trades in September that would have accessed more of the negotiated bank finance, establishing the basis for greater scaling in next year's April 2015 marketing season.
- Government declarations on its purchasing plans to reconstitute the national food reserve stocks have been confusing and contradictory.
 - The value of the funds allocated in the budget seems woefully inadequate to procure the quantity of maize targeted to reconstitute the reserve.
 - The sealed bid method of procurement, rather than open market procurement, represents a return to practices that have resulted in highly controversial supply contracts and disruption of established trading contracts.

- If the intent of the government is to use the declared captive surplus of maize to keep procurement prices low, this effort already seems to have failed as maize prices have climbed from MWK70 to MWK100 per kg.
- It is disappointing that the new government did not elect to use more transparent market mechanisms that would have permitted greater discovery of stock levels through bid prices, potentially reducing procurement costs to government and avoiding the potential for collusive price setting and rent seeking.
- The Malawi Kwacha lost a substantial amount of its value against other currencies during the quarter and projections are that a continued steep slide in Kwacha value will continue throughout the calendar year.
 - While this would appear to improve the prospects for Malawian exports, it will soon start to increase the costs of harder currency denominated goods, such as petroleum goods needed for power and transportation, packaging materials, fertilizers and crop protection products, and other manufactured intermediate raw materials needed by food processing industries.
 - The decrease in the Kwacha's value has also increased the incentives for informal and illegal cross border trade in maize which is currently banned from export despite what is reported to be a more than 90,000 MT surplus.
- Donors appear to be supporting more direct crowding out of the private sector by the public sector that will increase the difficulty of getting high quality, adapted technologies approved for commercial importation and release for distribution
 - For example: DfID support to build an "indigenous" soybean inoculum business from a DARS inoculum base, renewing failed past experiences and ignoring the strength and quality of the globally consolidated inoculum industry.
 - It is likely that the DARS DfID effort to establish domestic inoculum industry will lead to greater restrictions on the importation of inoculum at a time when soybean demand is high and smallholder access to inoculum to boost soybean productivity is low.
- Government's renewed FISP policies seem destined to reinforce the rent positions on the selection, importation and distribution of fertilizers and may further increase its cost, with more costs being transferred from government to loan-funded programs and donor support in an indirect work around the reductions in basket funding.
 - The delayed budget vote may result ironically in government recourse to some stocks of fertilizer positioned by Farmers World, Kulima Gold, Agora, Demeter and others who anticipated the impact of the slow budget approval on government ability to procure fertilizer in a timely manner
 - There does not appear to be a shift in policy that would favor the establishment of sustainable agro-dealer businesses with deeper rural penetration than *bomas* and trading centers
 - Current government, and loan-funded, programs continue to propagate pan-territorial fertilizer recommendations with dubious effects on soil fertility in the short and long-term.
- Recovery of soft seed loans by NASFAM and CADECOM declined compared to FY2014.
 - High soybean prices cleared available stocks in zones of strong production.
 - Farmer incentives to repay the soft loans are low and the quality of recovered soybean grain and groundnut grain appears to be lower than last year.
 - The increased domestic price for soybeans will only offset a small portion of the recovered grain shortfall in quantity.

Challenges relating to Improving Productivity included:

- Poor recovery of seed as a result of:
 1. Farmers believing that seed does not need to be repaid (or returned) as a result of political campaigns.
 2. Poor germination in some areas reducing yields and the ability of farmers to recover seed.
 3. Poor storage in farmers' homes resulting in significant amount of seed grade-outs from the existing stocks and reducing the ability to return seed.

Some of the challenges relating to Monitoring and Evaluation included:

- Household data for the expansion districts is not gender disaggregated because many of the registration forms have not yet been entered into the Project database.
 - The M&E team hopes to rectify this over the next few weeks.
- Not all partners have implemented a lockable cabinet for hard copy data due to "procurement challenges"
 - The M&E team intends to raise this issue so that it is addressed as soon as possible.
- Lead farmer training forms continue to ***not*** show up in the EPA and IPC offices.
 - The M&E team is distributing a lead farmer form booklet with three part carbonated forms that will hopefully address this issue.

Implementation efforts designed to Develop Local Capacity were also affected:

- Progress was slowed by the effects of high rates of staff turn-over and attrition rates at some partner institutions (for example Nkhoma Hospital)
- This particularly impacted capacity building interventions at the field level

Grants management also faced a significant challenge this Quarter:

- Nkhoma CCAP Hospital's expense liquidation rate is slow.
 - FtF-INVC has engaged them in many ways but progress remains unacceptable.
 - Recently the project placed a liaison person at Nkhoma and it is planned that having a dedicated resource will reap dividends in the form of a better burn rate by Nkhoma.

SUMMARY TABLES: PROGRESS MADE THIS QUARTER

The combined effects of the activities described in this quarterly report are summarized in these Tables to show the quarterly and year-to-date results against targets.

Table 3: Progress on Performance Indicators - This Quarter (FY14 Q4)

Applicable Performance Indicator		Quarter July 1 – Sept 30, FY14		RESULTS TO DATE (cumulative)	Life of Project Target
		Target	Achieved		
1	Number of rural households benefiting directly from USG interventions	22,917	46,327	286,173	275,000
	<i>Gendered Household Type</i>				
	<i>Adult female no adult male</i>				
	<i>Adult male no adult female</i>				
	<i>Male and female</i>				
	<i>Child no adults</i>				
	<i>Disaggregates not available</i>		46,327		
	<i>New/Continuing</i>				
	<i>New</i>	22,917	46,327		
	<i>Continuing</i>				
	<i>Disaggregates not available</i>				
2	Number of individuals who have received USG supported short-term agricultural sector productivity or food security training	11,459	45,664	176,931	150,000
	<i>Sex</i>				
	<i>Male</i>	5,844	21,423		
	<i>Female</i>	5,615	23,459		
	<i>Disaggregates not available</i>		782		
	<i>Type of individual</i>				
	<i>Producers (Farmers)</i>	11,344	45,387		
	<i>Government staff (Extension, EPA etc.)</i>	250	205		
	<i>Private Sector (Processors, service providers)</i>				
	<i>Civil Society (NGO, CBO, FBO, research etc.)</i>	50	72		
	<i>Disaggregates not available</i>				
3	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.	9239	9,228	9,228	10,000
	<i>Organization Type</i>				
	<i>Private enterprises for profit</i>				
	<i>Producer organizations</i>	9239	9,228		
	<i>Women's groups</i>				
	<i>Trade and business Associations</i>				
	<i>CBO</i>				
	<i>Duration</i>				
	<i>New</i>	573	562		
	<i>Continuing</i>	8666	8,666		
	<i>Disaggregates not available</i>				
4	Value of new private sector investment in the agriculture sector or food chain leveraged by FTF implementation	\$125,000	\$ 938,640	\$ 1,612,140	\$500,000
5	Value of agricultural and rural loans	\$75,000	\$5,902,573	\$6,593,897	\$ 600,000
	<i>Type of loan recipient</i>				
	<i>Producers</i>		18,137		
	<i>Local Traders/assemblers</i>		5,884,436		
	<i>Wholesalers/processors</i>				
	<i>Others</i>				

	Applicable Performance Indicator	Quarter July 1 - Sept 30, FY14		RESULTS TO DATE (cumulative)	Life of Project Target
		Target	Achieved		
	<i>Disaggregates not available</i>				
	Sex of recipient				
	Male		529,147		
	Female		80,869		
	Joint				
	Companies		5,292,557		
	<i>Disaggregates not available</i>				
	Size of Loan Recipient				
	Micro		635,621		
	Small		5,266,952		
	Medium				
	Other				
6	Number of children under Five (5) reached by USG-supported assistance (through care group model)	23,400	56,553	112,560	100,000
	Male		27,202		
	Female		29,351		
	<i>Disaggregates not available</i>	23,400			
7	Number of people trained in child health and nutrition through USG-supported programs	23,400	168,864	201,859	64,959
	Male		13,964		
	Female		154,900		
	<i>Disaggregates not available</i>		-		
8	Number of MSMEs, including farmers, receiving business development services from USG assisted sources	5	6	621	450
	Size of Enterprise				
	Small	4			
	Medium	1	6		
	Large				
	Sex of Enterprise Owner				
	Male				
	Female				
	Joint	5	6		
	Type of Enterprise				
	Ag. Producer	5			
	Input trader		1		
	Trader		4		
	Output processors		1		
	Non- Ag.				
	Other				
COMMENTS & DEVIATIONS					
<i>Index / reference numbers correspond with the indicators above</i>					
1	FY2014 quarterly achievement is higher this quarter given INVC's accelerated expansion into three new districts. Keeping the LOP target for three years at 275,000 we have exceeded our target set for this indicator. This number will be disaggregated by gendered household type once all of the registration data is in from the field.				
2	FY2014 quarterly achievement is higher because farmers received training on harvest, post-harvest and storage; new members as well as continuing smallholders are being provided the season's agricultural production training programs starting with land preparation and planting topics.				
3	This quarter, only NASFAM and CADECOM added new CBOs (farmer clubs) bringing the total number of CBOs/clubs receiving USG assistance to only 9228. Since INVC continues to work with the CBOs throughout the year, the number is cumulative.				
4	The target is surpassed this quarter due to the unanticipated use (under warehouse receipts) of newly available storage space invested by the private sector players.				
5	The number is higher than expected due to the expanded use of forward contracts by Malawi processing sector to lock in their supply and the smallholders/traders desire to cash out the contract. A large number of farmers and traders participated in the ACE's 3 loan instruments: Bridging finance, Ware house Receipt, and Forward contract. The number reflects the high use of forward contracting for soya and soy products (meal) which has had a spike in interest due to the low supply this year. Ace's loan instruments are all financed through First Merchant Bank.				

6	Many new care groups have recently been formed in the expansion districts hence a very high number of under 5 children reported this quarter.
7	This indicator captures all the training delivered through the care group clusters (each with 12 households) on such topics as exclusive breastfeeding, SUN, ENA, food processing, WASH, kitchen gardening etc. The number includes all those who have received training such as promoters, care group volunteers (i.e. lead mothers/fathers), mothers/care givers that are part of the care group cluster.

PROGRAM MANAGEMENT AND MONITORING

This quarter, the project team continued with scaling activities across both agriculture and nutrition components. Being ever mindful that this quarter was not only the last quarter for FY14, but also the last marketing season and final planting season under the original DAI contract (ending April 25, 2015), the INVC team continued accelerating its pace to achieve project results. To ensure that results continue to deepen and are far-reaching, INVC engaged 21 short-term experts covering multiple technical areas to support grantee/partners in their multiple efforts. In addition, this quarter too, INVC continued to work closely with partners, shadowing them, to ensure that partners deliver critical community-level services, including training, demos and messaging in a timely manner. As such, FtF-INVC conducted **11** coaching sessions, coordinated **24** partner meetings, conducted almost 40 workshops and training events for partners and carried out **65** field management/monitoring visits.

This quarter, FtF-INVC also hosted **7** visits to project sites/events for USAID/Malawi. To contribute to improved stakeholder coordination and collaboration, FtF-INVC continued to participate in meetings and workshops (18 this quarter) organized by other projects and donors. Additionally, to begin the integration process with co-located partners in the CDCS Focus districts, FtF-INVC kicked off the quarter by collaborating with **4** district councils (Lilongwe, Balaka, Machinga and Mangochi) and other implementing partners, such as Baylor International, Emmanuel International, Malawi Bridge II and FHI360, to better align FY15 activities to increase integration and synergy.

TASK 1: KEY PROGRAM MANAGEMENT ACTIVITIES

SUB-TASK 1: PROJECT IMPLEMENTATION/MANAGEMENT ACTIVITIES

INVC kicked off the quarter with an all-staff retreat to focus on developing and finalizing the project's FY15 workplan. A team of home-office support from both DAI and Save the Children were on hand to provide technical assistance during the workplan development exercise. In addition to FY15, the team also strategized to develop workplan for the transition years: FY16 and FY17. During the week long retreat, all key staff from partners/grantees were also invited to participate in the process and contribute to the workplan. Furthermore, given the project's FORWARD priorities, it was important to ensure grantee participation in the process for two reasons: first, to ensure their buy-in, and secondly to offer them a learning opportunity on how to integrate multiple objectives and activities proposed by different partners.

This quarter, FtF-INVC was invited to participate in the Mangochi District council workplan development meeting held in Mangochi. INVC participated in the District Assembly's health component to better understand their programs and how INVC and the DNHA can improve coordination, collaboration and integration of development activities. INVC hopes to continue this level of collaboration and partnership with all district councils across the zone of influence.

This quarter too, the FtF-INVC technical working groups (TWGs) continued to meet successfully. Given the onset of the production season, the Agricultural production and productivity TWG began meeting more frequently this quarter to ensure that all training schedules, training modules and materials, and training plans were in place. As mentioned before, the TWGs offer the opportunity to better harmonize technical approaches and interventions since the TWGs are comprised of technical-area specific representatives from each INVC partner/grantee, including the INVC program managers from each partner. As such, these TWGs are providing the opportunity for the partners to share information and increase communication with each other in matters that are common to all. As mentioned, each of the TWG is "championed" at the FtF-INVC project by an INVC officer.

INVC also worked with the DAI head-office this quarter to ensure that all supervisors participate in the online "Ethics for Supervisors" training in order to reinforce the importance of maintaining an ethical and responsible organizational culture. Ethics training is a requirement for all staff, both expat and CCN, under DAI project practice. As such, all INVC staff go through the training annually.

This quarter, INVC also supported the participation of ACE for two events (South Africa and Zimbabwe). ACE’s participation in the South Africa Trade Hub organized conference was to assess investor interest in financing an agricultural storage investment fund. The fund once operational hopes offer commercial long-term finance at competitive US dollar rates to finance the development of decentralized storage in the region. The Zimbabwe visit provided the opportunity to follow up the ACE’s Soy meal export to the country and to further promote participation from Zimbabwe on the regional OVO (Offer Volume Only auction).

Project Staffing

This quarter, several staff prepared to join the project. FTF-INVC Agricultural Productivity Specialist and Component Lead, Dr. Harry Bottenberg arrived at post to lead the agricultural productivity/production component, while INVC successfully also mobilized Ms. Catherine Chiphazi, who will serve as the project’s second Nutrition Specialist tasked to manage three added districts for nutrition expansion. In addition, this quarter, the project successfully brought on board three field nutrition coordinators to manage Balaka, Mangochi and Machinga nutrition integration activities. To support these three district coordinators, INVC also successfully hired 13 nutrition assistants to ensure nutrition activities are quickly integrated into the agriculture through the NASFAM farmer organizational structure. During the quarter, INVC nutrition specialist and nutrition coordinator left the project to join other donor projects in the country. INVC has already begun the search for staff replacement and anticipates concluding the hiring process next quarter.

Continuing on the grantee front, this quarter, Nkhoma successfully hired 2 district coordinators and 10 nutrition assistants, 1 program manager, and 1 driver. Nkhoma is in the process of concluding the hiring of an M&E officer and project accountant. In agriculture, NASFAM, FUM, and CADECOM are also continuing with the implementation of the surge capacity buildup at the community level. NASFAM has finally concluded its hiring of the marketing and agricultural production assistants, and have proceeded on to hire additional AFOs and assistant lead-farmers. In total, all implementing partners have now close to 4,000 lead farmers and assistant-lead farmers to ensure farmer reach. FTF-INVC continued its technical support this quarter. A total of 21 subject matter specialists provided assistance across various technical areas covering both agriculture and nutrition components. Both international and local consultants providing key training and knowledge transfer support across the seven districts. See Table 4 below lists the consultants and focus area covered during the quarter.

Table 4: Short Term Technical Support Mobilized during the Quarter

No	Consultants	Technical Focus Area
1	Rick Wesch	Strategic Planning and Organizational Support
2	Jeff Spear	Brand Name Development Support
3	Don Humpal	VC Competitiveness – FY15-16 Workplan Development
4	Dave Besch	Grants Management– FY15-16 Workplan Development
5	Katherince Kurtz	Nutrition specialist – FY15-16 Workplan Development
6	Adrienne Siebert	Nutrition specialist/STC – FY15-16 Workplan Development
7	Jonathan Hill	Program Management – FY15-16 Workplan Development
8	Issam Testourie	Financial and Accounting Support
9	Nicholas Shirra	Value Chain Finance Specialist
10	Foodsec Consulting	Marketing and Storage Management
11	Aderan Associates	Land Preparation and Seed Conditioning
12	Umodji Consulting	Organizational Development and Association Business Planning
13	TradeLine	Organizational Development and Association Business Planning
14	Target Consulting	Organizational Development and Association Business Planning
15	Kim Phillips	Nkhoma Business process management support
16	Aisha Alhassan	Nutrition Component expansion support
17	Dr. Bearice Mtimuni	INVC Expansion Districts Nutrition Baseline Survey
18	Dr. Lawrence Mapemba	INVC Agricultural Outcome (Beneficiary) Survey
19	Don Humpal	VC Finance and operational Support
20	Dr. David Ortega	Choice Experiments and Farmer Legumes Technologies Adoption Survey
21	Dr. Kurt Waldman	Choice Experiments and Farmer Legumes Technologies Adoption Survey

SUB-TASK 2: PROJECT SITE VISITS AND FIELD TRIPS

As the flagship project in Malawi, FtF-INVC is mindful of its role in sharing project performance information and showcasing project activities. During the quarter, the following project site visits were conducted by USAID/Malawi.

Table 5: Project Site Visits Conducted this Quarter

No	Visiting Team	Dates	Project	Partner Site
1	USAID/Malawi COR for INVC, Lynn Schneider	July 9, 2014	Workplan Integration with 4 District Councils, Lilongwe	District councils
2	USAID/Malawi COR for INVC, Lynn Schneider	July 11, 2014	Offer Volume Only (OVO) auction, Lilongwe	ACE
3	USAID's Global Development Lab (GDL), the Rhode Island School of Design and USAID/Malawi's Catherine Kazmirski and Jean Msosa-Maganga	July 29-31, 2014	Machinga	NASFAM
4	USAID/Malawi Local Capacity Development Specialist, Patrick Phoso	Aug. 6-7, 2014	Farmer Associations Corporate Governance and Business Management Training, Ntcheu	NASFAM
5	USAID/Malawi Local Capacity Development Specialist, Patrick Phoso	Aug. 26-27, 2014	Farmer Associations Corporate Governance and Business Management Training, Mangochi	NASFAM
6	USAID/Malawi COR for INVC, Lynn Schneider; Agriculture Specialist and A/COR for INVC, Martin Banda	Sept. 02, 2014	Chafumbwa EPA, Dedza West	CADECOM
7	USAID/Malawi A/COR for INVC Martin Banda and SEG M&E specialist Abel Nyoni	Sept. 12, 2014	INVC Agricultural Outcome (Beneficiary) Survey, in Chioshya and Msitu, Mchinji	LUANAR

SUB-TASK 3: DONOR COORDINATION

In order to foster synergy, reduce duplication, increase coordination, and contribute to development, this quarter too, FtF-INVC participated in several workshops and meetings organized by donors, NGOs, partner projects, and government ministries. The following are some key meetings and workshops INVC participated in to contribute to improved stakeholder coordination and collaboration:

1. Feed the Future All partners Meeting
2. South Africa Trade Hub Launch and Awareness seminar for Malawi National Enquiry Point
3. ISFM Malawi Stakeholder Workshop
4. US Global Development Lab Official Launch
5. World Bank Group and Ministry of Industry and Trade (MOIT) led validation workshop for the draft Warehouse Receipts System (WRS) bill.
6. CISANET National Conference on Agriculture at 50: Toward a Common Vision
7. MAPAC Technical Meeting
8. International Potato Center Meeting
9. Mangochi District Council workplan Meeting
10. CISANET DIDP Stakeholders meeting
11. UNC FEEDBACK Impact Evaluation team meeting
12. USAID Regional Seed Harmonization Meeting
13. USAID/South Africa Trade Hub Agriculture Storage Fund Investor Conference
14. USAID All partners meeting
15. Agriculture Productivity Technical Working Group Meeting
16. USAID Market Facilitation Peer-Learning Event
17. UN World Food Program Patient Procurement Platform (PPP) meeting
18. AGRA, Scaling Seeds and Technologies project and M&E issues meeting

TASK 2: KEY MONITORING AND REPORTING ACTIVITIES

SUB-TASK 1: MONITORING AND REPORTING SYSTEM

Data Collection Tools

The bound booklet of lead farmer forms with carbonated copies has been produced. Distribution has begun at NASFAM in Mchinji, Ntcheu and CADECOM in Dedza and will continue into the next quarter. Each booklet has been numbered so that AFOs can keep track of which numbers are assigned to which lead or assistant lead farmers. This way we will know which farmers are active and which are not: this will help us to ensure that forms are submitted correctly and accounted for accurately. A similar booklet will be produced for the nutrition team next quarter.

Project Database

FtF-INVC is continuing tracking project indicators from our various partners/grantees that are housed in Excel Database. Templates that have been developed for data entry for partners are being continually reviewed and data quality checked using a data entry protocol designed by INVC. The protocol has helped to streamline the management of the electronic data which will be important for good data management and version control. A lot of time was spent last quarter cleaning and validating partner data. In the meantime we are exploring other database options and have included “Exploration of digital data gathering and QR codes” into the FY15 work plan. We will implement this as a test case and based on lessons learned we will roll it out to the rest of the districts accordingly.

Figure 3: Lead Farmer Training Record booklet



Figure 4: A lead farmer filling out one of his records in the new booklet



SUB-TASK 2: STRENGTHENING GRANTEE M&E SYSTEMS

Frequent Partner Field Visits

The INVC team has been spending a lot of time out in the field helping partners to monitor data gathering, training field staff and performing DQAs. This frequent contact has helped us to improve data quality which we will continue to work on through the coming year. The INVC M&E team travelled out into the field every two weeks last quarter and this will continue in the coming quarters. See table below for details.

Partner Training Plans

The nutrition M&E team has conducted several trainings for Nkhoma field staff (including 114 promoters) in Lilongwe and Mchinji. They have also trained all the new 156 promoters (90 males and 66 females) and 16 nutrition project staff (District Coordinators and Nutrition Assistants) for the expansion districts of Balaka, Machinga and Mangochi. Previously translated versions of forms were refined and instructions were edited in preparation for these trainings. Follow up training will take place in all of these areas throughout 2015. Lead farmer training has progressed slowly as INVC staff focus on training AFOs, registering new beneficiaries, data cleaning and surveys. Next quarter training plans will be developed in conjunction with partners and lead farmer training will be rolled out in all areas of the project.

Unique Beneficiary ID

Unique IDs are being distributed to AFOs and lead farmers (including assistant lead farmers) and, after validation with the lead farmer, are entered into the project database. This is a time-intensive process, but is valuable in assisting FtF-INVC to identify potential duplicate records between agriculture and nutrition. We are hoping to be nearly finished with the distribution of unique IDs for agriculture by the end of next quarter. The nutrition IDs will be assigned once the distribution of agriculture IDs has been completed.

M&E Technical Working Group

INVC held a meeting with implementing partners of the M&E Technical Working Group on September 5th. During this meeting we discussed unique beneficiary IDs, data gathering protocols, electronic data entry and protocol for avoiding version control problems, outcome surveys and the tri-carbonated booklets of forms for lead farmers. There was also a lengthy discussion on data quality, why it is a challenge and what can be done to improve it out in the field. From this meeting it is clear that the production of the form booklet will help lead farmers as well as additional training from INVC and partner staff. Next quarter M&E lead farmer training will begin.

Internal DQAs and Quality Checks

The INVC M&E team conducted several DQAs throughout the quarter. In each case the DQA checklist was filled out and a list of recommendations were sent to the partner to raise their awareness of the importance of data quality. The Table below summarizes the date, the indicator, the location and the partner for which the DQA was conducted. These quarterly DQAs are starting to bear fruit in helping us to improve data quality.

Table 6: Quarterly DQAs June-September 2014

Indicator	Date	Partner	Location	Comments
Number of individuals receiving short term training	8/4/-8/8 2014	Cadecom	Chafumbwa, Kanyama, Golomoti and Mtakataka	Out of the 4 EPAs only one was found to be unsatisfactory. We followed up on the unsatisfactory EPA and found vast improvements in data management and storage
Number of individuals receiving short term training	8/7/2014	NASFAM	Balaka IPC	Data was not properly filed or managed primarily due to staff turnover. We therefore found the data to be unsatisfactory. NASFAM has since hired new staff and a follow up visit is scheduled.
Number of individuals receiving short term training	9/10/2014	NASFAM	Namwera IPC	Overall the data was satisfactory. The IPC needs to document QC.
Number of people trained in child health and nutrition	9/25/2014	Pakachere	Blantyre	Overall the data was satisfactory. They need to procure a lockable filing cabinet.
Number of individuals receiving short term training	9/26/2014	MMPA	Lilongwe Secretariat	Overall the data was satisfactory. Hard copy data was not available but rather scanned digitally.
Number of individuals receiving short term training	9/30/2014	Nkhoma	Lilongwe Secretariat	Overall the data was unsatisfactory likely due to high staff turnover. Forms not filled out and filing system not implemented correctly. DQA scheduled again next quarter. Devising action plan for improving data quality Nkhoma is fast tracking the hire of a new M&E Officer.

SUB-TASK 3: PROJECT BASELINE AND PERFORMANCE UPDATE

Nutrition Baseline Survey

Nutrition baseline survey for the expansion districts - Mangochi, Balaka and Machinga - was completed: a total of 2,657 individuals were interviewed, as summarized below:

Table 7: Main Baseline Indicators by District

Parameter	Balaka	Machinga	Mangochi	Overall %
Prevalence of stunted children under 3 years of age	36.9	42.7	51	47.3
Prevalence of children 6-23 months receiving a minimum acceptable diet - breastfed ¹				9.9
Prevalence of children 6-23 months receiving a minimum acceptable diet - not breastfed ¹				12.1
Percent of 0-5 months children exclusively breastfed in target districts	73.8	77.5	69.6	71.9
Dietary Diversity of women of reproductive age (15 to 49 years)	77.2	74.8	71.7	74.6
Mean number of foods consumed by women 15 to 49 years of age	4.3	4.1	4.1	4.1

¹ Data for the three districts for this indicator is forthcoming

² Note these numbers are still preliminary and may be revised

Note: This baseline will be utilized as a point of comparison to measure the progress of INVC in the three expansion districts.

Agricultural Outcomes Survey

The agricultural outcomes survey was completed by the end of this reporting period however data cleaning and analysis is not quite final. The team surveyed a total of 1,400 beneficiaries. Data for the following indicators are being gathered:

- Gross margin per hectare or animal of selected product
- Number of farmers and others who have applied improved technologies or management practices as a result of INVC assistance
- Number of hectares of land under improved technologies or management practices as a result of INVC assistance (for soybean and groundnuts)
- Yields of soybean and groundnut
- Value of incremental sales (collected at farm-level) attributed to FtF-INVC implementation

Once the data is cleaned and calculations are confirmed, we will report these numbers in our annual report and in FTFMS. A separate survey of 235 organizations and enterprises was conducted for the indicator below:

- Number of private enterprises, producer organizations, women's groups, trade and business associations and community based organizations (CBOs) that applied new technologies or management practices as a result of INVC assistance

The results from this survey are not yet complete but preliminary numbers show that approximately 85% of the projects organizations are utilizing improved technology. Completed numbers will be provided in the annual report and also in FTFMS.

MMPA closeout survey

Data for outcome indicators was gathered from each Milk Bulking Group for 41 randomly selected MMPA beneficiaries. The purpose of this small survey was to be able to report on results for the Gross Margin and Technology application indicators since FtF-INVC is closing out the dairy component of the project. Information for the incremental sales indicator was also gathered.

Table 8: MMPA final outcomes survey

Indicator	Baseline	Target	Actual
Gross Margin - Dollars per Cow	93	140	447
Production- Liters per Cow	685	2190	2417
Indicator	Baseline	Total Sales	Incremental Sales
Value of Incremental Sales	\$238,933	\$572,079	\$333,146
Percentage of Farmers Applying improved technology or management practices	N/A	N/A	100%

Notes

The gross margins and incremental sales came in higher than expected for four primary reasons:

- we tried to capture *all* milk sales including off market or informal sales
- milk production has increased due to the utilization of improved feeding and the Grand supplement (and MMPA will be obtaining more supplies of this supplement from India)
- The zebu upgrading strategy offered opportunity to households to increase number of milking cows thereby increasing the volume of milk available for sale.
- prices of milk have almost doubled since the project began, making milk production a more profitable enterprise

“Total milk sales” of \$572,079 was calculated by multiplying *average sales per farmer x number of beneficiary farmers*. Subtracting the baseline total amount of sales from the actual amount of sales determined by the survey reveals incremental sales amounting to \$333,146.

Other results of this survey are that 100% of the beneficiaries were applying one of the improved technologies promoted by the project. The types of improved technology and management practices promoted by the project included: artificial insemination, hormone supplements, improved feeding practices, mineral block making, dip formulation and milk analysis.

Nutrition Expansion: M&E Component

The nutrition component continued with its expansion plans into Balaka, Machinga, and Mangochi districts. The M&E team was heavily involved in the training of the new staff and promoters as mentioned above. The nutrition staff have all been hired and attended three days of training from INVC the week of September 22nd. The M&E team will be following up with each District nutrition coordinator to continue the roll-out of training next quarter to insure that we obtain the best quality data from the expansion districts.

University of North Carolina Impact Evaluation

The INVC M&E team worked closely with the Impact Evaluation team from the University of North Carolina to help the team to obtain a list of villages in the FUM and NASFAM operating areas. This exercise ended up taking a lot of time because of the fact that GVHs and villages are splitting and changing names on a regular basis. Nkhoma is postponing any further expansion of care group activities or promoter recruitment until the impact survey baseline is completed. It is anticipated that this survey will be completed by the first week of November so that we may resume project activities implementation.

COMPONENT 1: ADVANCING VALUE CHAIN COMPETITIVENESS

Substantial progress was made in deepening the impact of structured trade on smallholder farmers through a number of significant interventions. The introduction through ACE of **Offer Volume Only** auction sales aligned national soybean prices with their true regional value and the **linkage of farmers to OVOs** through NASFAM helped to realize an immediate 17% differential above the prices offered by vendors at the farm gate and, subsequent to the completion of the auction, profits that nearly doubled the return to farmers. The results (prices received) from the three OVOs confirm FtF-INVC's 2013 study on the excess profits (rents) maintained by current domestic and export licensing requirements and the risks imposed by unclear and varying Government of Malawi policies and regulations. The **success of collective marketing** by FUM and CADECOM was demonstrated in the boosting of spot prices offered to farmers by 25% for soybeans and about 24% for groundnuts. The continued **expansion in the availability of bridging finance**, the WRS 70% finance facility and the forward contract facility all helped develop financial stability and sustainability. Continuing **rapid evolution of demand for soybeans** as a result of processors bringing on-line substantial new processing capacity (estimated private sector investment of about US\$15 million) at the same time as collective marketing has provided farmers with the opportunity for forward contracting for the 2014/2015 production year. The **expansion in processing of soy pieces** - a response led by the private sector - continued the growth in demand in rural areas for nutritionally-dense, easy-to-prepare foods at affordable prices. The **development of a bridging finance model** to deliver cash to farmers promptly will enable them to participate in structured trade using electronic money transfer - without sacrificing their immediate cash needs. Finally, the continued success in the marketing of in-shell groundnuts appears to **confirm the presence of lower aflatoxin levels**.

TASK 1: INCREASE ACCESS TO MARKETS

SUB-TASK 1: CONDUCT UPGRADING STRATEGIES, COMPETITIVE / MARKET ANALYSES AND DEMAND ASSESSMENTS

Collective Marketing Campaigns

Collective marketing campaigns ended the quarter as follows:

Table 9: Cumulative tonnage by Implementing Partners

IP	Tonnage
CADECOM	101
FUM	1,001
NASFAM	464
Total (All IPs)	1,566

Note: Tonnages are rounded to the nearest Metric Tonne (MT)

FUM provided data that shows that on average their clusters of farmers were able to negotiate prices for aggregated products that were 25% higher than vendor prices for soybeans and 24% higher than vendor prices for groundnuts. NASFAM data show that soybean prices received by farmers at ownership transfer were 17% higher than local vendor rates. Soybean and groundnut experience has been positive for most farmer groups. NASFAM-aggregated stocks were put on the OVO auction market and generated additional gross margins about equal to the farm-gate purchase price. These results show that grain legume prices at the farm-gate are not yet well integrated with urban market prices, hovering at between 40-50 percent of urban wholesale prices. This compares with maize where rural prices are about 81 percent of the retail whole grain price on urban markets in Lilongwe and

Blantyre according to a recently-released study by the Indaba Agricultural Policy Research Center in Zambia¹.

NASFAM data, as shown below, indicate that participants in collective marketing are committing what is expected to be their entire surplus stock for aggregation at from 0.5 bags to just under 4 bags per farmer. The broadening of collective marketing to non-NASFAM members increased beneficial participation by 2,618 farmers or 46%. Gender balance in collective marketing in the NASFAM IPCs was good with 43% of the total number of farmers participating being women. Total quantity of crops marketed can be increased substantially if suitable bridging finance mechanisms can be worked out in time for the 2015 marketing season for soybeans.

Table 10: Farmer participation in collective farming under NASFAM

IPC	Number of 2013/2014 beneficiaries	Number of NASFAM members participating in Collective Marketing	Number of NASFAM non-members participating in Collective Marketing	Total number of farmers participating in Collective Marketing			Total quantity marketed (kg)	Average quantity per farmer (kg)
				Male	Female	Total		
Balaka	4,474	303	2	151	154	305	20,977.0	68.8
LL North	9,105	216	811	616	465	1,081	27,401.0	25.3
LL South	10,349	299	80	254	125	379	71,660.0	189.1
MASFA	6,117	666	529	843	352	1,195	94,546.5	79.1
Namwera	5,808	893	268	627	534	1,161	140,469.2	121.0
Ntcheu	5,301	729	928	823	834	1,657	109,370.0	66.0
TOTAL	41,154	3,106	2,618	3,314	2,464	5,778	464,423.7	80.4

The final results of the maize collective marketing campaign will be determined next quarter when it is expected that these stocks will be sold.

The CADECOM and FUM figures incorporate a little over 846MT of maize that awaits sale. The post-election year spike in maize market prices to over 100 MWK per kg was followed by a drop to about 70 MWK per kg in September, while markets waited for NFRA to announce its procurement policy and for Parliament to vote the budget that would allocate funds to the NFRA to reconstitute the security reserve and to the Ministries of Social Welfare, OPC, and Ministry of Education for vulnerable household and school feeding programs. The market uncertainty and risks caused by delayed public decision-making has resulted in available rural and trading center space being filled with maize. Maize stored in Village Aggregation Centers and rented ADMARC space is untreated. It is hoped that NFRA and other government procurement agents will start buying operations to induce the private sector to start buying maize from farmers so that surplus stocks move through the rural grain markets to larger scale storage where fumigation would halt potential weevil damage.

From a policy perspective, the current ban on the export of maize in what is widely regarded as a large surplus year is dampening returns to smallholder investment in maize production and storage.

Trade Facilitation

As the Table below shows, this quarter ACE facilitated a total of 216 contracts for 22,614 MT and a dollar value of above \$12 million. This quarter represents about 63 percent of the volume and about 70% of the value of trade facilitated this FY. These trades included soybean, soya meal, sunflower, and maize. In contrast with last quarter when no rural trade agents were able to facilitate trades, in this quarter Rural Trade Agents were able to facilitate contracts accounting for 5 contracts, 106 metric tons of product, and MWK 16,216,000 (USD \$40,540) of sales. Trade facilitation overall should

¹ Nicholas Sitko and T.S. Jayne. June 2014. "Demystifying the Role of Grain Assemblers in the Rural Maize Markets of Eastern and Southern Africa." Working Paper No.84. Indaba Agricultural Policy Research Institute

increase now that the disruptions in crop marketing caused by the elections and the market uncertainty caused by the delayed Malawi budget vote have been resolved.

Table 11: Contracts Facilitated Q4 2014

Type of Contract	Facilitator	Number of Contracts	Volume (MT)	Value (MWK)
Any	Rural Trade Agent	9	106	16,216,000
Normal Trade	Trade Office	45	3,957	774,338,938
Forward Contracts	Trade Officer	161	17,371	3,976,547,493
BVO	Trade Office	1	1,180	108,560,000
Total		216	22,614	4,875,662,431

Warehouse Receipts System

Quarter 4 showed a surge in warehouse receipt activity in both legumes and maize through 176 deposits. Rural Trade Agents facilitated 30 depositors and 651MT this quarter. Deepening of the backwards integration of storage space is still dominated by larger traders who accounted for an additional 1,383MT of deposits in INVC rural sites.

This quarter soybean deposits accounted for 49 percent of all 11,910MT of commodities deposited. Pigeon pea deposits increased because the harvest of this crop started in this quarter, along with increased trader interest in this crop. The legume deposit activity is a significant advance over prior periods, but would have been higher if the early season demand for soybean had not led to an exceptionally fast clearing of the crop by smallholders selling to vendors for cash. Demand for soybeans has increased as new vegetable oil solvent extraction facilities have come on line and as existing processors add extruders to produce soy pieces, along with the continuing growth of the poultry industry. These developments sharpen early season competition for low cost, accessible harvested stocks.

Table 12: Legume Volumes on Warehouse Receipt

Warehouse	Commodity	Volume (MT)
Rab Kanengo	Soya	530
Nathenje	Soya	11
Zomba (Mwandama Grain Bank)	Soya	2
SunSeed Oil	Soya	2,500
SSV Oil	Soya	900
S&P	Soya	437
Complex de Silo de Sichinga	Soya	1,500
<i>All Soya</i>		5,880
Balaka	Pigeon Pea	18
Zomba (Mwandama Grain Bank)	Pigeon Pea	13
Mgodi Warehouse	Pigeon Pea	3
<i>All Pigeon Pea</i>		34
Total: All Grain Legumes		5,914

Note: Volumes are rounded to the nearest Metric Ton

The legume warehouse deposit activity showed a significant increase over prior periods, but this relatively high proportion of soybean receipts must be placed in the context of this year's maize marketing season given that it has been deeply disrupted by the May tripartite elections and the delay of maize marketing pending the extremely late vote of the budget allocation (in September rather than April) for purchases to restock the National Food Reserve Agency (NFRA). Furthermore, there was

a large amount of price uncertainty in the maize market, as traders were uncertain of the size and likely price targets of government for NFRA stocks. These risks and other cash demands (e.g. for tobacco) meant that collateral financing was also delayed. The market uncertainty extended the normal delay in major purchases that do not start until the harvested maize is dry enough for safe long-term storage. As these risks abated, ACE was able to attract deposits of more than 14 times the 521MT deposited in the 3rd quarter.

Table 13: Maize Volumes on Warehouse Receipt

Warehouse	Commodity	Volume (MT)
Rab Kanengo	Maize	341
Nathenje	Maize	327
Dedza	Maize	286
Balaka	Maize	219
Kafulu	Maize	695
Zomba (Mwandamba Grain Bank)	Maize	214
CPFeeds/CAPS Limited	Maize	1500
Grain Securities (Farmers World)	Maize	1030
Export Warehouse (Mchinji)	Maize	491
Mgodi Warehouse	Maize	5
CAPS Limited	Maize	886
Total : All Maize		5994

Sensitization and training on structured trade and marketing arrangements

During the quarter, sensitization, awareness building and training on structured trade, marketing arrangements were carried out by ACE rural trade agents and warehouse staff, head office staff, the trade facilitation office, and through Market Information Points. A total of 8,249 farmers and key stakeholders (4,704 male and 3,545 female) were reached during this quarter.

Collateral Financing and Bridge Finance

During the quarter, ACE concluded a series of partnership agreements on collateral financing, warehouse receipt financing, and forward contracts. Advanced commitments from First Merchant Bank (FMB) increased their facilities line by >50% this quarter to over \$5.9 million. In addition, National Bank agreed to provide a collateral financing facility of about \$3.6 million which ACE hopes to link to forward contract financing with Rab Processors on groundnuts. An agreement with Platinum Produce has been agreed for forward contract procurement of 3,000MT of maize and awaits CDH Bank approval. In addition Nedbank, FDH Bank, Standard Bank, and OIBM have made commitments to provide collateral financing support, but the delayed maize marketing season and new uncertainties about the transparency of the NFRA sealed bid procurement process make it unlikely that these lines can be used this marketing season.

Table 14: Bank Financing Facilities and % utilization in Q4FY14

Purpose	Amount MWK	Amount USD	Utilization %
Bridging Finance	150,000,000	412,600	103
Warehouse Receipt Financing	300,000,000	528,513	8
Forward Contracts	1,900,000,000	4,907,461	10
Total	2,350,000,000	5,848,574	10

Bridging finance used recycling of the warehouse receipt financing to permit higher than 100% utilization. The recycling was done to respond to demand for bridge financing by 141 small traders and farmers under the warehouse receipt system. The 103% utilization of forward contracting finance was the result of MWK to USD conversion rates during the quarter. Forward contracts were used primarily by processors (food and feed) to secure deliveries of raw materials.

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

Offer Volume Only Auction

In July 2014, ACE introduced a new auction procurement mechanism - Offer Volume Only (OVO) with support from the FtF-INVC Secretariat. In an OVO, a seller fixes quantity of commodity they wish to sell and interested buyers place price bids and the quantity demanded online. Three OVOs were conducted upon request from the National Smallholder farmers of Malawi (NASFAM), Farmers Union of Malawi (FUM) and a Mozambique-based organization called AC Matama Limitada. All three OVOs were for soya and represented a total volume of 2,369MT (360MT for NASFAM & FUM, 1,500MT for MATAMA Limitada and 509MT for NASFAM).

Table 15: Results from first-ever OVO Auctions in Malawi for Soybeans

Date of OVO	Prevailing market price/MT	OVO Bid Price/ MT	OVO advantage over prevailing market	
			\$ price Difference	Percent Over
11-Jul	MWK160,000/USD400	MWK208,000/USD 520	120	30%
22-Jul	MWK180,000/USD450	MWK 230,000/USD575	125	28%
7-Aug	MKW190,000/USD475	MWK218,000/USD546	71	15%

The OVOs provided alternative market outlets for smallholder farm produce and the prices offered at all the three OVOs were better than market prices at the time of the bids. The main reason why OVO bids were higher than those on the national trader and AHCX markets is that regional buyers from much larger markets - Tanzania, Zimbabwe and Mozambique - induced stiff competition during the auction. Their bids revealed the true regional value of soybeans on a Lilongwe-delivered basis. The effect of the OVO on prices confirms FtF-INVC's 2013 study on the excess profits (rents) maintained by current domestic and export licensing requirements and the risks imposed by unclear and varying Government of Malawi policies and regulations along with exchange rate risks in Malawi's volatile currency market.

The vendor and trader response to the first OVO was immediate and tangible. Fearing further price increases from greater transparency on the value of soybeans, vendors and traders immediately went into the markets to accelerate buying program at close to OVO prices (deducting aggregation, intermediate storage, transport, and financing costs). The result was that marketable surpluses of soybeans were quickly mopped up and put into storage. Farmers benefitted from higher prices, but only on small volumes of soybeans. INVC will work with ACE to prepare for, and begin, OVOs earlier in the marketing season in April/May 2015 for soybeans.

Upgrading Agricultural Commodity Exchanges

FtF-INVC and the Ministry of Industry and Trade (MOIT) provided financial support for three members of ACE staff to undertake a nine-day study tour in the Republic of South Africa and India. The main focus of the trip was to study the functioning of the warehouse receipt system in countries

that operate exchanges for the same commodities traded in Malawi – but with higher volumes. Some of the lessons from the study tour that will be applied to ACE work going forward:

- To create trust in the Warehouse Receipt System, commodity exchanges should accredit warehouses that can issue warehouse receipts which can be traded on their exchange platform.
- However, because there are two exchanges, rather than one in Malawi, the delegation proposed that there should be a common set of principles relating to the operation of warehouses, accreditation of warehouses, and issuance of receipts.
- These principles should be agreed upon by the various stakeholders such as Banks, warehouse operators, traders, smallholder farmers and commodity exchanges
- Delegates noted that a self-regulatory model would be an option that Malawi should consider for its exchanges. For this model to function properly the people involved would have to be trained extensively and there is a need for commodity volumes to be high.
- Smallholder farmers can effectively participate in a commodity exchange if they work in groups and aggregate their produce

Dairy Value chain

This quarter marked the end of the FtF-INVC grant to MMPA. INVC launched an outcome survey during this quarter which will be analyzed and reported in the first quarter of FY2015. The MMPA director prepared a close-out briefing for INVC that stated:

“FtF-INVC has left indelible ink. The dairy value chain will have long-term, sustainable, positive, results in the target MBGs. We anticipate the milk volumes will increase by 75% by September 2015.”

FtF-INVC shifted the MMPA Central Region strategy to one of increasing milk supply through a radical shift to bulking milk by adding Zebu cows previously excluded by misguided dairy development policy. The zebu upgrading strategy focused on lower cost, locally-provided feed and forage with milk yield boosting supplements, shortening the calving interval by correcting counterproductive AI technician incentives that were focused on semen sales and visit allowances rather than successful pregnancies and calving, and MBGs who were almost totally dependent on donor handouts and poorly managed relationships with processors to survive. The MBGs are still relatively fragile because their herd size is still too small to provide the milk volumes needed to fully support their operating costs, establish a reserve fund for emergency repair of primary and/or back-up generators for their bulk cooling tanks, and a sinking fund to permit replacement of fully depreciated equipment

Facilitate milk supply contract between MBG and processor

Milk deliveries were facilitated to the restarted Malawi Dairy Industries (MDI) with dairy farmers in two MBGs last quarter. In this quarter, four MBGs are supplying MDI and Lilongwe Dairy. Nathenje, the fifth of the first cycle of INVC MBGs is selling raw milk to Nathenje community members who are buying at a price of MK180/liter compared to MK130/liter offered by milk processors. It should be noted that while Nathenje milk deliveries have increased, they still only average about 869 liters a month, which translated to a daily basis is too small to pay processor pick-up costs. As a trading center on the main highway close to Lilongwe, it is likely that dairy producers are selling additional quantities of fresh milk individually, rather than bulking it in the cooler for group sales. The four MBGs that consistently deliver milk to processors have increased their monthly average deliveries as follows:

Mumbadzi	9,833
Machite	14,000
Magomero	24,082
Nkhweza	3,854

Counting Nathenje bulked sales MBG group transactions on a monthly basis have increased from an average initial level of 20,000 liters per month to over 52,000 liters per month - an increase of 163 percent. This translates roughly into 433 liters/day for each of the four MBGs that deliver milk to processors on a daily basis. Farmers are very likely to be consuming or selling about the same amount of milk to vendors. This level of milk delivery is ¼ to 1/3 of the milk cooling capacity of each MBG, so there is still a substantial increase in volume of quality milk production to put the MBGs on a stable business base and to enable them to negotiate better purchase agreements with the processors.

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

Strengthening the National Trade Associations

CISANET continued its incubation work with SOYAMA and the Groundnuts Platform (GP) with legal registration forms submitted to the Registrar. SOYAMA and GP will become independent bodies, legitimately recognized by the laws of Malawi, at a time determined by the schedule of the Registrar's Office. SOYAMA and the Groundnuts Platform were showcased with stakeholders at the National Agricultural Fair.

Dairy Value Chain

Business Development Service Training

Umodzi Consulting completed training of 239 dairy farmers (163 males, 76 females) in business development skills; however, to avoid 'double-counting' only 141 unique, individual, farmers were recorded in the data. This effort continued INVCs program to build Implementing Partner capacity to source and supervise locally available expert services, rather than try to develop non-core capacities as a fixed cost associated with in-house personnel. Five bankable business plans were developed to guide the MBGs in improving their business operations. They will enable farmers and MBGs to focus on increasing returns and improving their operating sustainability as cooperatives, which will enable them to formalize their business operations, obtain licenses, and gain recognition for cooperative-owned assets as collateral for loans.

During the reporting period, short term objectives were assessed by the consulting firm. Notable achievements made by the MBGs towards their short term objectives include:

- Application to the Ministry of Industry and Trade for a license so that MBGs operate as cooperative.
 - MBGs are waiting for the Ministry to provide them with the license.
 - Two of the MBGs already have a preliminary certificate.
- Application has been made to the Electricity Supply Cooperation of Malawi to connect the MBGs to power supply.
 - The application has been done by three MBGs as the other two are already connected to the grid.
 - In the case of Lumbadzi MBG, the application form has been submitted and the MBG is still waiting for a quotation from ESCOM
- Magomero MBG has procured a 2-ton truck as well as a generator to provide back-up power supply for its bulk milk cooling tank.

The INVC grant and technical support to MMPA that boosted milk quantity and quality have provided the cash flow needed to support the power supply costs and the servicing of debt for capital expenditures

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

Groundnut value chain

Collective marketing activities in this quarter focused on the aggregation and sale of groundnuts in shell. Informal reports from processors indicated that this campaign was reducing the level of aflatoxins encountered in groundnuts purchased from INVC-supported groups. The Implementing Partner Technical Working Group met in late September to review a range of jingles and Public Service Announcements on a range of production and post-harvest management topics. Revised jingles and PSAs on aflatoxin risk management and exposure reduction will be prepared and aired in the first quarter of FY2015, as groundnuts enter their extended marketing period.

INVC continued its collaboration with MAPAC this quarter discussing with the MOIT manager. An agreement was reached for INVC to:

- Undertake MAPAC Activity 3: Conduct a cost/benefit analysis of post-harvest interventions and validate best-bet technology for drying, shelling, and storage for improved aflatoxin control in groundnuts and maize.
- Make a presentation on November 4, 2014 on INVC activities related to:
 - MAPAC Activity 4: Aflatoxin awareness skills strategy
 - MAPAC Activity 10: Aflatoxin awareness and education in nutrition
 - MAPAC Activity 6: Terms of reference for value addition products from contaminated groundnuts
 - MAPAC Activity 15: Assessment of groundnut in-shell trade

Soya Bean Value Chain

Soybean processors need fully mature and clean soybeans dried to 12% moisture content to efficiently operate processing equipment. In 2013 and 2014, FtF-INVC facilitated training for farmer organization field staff, farmers and ministry agricultural extension staff in the determination of the maturity of the soybean crop to time harvest to optimize mature bean yield and to clip plants at harvest to avoid contamination of harvested crop with dirt. In the 4th Quarter, FtF-INVC partners reported that both farmers and processors were gaining from the adoption of these practices. Farmers reduced the labor required to clean the harvested beans before sale, improving their financial return on labor. During a visit to a one of the largest oilseed processor, the plant manager noted that while the 2011/12 soybean crop had up to 9% immature seed, the 2012/2103 crop had about 5% immature seed, and the 2013/2014 crop delivered to the factory had only 2% immature seed and was properly dried. This facility offers a premium price for soybeans that meet this quality standard. As a processor that procured 20,000 tons of soybean this season, the quality improvement is evidence that when producers truly receive proper training and materials in a timely manner, farmer capacity can be improved.

Dairy Value Chain

MMPA installed milk testing machines (Milk Analyzers) in Lumbadzi, Machite, Magomero and Nathenje with support from the USG in order to assist milk buyers easily detect milk adulteration. The lactometers used in the past were too easily manipulated by milk receivers who were in a hurry to clear each farmer's delivery in order to meet a volume bonus objective. The milk analyzers, while they slow the process of milk delivery somewhat, have enabled the MBGs who use them to avoid milk rejection and to provide milk quality data that aligns with test results from processors. As the tested milk quality starts to converge, farmers have a better chance to discuss quality as a factor in their price discussions with processors. In the 4th Quarter, processor-compensated milk receivers at MBGs in the high volume groups complained about the slowing of milk deliveries because of the milk testing equipment. However, the rate of milk testing cannot be increased beyond the fastest

response time of the machine and MMPA should examine this issue and consider how milk receiver roles might be changed if their incentives are to rush the milk delivery process in ways that jeopardize the monitoring of milk quality.

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

In this quarter, the focus on partnerships was on working through structured trade with processors and exporters to help put in place bridging finance to support collective marketing by farmer organizations in the 2015 marketing year. While CADECOM was able to access ADMARC space for rural storage, NASFAM was not successful in seeking ADMARC space access. FUM has a different strategy, one of direct member cooperative ownership of storage structures as part of cooperative businesses.

TASK 2: INCREASE VALUE CHAIN EFFICIENCY AND VALUE ADDING OPTIONS

SUB-TASK 1: CONDUCT ASSESSMENTS OF VALUE ADDED SECTOR

Quarter 4 showed that the demand for processed soy products continues to grow and that the private sector is responding with the necessary investments in extrusion technology to supply both national and regional markets with high-quality vegetable protein and good quality cooking oil. In September 2013, there were only two national producers with country-wide distribution of low cost soy pieces (*nyama soya*). By September 2014 there were now **five** national producers. The progression in branded and cleanly packaged product is shown in the two pictures below and it should be noted that amongst the range of pack sizes, Sun Valley (Universal Foods) is now offering a larger pack and a small pack with 2 servings.

Figure 5: New soybean products available in the Malawi market



Since August 2013 FtF-INVC has held discussions with food processors who manufacture packaged foods about trends in packaged food products in low income households in urban, peri-urban, and rural areas. Although sales data is not disclosed, there is a clear and rapid trend towards consumption of soy pieces as a product that is pre-cooked to shorten meal preparation times and cooking energy requirements, can be incorporated into dishes that can be eaten by very young children as well as adults, and provides both protein and the fat needed to aid in vitamin and mineral absorption from other components of the diet. Soy pieces are reaching the very poorest households in rural and urban areas: those who are most sensitive to the price of meal ingredients and who also have the highest stunting rates in the country.

Fortification with micronutrients of soy pieces could provide a very complete complementary food suitable for small children. Our discussion with the product development managers of these firms and with the extruder manufacturers indicates that there are two basic options to consider. One involves addition of minerals and heat-stable vitamins to the soy during the extrusion process. However, not very much Vitamin A would make it through the extrusion process. Alternatively, the micronutrient mix could be added following extrusion as part of the flavorant mix. For processors, there are a set of issues with an otherwise promising product. First, the process of developing and approving fortification standards for foods is laborious, slow, and uncertain in Malawi. As one example, despite years of promotion of Vitamin A fortification of cooking oil, the Malawi government has been unable to get the Malawian parliament to approve the MBS standard for the this fortification of cooking oil, leaving processors in legal limbo. Second, the cost of fortifying the product may lift the unit price above the amount payable by the lowest income households. Both issues are important to address and worthy of serious consideration, because soy pieces are one of the few new nutritionally dense, packaged foods to have penetrated the poorest segment of consumers in rural Malawi using a wholly private sector distribution system. The installed capacity for vegetable oil and other soy products means that Malawian processors could take up much closer to 134,000 to 160,000 metric tons of soybeans each year if productivity of crop production increases. This estimate is still far below the installed capacity for processing soybean into meal and oil.

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

Over this quarter INVC investigated the options for supply of *Bradyrhizobium japonica* inoculum for soybeans for the upcoming production year of 2014/2015. In 2012/2013 and 2013/2014, rhizobium were purchased and imported directly by NASFAM from high quality commercial sources. This year NASFAM was unable to obtain the proper import documentation that would permit distribution of this essential inoculant that permits the soybean plant in symbiosis with the rhizobium to draw its nitrogen supply from the atmosphere. INVC staff researched established inoculum suppliers and discovered that there has been a consolidation of the rhizobium inoculant laboratories and the large agrichemical/seed companies. We searched for regional commercial suppliers but the only one in operation in Kenya was unable to provide the quantity required. While DfID is providing support to try to revive the DARS rhizobium facility and to create a company to produce rhizobium locally, the history of prior efforts of this kind in Malawi and other small markets, indeed, in almost all of Africa, is not encouraging in terms of ability to provide a consistent quality of rhizobium in the quantities required. INVC staff supported NASFAM in its search for a national company that had the necessary importation and distribution approvals for high quality inoculum. SeedCo was unable to provide the inoculum. Farmers Organization Ltd was the only supplier with the necessary approvals and licenses in place to facilitate the procurement and delivery of the inoculum.

INVC's subsequent discussions with Farmers Organization Ltd led to an agreement in which the firm will provide training to field officers and extension agents in key production areas on the right techniques to ensure that good inoculation practices are used. In addition, Farmers Organization Ltd, as the lead member of CropLife Malawi, has agreed to provide training of trainer support on Safer Use of Pesticides and on IPM (Integrated Pest Management). The inoculation, safer use, and IPM trainings will be carried out next quarter. INVC plans on developing further training/demonstration activities with input suppliers in the first two quarters of FY2015.

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

This quarter, besides their work with partners and stakeholders, INVC staff worked to refine post-harvest handling and storage training materials, jingles, and public service announcements in preparation for next quarters and early 2015 training and promotion campaigns by implementing and technical partners. These will be reviewed in October for release and dissemination.

Strengthening Centralized Storage Capacity

The 343 VACs and 65 satellite storages/bulking facilities in place were used to assist smallholders to collectively store their commodities securely. This quarter, many smallholders continued to opt to transact in the spot market given cash pressures, but they have seen how aggregated stocks give them better prices than individual sales. Improving access to secure intermediate storage and timely transfer to a larger certified storage is essential to improving their ability to opt for forward contracts, warehouse receipts, or auction trades and was pursued with the three implementing partners throughout this quarter. ACE, with support from FtF-INVC, certified an additional 15,861MT of new storage space in Lichinga (Mozambique) with the Export Trading Group, the Rural Livelihoods Enhancement Programme (RLEEP) in Mchinji and H.R. Trading in Lilongwe. FtF-INVC has enabled ACE to open its platform to facilitate the establishment of a truly regional marketplace, providing new opportunities for cross-border trade and regional price discovery.

TASK 3: INCREASE ACCESS TO CREDIT AND FINANCE

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

This quarter, FtF-INVC continued its market season activities in the commercial integration of smallholders into Malawi's grain markets and structured trade systems in order to enable smallholders to improve value capture for their commodities and support the development of an effective structured trade system. Aggregation of produce continued through September using the support of marketing clerks deployed to temporarily support coordination and documentation of volumes and to permit CADECOM, FUM and NASFAM to assess how to organize and manage collective marketing activities for the 2015 marketing season.

SUB-TASK 2: FACILITATE LINKAGES BETWEEN LENDING INSTITUTIONS AND SMALL-HOLDERS

As described in earlier paragraphs, ACE continues to play a vital role in facilitating the linkages between lending institutions and smallholders. It has provided, and will continue to provide, the bulk of the structured trade finance that can be accessed on commercial terms for the grain legume and cereal trade. This quarter, NASFAM, for example was approved to access bridge financing from Indebank to the tune of MK400 million as part of ACE's structured trade financing scheme. Similarly, eight other financial institutions have now also committed to provide structured trading finance. The primary focus of this quarter's activity has been deepening access to this sort of finance to smallholder groups who collectively market produce. The collective marketing work was reviewed with implementing partners in July at FY15 Work Planning sessions. The key issue raised was the need to meet the immediate cash needs of farmers within 24 hours of depositing their crops at VACs. Negotiations with buyers permit slightly higher-than-vendor prices to be obtained for aggregated crops, but these spot sales mean that farmers then lose the ability to try to capture price increases later in the marketing season that are often 40-80% higher than harvest-time spot market prices for legumes and maize.

INVC engaged a consultant to examine options for a bridging finance mechanism that would deliver cash to farmers on a 60-70% of deposited value basis upon receipt of a goods received note that would indicate transfer of custody of the produce and provide the opportunity for the short-term bridging finance to be liquidated by a short-term (1-4 month) loan backed by a warehouse receipt. INVC staff and partners worked to convert the consultant's work into a concept note presented to Opportunity Bank Malawi (restructured and re-branded from OIBM) to develop this instrument for the 2015 marketing season. Additional discussions were held with OBM and FHI-360 on the potential use of an electronic wallet or other e-money solution to transfer cash quickly to farmers to avoid the problem of cash-checking that fails to compete on a time-and-value basis with vendor cash payments. Produce stock flow security, cash flow, and credit flows require basic financial literacy. Financial literacy issues on the understanding of the contracts and the management of the credit to

achieve reasonable profits, rather than to try to time the market peak, will require substantial work with implementing partners, smallholder groups, and the financial community over the next two quarters.

TASK 4: FOSTER BUSINESS ENABLING ENVIRONMENT

Malawi's business enabling environment was affected by the historic "Tri-partite election" in May 2014. Pre-election maneuvers disrupted macro- and micro-policy management and the political scene was characterized by deeply disturbing scandals. Such scandals were a significant contributory factor to the decision by major donors to suspend GoM budget funding through Budget Support cash transfers. Presidential, parliamentary, and council election campaigns also sporadically disrupted agricultural markets. The late vote on the national budget deeply disturbed the maize market and current NFRA stock replenishment contracting approaches appear set to deepen market disruption. In this year's *Doing Business* ranking, Malawi is reported in the national press to have dropped a full 10 positions from 161 to 171 in terms of its business climate. FtF-INVC has focused this quarter on forging ahead with transparent price discovery and open marketing arrangements while continuing to support broad civil society analysis, discussion, and action to address policies, regulations, and institutional actions that hamper improvement of household revenues and food security in INVC value chains

SUB-TASK 1: STRENGTHEN VERTICAL COORDINATION AND TRUST

CISANET continued its work as a member of the TWG on marketing to ensure that policies are Stream lined and that they promote the open and fair marketing of agricultural produce in terms of advocacy with government and policy makers.

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

INVC staff communicated throughout the quarter with stakeholders on the confused reporting in the print media about key policy and policy implementation issues. Particularly concerning were reports based on interviews with key MoAIWD and MoIT officials and the NFRA on crop production, crop and food surpluses, food reserve maize purchases, and regulation of national marketing of agricultural commodities and export trade. Such pieces (see Figure 7) provide highly contradictory and confusing information within the same articles. In this case the same article indicates in one paragraph that the estimated maize surplus is 194,000MT while it concludes with the statement that the calculated maize surplus is 1,000,000T. CISANET facilitated discussions on these issues with stakeholders.

At the end of the quarter, INVC staff was asked to attend an October 1 meeting with visiting University of Pretoria staff working with IFPRI and Michigan State University to strengthen the abilities of select journalists and policy analysts to communicate agricultural and food security policy issues meaningfully to different interest groups in Malawi. INVC recommended that rather than single point in time training, an

Figure 6: Example of self-contradictory article



ongoing mentoring relationship be established with the journalists and their editors, because standards on data and information verification and editing both seem weak in both the general and business press of Malawi.

SUB-TASK 3: FACILITATE POLICY REVIEW AND ADVOCACY SUPPORT

This quarter, FtF-INVC, through CISANET, carried out several activities to support eventual policy review and advocacy and three policy analyses / studies were finalized in this quarter:

- Groundnut Value Chain: *An assessment of operational, practice and policy gaps hindering farmer adoption levels of new research technologies in groundnut and soya value chains.*
- Dairy Value Chain: *Policy research assessment to establish the potential, opportunities and challenges of dairy processing and value addition in Malawi.*
- Soya bean Value Chain: *Conducting a policy study on policy on structural inefficiencies in addressing illegal soya and groundnut cross-border trade.*

CISANET prepared six policy briefs based on these studies this quarter. The policy briefs will be released in October 2014.

Video and radio documentaries have been produced on three thematic issues

- Warehouse Receipt System
- Capacity gaps in aflatoxin control in Malawi
- Climate change adaptation for Dairy farmers.

The DVDs will be circulated in the month of October.

A media outreach trip was organized in July for media houses to cover policy gaps in aflatoxin control, WRS and dairy production and climate change. The media houses that took part included ZBS, Nation newspaper and MBC TV.

COMPONENT 2: IMPROVING PRODUCTIVITY

Significant outreach activities continued during the last quarter of FY 2014 including widespread training on **improved post-harvest techniques for the current harvest** (2013-14 season) and appropriate **land preparation practices for the upcoming** season (2014-15). Nearly **10,000 extension workers and lead farmers** were trained in these vital topics as well as **nearly 1,300 farmers** on improved dairy management practices. As a result of focused training on **crop residue preservation**, these farmers produced **220 MT of animal feed**. The procurement strategy implemented by FtF-INVC for 100MT of **high-quality, certified, soy seed** (*Serenade*) was a major advance in the search for reliable seed quality. Advertisements placed in the Malawi Press specified that companies would only be eligible to provide the seeds if they were able to document the source of basic seed, report on germination test results and other critical data. This was almost certainly a breakthrough in seed quality requirements and probably the first time in Malawi that such high standards have been demanded as part of a seed solicitation process. Likewise, the delivery from an international supplier of 2MT of **soy inoculum** - needed to realize the full potential of the certified *Serenade* soybean seed - can also be regarded as another breakthrough. A final milestone for this quarter was the full mobilization of the newly-recruited **Lead for Component 2**, who arrived in-country on August 20, 2014.

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

SUB-TASK 1: INCREASE/STRENGTHEN SEED SUPPLY

Achieving the strategic goal of increasing seed quality and supply levels has been addressed under a number of the sub-tasks within this component: see especially Task 1, Sub-task 2; Task 2, Sub-task 1.

Tender for high-quality certified soya seed

FtF-INVC assisted NASFAM to issue a tender for 100MT certified *Serenade* soya seed in the local press (*The Nation* 1st September 2014). Potential bidders were required to demonstrate the following:

1. Company registration
2. Source of the basic seed used to produce Certified Seed
3. Certification by Seed Traders Association of Malawi
4. Tax clearance certificate from the Malawi Revenue Authority
5. Germination Certificates Ministry of Agriculture
6. Field Inspection reports

These requirements were intended to avoid problems with low quality and/or fake seed that are still rampant in the market and which has affected FtF-INVC project activities in the recent past. It is planned that this advertisement will show seed companies that business practices must rise to a higher standard in order to compete in the market place.

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

Seed recovery efforts under partners' seed revolving schemes

CADECOM and NASFAM both continued to collect seed from farmers who received certified seed in the 2013/14 season that is allocated to be distributed to new farmer members, thereby increasing their access to clean seed for the coming 2014/15 season.

The quality assurance plan for seed recovery includes the following steps:

- All recovered seed will be cleaned, sorted and graded prior to storage
- Stored seeds will undergo a germination test prior to re-distribution
- Those seeds that show post-germination vigor will be redistributed as quality assured seed
- Seed that do not pass the germination test will be sold in the market as grain.
- The revenue/ proceeds will be utilized to purchase certified seed to redistribute to the farmers.

All smallholder farmer-members who received seed are required to return 2kg for every 1kg of seed given to them the past planting season. FUM does not engage in seed recovery but stimulates its

farmers to purchase certified seed from qualified seed companies and input suppliers. During this quarter, seed recovery rates for CADECOM (groundnut only) and NASFAM (groundnut and soybean) were below expectations despite predictions that it would pick up. Recovery performance for groundnuts (CG7) from CADECOM Dedza are summarized below.

Table 16: Seed recovery performance FY14 Q4 – CADECOM Dedza

EPA	Distributed (kg)	1:2 recovery plan	Actual recovery (kg)	% recovered
Chafumbwa	30,000	60,000	17,569	29.3
Bembeke	28,000	56,000	2,283	4.1
Golomoti	28,000	56,000	5,450	9.7
Mtakataka	30,000	60,000	3,770	6.3
Kanyama	28,000	56,000	13,086	23.4
Total	144,000	288,000	42,158	14.6

NASFAM seed recovery efforts continued throughout the current growing season and by end of September 2014, 14% of ground nut seed and 56% of soya bean seed had been recovered. For both soybean and groundnut there was a modest increase over the previous quarter but progress on seed recovery remains unequal across the INVC IPCs, as a result of varying rainfall patterns and legume yield.

- Lilongwe South has the highest recovery for Soybean (around 79%)
- Ntcheu and Namwera have the lowest recovery rate (54%)
- Balaka has the highest recovery of ground nuts (42%)
- Lilongwe North has the lowest (8.6%)

Table 17: Legume seed recovery progress under INVC analyzed by location and value chain

1: Soya VC						
District	Amount distributed	Planned recovery	Q3 Actual Recovery	Q3 Recovery %	Q4 Recovery volume	Q4 Recovery %
Lilongwe North	22800	11400	6157	54	7581	67
Lilongwe South	101756	50878	35819	70	38540	76
Ntcheu	113416	56708	22063	39	30518	54
Balaka	196054	98027	34494	35	39306	40
Namwera	190876	95438	64823	68	51829	54
Mchinji	302468	151234	86417	57	92753	61
Total	927370	463685	249773	54	260527	56
2: Ground nuts VC						
District	Amount distributed	Planned recovery	Q3 Actual Recovery	Q3 Recovery %	Q4 Recovery volume	Q4 Recovery %
Lilongwe North	517600	258800	6504	3	21587	8
Lilongwe South	478680	239340	16148	7	40918	17
Ntcheu	162460	81230	6071	7	10514	13
Balaka	27992	13996	0	0	5836	42
Namwera	0	0	0	0	0	0
Mchinji	0	0	0	0	0	0
Total	1186732	593366	28723	5	78855	13

Year 2 (FY13/14) recovery rates were very poor. In part, this has been attributed to politically-driven initiatives such as free legume distribution. The seed recovery season coincided with the May 2014 Tripartite election campaigns during which a number of aspiring politicians, in their search for votes, issued misleading statements to local farmers. As a result of these distorted messages, many farmers assumed that all seed-revolving initiatives were politically-driven and that therefore, once the elections were over, they would not face any expectation to repay seed loans through recovered seed. Secondly, some places like Lilongwe North experienced challenges related to seed germination and a result of unexpected dry spells and low quality of locally-seed. Although this seed had not used FtF-INVC financial resources, it still had a negative impact on FtF-INVC beneficiaries. These outcomes were clearly not aligned with the Program objectives and failed to increase legume productivity. Seed recovery efforts are also facing a serious challenge in terms of seed storage. Most lead farmers store recovered seed in their houses - especially those living in areas that are some distance from NASFAM and IPC warehouses. In some places, AFOs have resorted to seeking temporary storage space at the nearest EPA premises. Accordingly, seeds under storage are at risk of theft and/or poor weather conditions.

Seed distribution – current season

NASFAM distributed certified seed to 41,150 beneficiaries in 2013/2014 farming season whereby 12 Kg and 15 of soy and groundnut seed, respectively, was distributed to each registered farmer

Seed distribution - forthcoming growing season

Seed germination testing in EPAs will start from mid-October to assess the viability of the seed recovered. Because of low recovery achieved it has been agreed that for ease of calculation each beneficiary will receive 10kg of unshelled nuts, equivalent 6.9kg of shelled seed. The plan is to distribute seed to 4,143 new beneficiaries, plus 14,400 continuing beneficiaries. Around 6,000 farmers will use their own seed. Seed distribution will be completed by 15th November 2014 and the final numbers may vary from plan as beneficiary expansion plans are executed in each EPA.

Currently, NASFAM /FtF-INVC Program Management are in the process of calculating how much seed should be procured in order to add to the recovered quality-assured seed for distribution to the targeted 81,000 beneficiaries in the 2014/2015 farming year.

TASK 2: INCREASE ACCESS TO NEW TECHNOLOGY AND MANAGEMENT PRACTICES

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

Aflatoxin training

Training that had started (with NASFAM members) during the previous quarter was further developed and extended this period. The training covered harvesting, grading and the benefits of proper post-harvest storage. A lack of moisture management can lead to the creation of a perfect environment for aflatoxin proliferation and therefore farmers were trained on the prevention of post-harvest losses that might arise due to improper drying, insect infestation and aflatoxin contamination from the fungus *Aspergillus flavus*. AEDOs and lead farmers received training in drying and storage techniques to reduce aflatoxin levels in ground nut.

Table 18: Storage and Aflatoxin training by CADECOM and FUM

IP	AEDO/AEDC/Mktg clerks			Lead farmers			Totals
	M	F	Total	M	F	Total	
CADECOM	37	15	52	388	354	742	794
FUM	91	29	120	421	638	1,059	1,179
TOTAL	128	44	172	809	992	1,801	1,973

The lessons from classroom and in-field training events were reinforced through the distribution of a range of training materials/handouts with clear, reader-targeted, messages on groundnuts. About 1,700 lead farmers and extension workers associated with FUM and CADECOM received these handouts and close to 4,500 handouts on soybean related topics were also distributed.

Training in land preparation, seed conditioning and seed germination testing

Malawi farmers start preparing the land for the next growing season around August-September, so it is critical that they understand the key technologies that are important at the time of planting. Therefore training events for extension staff and lead farmers on land preparation, seed conditioning and seed germination testing were scheduled to coincide with this critical time in the agricultural cycle. Sessions focused on seed conditioning and seed germination testing and some of the key messages that were imparted included:

- improving the quality of seed as planting material for the next season
- seed conditioning to prepare harvested seed for storage, marketing and planting.
- reduction of contaminants such as inert matter, other crop seeds and weed seeds by removal prior to storage marketing or planting.
- achieving the ultimate goal of obtaining the maximum percentage of pure seed with maximum germination potential.
- seed germination testing that is designed to confirm the viability of the seed.
- seed with low germination percentage will give a crop stand with many gaps, inevitably leading to lower yields - even if the gaps are replanted.
- the importance of seed germination testing at the farmer level because of the prevalence of low quality seed
- how to avoid fake seed in the market, which is sold as certified seed by unscrupulous seed companies.
- if seed recovered from the previous season is to be used, farmers need to know how well they germinate after 4-6 months in storage.

A simple seed germination test was demonstrated using 100 seeds laid out in rows in a flat seed bed.

Increasing plant population is a critical intervention for raising yield among Malawian soybean and groundnut farmers and therefore a central theme (in the *land preparation* training) was 75 cm ridge spacing and double-row planting on the ridges. Farmers have traditionally planted a single row of soybean or groundnut on ridges that are spaced 90 cm apart because this has been the standard for maize, the primary crop. Instead FtF-INVC has shown farmers how, by spacing ridges at 75 cm and making them wide enough for two rows side-by-side on the same ridge at a distance of 20-30 cm, plant populations can be increased from 224,000 to 538,000 for soybean, and from 75,000 to 179,000 for groundnuts. Farmers have been shown how they can realistically double the yields from their fields. Farmers were also taught the use of the A-Frame in order to construct ridges along contour lines to reduce erosion caused by rainwater runoff – this is especially important in hilly areas. A total of around 8,000 extension workers, lead farmers and assistant lead farmers were trained as shown in the Table below.

Table 19: Summary analysis of training given

IP	AEDOs			Lead Farmers			Total number trained
	M	F	Total	M	F	Total	
CADECOM	40	16	56	205	200	405	461
FUM	90	29	119	807	675	1,482	1,601
NASFAM	72	30	102	2,875	2,965	5,845	5,947
TOTAL	202	75	277	3,887	3,840	7,732	8,009

The widespread distribution of handouts to reinforce learning

All extension staff (AFOs and AEDOs) received English-language pamphlets on the training topics and lead farmers received pamphlets in Chichewa. 38,000 handouts were locally printed and distributed by implementing partners of FtF-INVC:

Table 20: Handouts produced, analyzed by Implementing Partners

IP	Chichewa	English	Total
CADECOM	6,000	550	6,550
FUM	10,000	850	10,850
NASFAM	20,000	600	20,600
Total	36,000	2,000	38,000

The handouts covered three main themes:

- Seed conditioning and seed germination
 - 16,750 copies of a one-page A4-sized hand-out were printed on heavy, glossy paper.
 - Seed conditioning and seed preparation were on the front and reverse of the handout
- Land preparation
 - 16,750 copies of this handout were also prepared
- Aflatoxin
 - 4,500 copies of this hand-out was distributed

The quality of the handouts reinforced the importance of the messages and samples of them are shown below, along with a pictorial record of some training events.

Figure 7: Handouts: ‘Land preparation’



Figure 8: Handouts: seed conditioning/germination testing



Figure 9: (at right) Land Preparation training underway

Figure 10: (at left) Seed conditioning and seed germination testing



The cascading of this vital information down to Farmers was reinforced when Lead Farmers and Assistant Lead Farmers were shown how to develop an Action Plan for follow up sessions that they conduct with the individual farmers. Actions and results will be recorded in a Lead Farmer book.

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

Training of farmers in improved dairy management practices

During the reporting period, MMPA, with support from FtF-INVC, conducted farmer training in five MBGs, covering some of the technologies and husbandry practices that would improve the performance of the dairy animals. The table below summarizes the number of farmers attending the various types of training event and more detail can be found in the MMPA report.

Table 21: Analysis of training in improved dairy management practices

Training Component	Farmers participating	of which there were NEW farmers as follows			Total Farmers Trained
	Female	Male	Female	Male	Total	
<i>Feed Preservation</i>	79	215	6	7	13	294
<i>Malawi Zebu management</i>	44	175	30	98	128	219
<i>Record book training</i>	44	121	0	0	0	165
<i>Field days on feed preservation</i>	218	396	0	0	0	614
Total	391	907	36	105	141	1292

It is worth noting that although some training sessions were attended by 141 ‘new’ farmers (i.e. not members of the MBG); there were NO non-MBG attendees for the sessions on feed preservation and the benefits of accurate record-keeping. A potential implication of this observation is that MBGs are still not fully open to the participation of other members of the community, since when field days are conducted, one would expect some passers-by to take notice of what is happening, join in and appreciate what the field day is all about.

Crop residue preservation campaign

MMPA conducted a campaign aimed at improving the feeding of dairy animals in the dry season and involved:

- training farmers in crop residue preservation (primarily for groundnut haulms (tops), soya tops, maize stover and maize bran).
- conducting field days where preservation and storage methods were demonstrated
- conducting planning meetings where targets were agreed upon at MBG level
- monitoring of the actual collection and storage of the residues by lead farmers and technical officers.
- construction of structures to be used for effective storage of the preserved residues the prevent the loss of nutritive value and form due to the effects of the sun’s rays, rain, termites and any other factor.

The table below shows the progress of the feed preservation during the quarter by farmers in all 5 MBGs and a more detailed analysis of this data, broken down by individual MBG, can be found in the MMPA Report attached as Annex 6.

Table 22: Overview of feed preservation achievement Q4 FY2104

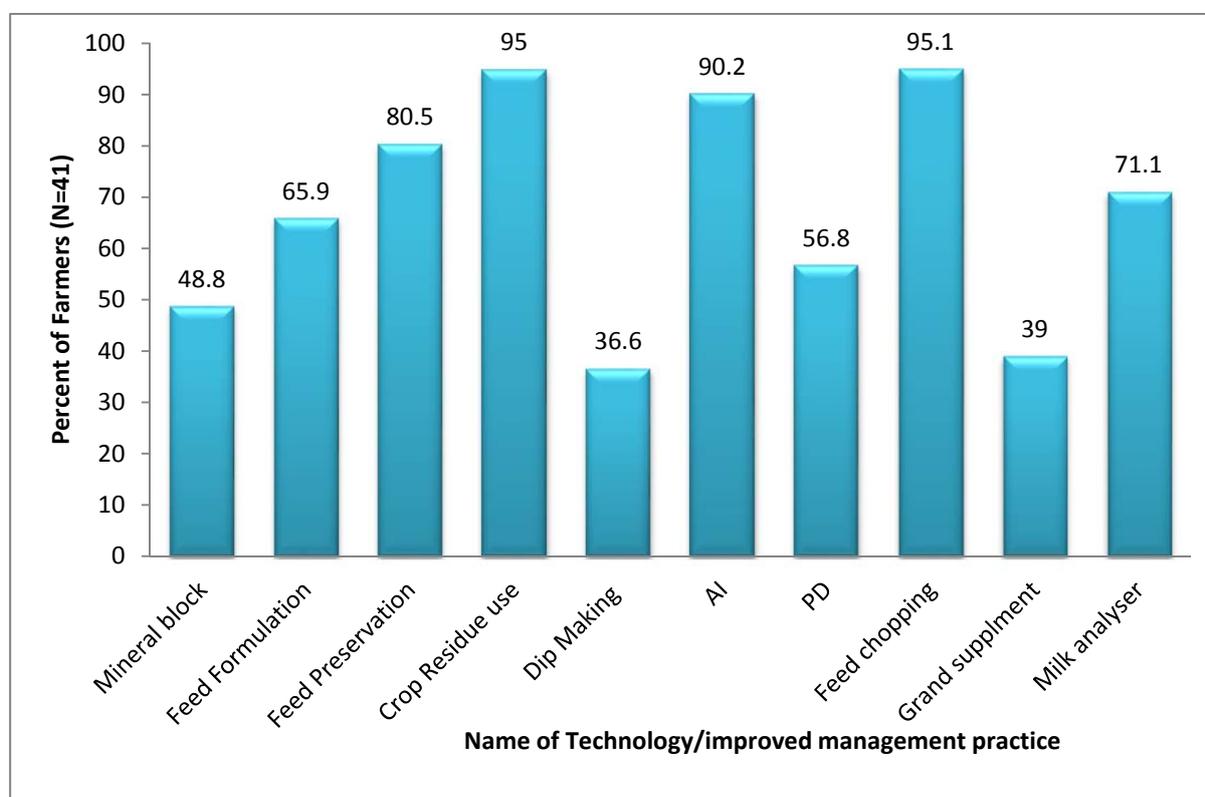
Female Farmers		Male Farmers		Total	Bales: Actual vs Target		
#	# of Bales	#	# of Bales	Farmers	Target	Actual	%
133	4,917	214	7604	347	8,000	12,521	157%

Notes: Bales had an average weight of 23 kg.

Monitor uptake of technologies and management practices

MMPA has promoted a wide range of new technologies and improved management practices, including: mineral block making, feed formulation, feed preservation, crop residue utilization, dip-making, artificial insemination, feed chopping, GRAND supplement, use of the milk analyzer, and Esoko messaging. During Quarter 4 a study was done to assess the application of improved management practices and new technologies by dairy farmers. The figures and tables below summarize the new technologies and management practices applied by the sampled farmers.

Figure 11: % farmers applying new technologies & improved management practices



It can be seen that crop residue utilization, feed chopping and AI were commonly applied by the sampled farmers. MMPA carried out campaigns focusing on the same management practices during the reporting period. AI deliberately reached out to farmers who are keeping MZ animals in order to increase membership and grow the cross-breed herd. A feed preservation campaign started last quarter with the intention of helping farmers keep enough feed for the animals during the dry season. ‘Grand’ supplement was only given to farmers with lactating cows: therefore only a limited number of farmers were able to become directly involved this Quarter, but those farmers saw very good results.

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

SUB-TASK 1: SUPPORT LINKAGES OF RESEARCH INSTITUTIONS WITH EXTENSION SERVICE PROVIDERS

Agriculture Production Technical Working Group

This TWG has representatives from all IPs, with IITA and INVC as secretariat and chaired by IPs on a revolving basis each Quarter: NASFAM currently has the Chair. The TWG met four times during which the following was accomplished:

- Drafted terms of reference for the TWG
 - These were subsequently adopted by all members
- Drafted an agriculture calendar of activities including:
 - listing of field activities
 - focus points of interventions with a time frame for each
 - forms of interventions
 - resources to be utilized
- Commenced the identification of resources such as consultants to conduct training sessions
- Identified other activities that will need the support other business and other technical service providers such as Pakachere and CISANET
- Discussed and agreed that technical messages must be synchronized with behavioral change communication messages to enhance the take up of various technologies and management practices being promoted by INVC
 - The involvement of BCC and Pakachere was noted to be vital.

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

No new activities were completed under this sub-task in Q4.

TASK 4: PROMOTE RISK MITIGATION EFFORTS

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

No further work was conducted on doubled-up cropping with pigeon peas this quarter. Doubled-up cropping will be addressed in the crop management training scheduled for October.

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

On September 23, 2014, the Crop Productivity Lead met with the USAID MEO Madalitso Chisale and FtF-INVC COR Lynn Schneider to discuss the status of the EMMP draft that was submitted in 2013, reviewed and edited by the MEO, and required further review and editing by INVC.

It was decided that INVC would submit a final draft before the end of October 2014 before the onset of crop management training.

COMPONENT 3: IMPROVING COMMUNITY CAPACITY TO PREVENT UNDER NUTRITION

The project continued to engage with a wide range of community groups and individual households in order to reinforce key nutrition and agriculture messages in a meaningful and consistent way. The scale of impact of the project advanced significantly this quarter as the FtF-INVC team registered a total of **57,000** new households, with over **9,500** new households in Lilongwe and Mchinji for interventions under Nkhoma Hospital and about **47,500** new households in the three expansion districts: Balaka, Machinga and Mangochi. Nkhoma Hospital continued to provide services to around **42,000 households** previously registered in care groups. Therefore, by the end of Q4, **almost 99,000 households** were being supported with various nutrition interventions such as complementary feeding, backyard gardens, exclusive breast feeding, water and sanitation. That said, roughly 14,000 of these 47,500 households in the expansion district also received support through NASFAM as club members. As part of the engagement strategy, the FtF-INVC teams created over **3,800 clusters** of pregnant women, lactating mothers and households with children under the age of five years. This brings the total number of clusters operating at the community level to just over **7,000**. FtF-INVC now has a team of **276** promoters working in the field with communities: **120** promoters under Nkhoma Hospital and **156** from the expansion districts. In order to support care group activities conducted by promoters and care group volunteers, **189 drama performances** were enacted: reaching about **35,700 community members** in Lilongwe and Mchinji. The participatory drama aimed at improving awareness and understanding among community members of the **15** prioritized behaviors so that they are willing and able to adopt and sustain the desired nutrition-related behaviors. Promoters were present at the dramas to answer audience questions and lead the discussions. To facilitate knowledge and skills transfer to promoters and care group volunteers on **scaling-up nutrition** and essential nutrition actions, FtF-INVC printed **2,500 counseling cards** designed to provide guidance for effective conversation and to help promoters and care group volunteers/counselors offer technically-sound advice. These cards also allow community members at household level to modify the advice to meet their situation or current practices on nutrition. Cultivation of **indigenous green leafy vegetables** which are highly nutritious and enhance the consumption of vitamin A and iron continued during the quarter. In the quarter almost **9,800** kitchen backyard gardens were established: approximately **6,400** in Lilongwe and **3,400** in Mchinji. The vegetables being grown include pumpkin leaves, amaranth, bean leaves/pods, sweet potato leaves, and black jack.

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

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

The Nutrition Baseline Study was completed and the report is being finalized. The objective of the study, conducted by Lilongwe University of Agriculture and Natural Resources (LUANAR), was to explore maternal and child health care and nutrition practices and other general issues that affect the health and nutrition status of pregnant women, lactating mothers and children up to 5 years. The team collected qualitative information on food and nutrition situation, challenges that households face in meeting nutrition needs, opportunities that could be explored to enhance nutrition intake and the existing interventions being implemented by various partners in three districts: Balaka, Machinga and Mangochi. As mentioned in earlier section, a total of 2,657 individuals were interviewed for the baseline. A summary is provided in Figure 13.

Table 23: Main Baseline Indicators by District

Parameter	Balaka	Machinga	Mangochi	Overall %
Prevalence of stunted children under 3 years of age	36.9	42.7	51	47.3
Prevalence of children 6-23 months receiving a minimum acceptable diet - breastfed ¹				9.9
Prevalence of children 6-23 months receiving a minimum acceptable diet - not breastfed ¹				12.1
Percent of 0-5 months children exclusively breastfed in target districts	73.8	77.5	69.6	71.9
Dietary Diversity of women of reproductive age (15 to 49 years)	77.2	74.8	71.7	74.6
Mean number of foods consumed by women 15 to 49 years of age	4.3	4.1	4.1	4.1

¹ Data for the three districts for this indicator is forthcoming

² Note these numbers are still preliminary and may be revised

Note: This baseline will be utilized as a point of comparison to measure the progress of INVC in the three expansion districts.

SUB-TASK 2: DEVELOP BCC STRATEGY

The Behavior Change Communication (BCC) Strategy was not revised during the quarter. The revision is awaiting final results from the Nutrition Baseline Survey as well as the results from a series of positive deviance inquiries to be conducted by Pakachere Institute of Health and Development Communication early next quarter. Pakachere developed 13 half-hour radio programs based on the existing strategic messages that address the 15 behaviors and, in addition, theatre scripts were also produced based on the 15 behaviors. The scripts were used to produce a number of theatre plays which performed by one Pakachere Travelling Theatre and 17 community-based dram groups.

SUB-TASK 3: FACILITATE IMPLEMENTATION OF BCC STRATEGY

Drama performances

In this quarter, a total of 189 drama performances were conducted by the Pakachere Travelling Theatre and Community based Drama Groups.

- 119 Performances were done in Lilongwe:
 - 99 by Community based Drama Group members in all the 11 EPAs.
 - 20 by Pakachere Travelling Theatre.
- 70 Performances were done in Mchinji
 - 54 by Community based Drama Group members in the all 6 EPAs.
 - 16 by the Pakachere Travelling theatre.
- Approximately 35,700 people (47% male and 53% female) attended the performances.
 - Community members were reached by Pakachere Travelling Theatre and community-based drama groups
 - More people were reached through Community Theatre Groups than through Pakachere itself as most community groups conducted more than 3 performances each.

Production of radio programs

The initial batch of 13 radio programs, each of 30 minutes, produced by Pakachere have been reviewed by FtF-INVC, signed-off and are now ready for airing during October on Mudziwathu Community Radio Station in Mchinji, Radio Maria in Mangochi and nationally through Malawi Broadcasting Corporation (MBC). Mudziwathu Community Radio Station and Radio Maria were

chosen based on their community-based airing of health issues including nutrition. MBC was chosen because of its national coverage and reach.

Airing of public service announcements (PSAs)

In Q3, four public service announcements (PSAs) on collective marketing had been produced and continued to be aired during the 4th Quarter. The PSAs were aired 90 times - 30 times each on Mudziwathu Community Radio Station, Zodiak Broadcasting Station and MBC Radio 1.

STTA for rollout BCC Interventions

In the quarter, two international consultants Adriane Seibert (Senior Nutrition Specialist-SCU), and Kathleen Kurz (DAI Principal Global Practice Specialist-Nutrition) worked with the nutrition team to develop FtF-INVC FY15 and Transition Years (2016-2017). The draft FY15 workplan was submitted to USAID for comments.

Supervision and mentorship

In the quarter Pakachere and Nkhoma Hospital supervised all 17 community-based drama groups in Lilongwe and Mchinji. The team also mentored 85 theatre group members (39 female and 46 male) drawn from the 17 drama groups on theatre storyline development, casting, acting, staging, message development and interactive theatre.

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

SUB-TASK 1: FACILITATE AND PROMOTE CULTIVATION OF HIGH NUTRITIVE-VALUE CROPS

The major activity under this task remained the continued promotion of the cultivation of high nutritive indigenous green leafy vegetables. In the quarter, 9,763 home/ kitchen/backyard gardens were established; 6,409 in Lilongwe and 3,354 in Mchinji.

The vegetables that were grown include pumpkin leaves, *amaranth*, soya bean leaves/pods, sweet potato leaves, and black jack. A total of 30,699 care-givers were trained in kitchen garden management.

Through care group activities and theatre performances, communities have realised the importance of consuming locally available vegetables prepared with groundnut and soy bean flour that are both delicious and rich in Vitamin A and iron.

Figure 12: Care Group volunteer working in her garden



It was observed through supervision and continuous monitoring that all households which had established home gardens in the previous quarters continued to consume the vegetables in the fourth quarter. The home gardens established by both the promoters and care group volunteers actively continued serving as models in the communities. FtF-INVC, through Nkhoma Hospital, NASFAM and FUM, continued to work collaboratively with the Ministry of Agriculture and Food Security. The goal was to ensure that promoters and lead mothers/fathers would continue to receive technical information from AEDOs on the construction of vegetable beds suitable for rainy *and* dry seasons as well as vegetable management. As part of this collaborative effort, Nkhoma Hospital continued to encourage households to maximize water management during the dry season.

SUB-TASK 2: FACILITATE FOOD PROCESSING

FtF-INVC designed household-level food-processing activities to promote dietary diversity for children under 3, pregnant women and lactating mothers. This was achieved through encouraging access to quality complementary foods at the household level and these food-processing activities were facilitated through the care group structure. During the quarter, 2,558 care group volunteers (2555 female and 3 male) were trained in food processing and utilization: 1,504 in Lilongwe and another 1,054 in Mchinji district. 17 cooking demonstrations were conducted, one in each EPA. The demonstration was designed to impart knowledge and skills to the care group volunteers on food preparation such soy milk, soya cakes, groundnut flour, flitters and how best to cook available vegetables.

SUB-TASK 3: FACILITATE FOOD FORTIFICATION

No specific activity for this sub-task took place in the 4th Quarter although relevant activities have been planned for the next Quarter. Efforts during the current quarter were directed at setting up care group structures in the three new expansion districts of Balaka, Machinga and Mangochi which just have finished end September 2014.

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

SUB-TASK 1: FACILITATE PROMOTION OF DIETARY DIVERSIFICATION

In the 4th Quarter, promotion of dietary diversification built on the successes of earlier work and promotion continued through two well-established major channels: theatre performances and household visits facilitated through the care group model.

- Theatre performances by Pakachere Travelling Group and 17 community-based drama groups continued to facilitate promotion of dietary diversification
- Through Nkhoma Hospital, 2,558 care group volunteers (3 male and 2,555 female) and 30,699 care givers (3 male and 30,696 female) received training on the importance of dietary diversity through food processing and produce from home/backyard gardens.

Promotion of dietary diversity targeted children older than six months and women of reproductive age. Dietary diversification was promoted in addition to breastfeeding.

SUB-TASK 2: PROMOTE MANAGEMENT OF ACUTE MALNUTRITION

Further promotion of the management of acute malnutrition (care group volunteers to identify children suspected to be acutely malnourished and refer them to health care workers or facilities) could not be progressed in the quarter as it awaits procurement of growth monitoring charts where bio-data could be plotted and referrals made for management of any identified acute malnutrition cases.

SUB-TASK 3: PROMOTE HYGIENE AND SANITATION

Promotion of sanitation and hygiene continued in this quarter through management of sanitation facilities and training of care groups by Nkhoma Hospital. During the quarter, **431** sanitation facilities identified in the previous quarter continued to be maintained in Lilongwe and Mchinji. In addition, efforts on this activity also resulted in training **2,558** care group volunteers (3 male and 2,555 female) who reached out to **30,699** care givers with infant and young child feeding (IYCF) related sanitation and hygiene messages. Such promotions also continued through community-based theatrical performances by Pakachere Traveling Theatre Group and community-based drama groups. Through

theatre and care groups, households were encouraged to construct hand-washing facilities near their toilets and ensuring that they were washing hands before food preparation, child feeding and after visiting the toilet.

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

Monthly growth monitoring and promotion (GMP) continued as part of care group activities and volunteer household visits. Through household visits, the **2,558** trained volunteers (3 male and 2,555 female) continued to mobilize care givers to utilize regular monthly growth monitoring and promotion services in the nearest service delivery points.

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

In the quarter, promotion of vitamin A supplementation and deworming took place during the refresher course for **78** promoters in Lilongwe and **36** promoters in Mchinji as well as during the training sessions for **30,699** care givers (3 male and 30,696 female) in early antenatal service access and participation for pregnant women. The training sessions imparted skills to promoters and care givers to seek vitamin A supplementation and deworming from their nearest health facilities and community outreach clinics.

Table 24: Promoters who attended training session by sex and district

DISTRICT	Sex		Total
	M	F	
Mchinji	22	14	36
Lilongwe North	19	22	41
Lilongwe South	13	24	37
Grand Total	54	60	114

TASK 5: CREATE ENABLING ENVIRONMENT FOR EXECUTION OF NUTRITION ACTIVITIES

SUB-TASK 1: CONDUCT MEETINGS WITH KEY STAKEHOLDERS

Stakeholder mapping in the FtF-INVC project areas continued to encourage coordination, co-location and leverage with other USAID funded projects as well as projects supported by other donors. The following organizations and projects work in districts where FtF-INVC works: Project Concern International (PCI), Emmanuel International, SSDI, Baylor College of Medicine, Malawi Bridge II Project, Feed the Children and Concern Worldwide

Table 25: Selective listing of meetings attended (July-September 2014)

Meeting/Contact category	Organizer	#	Issues discussed/tackled	Stakeholders
Field visits	FtF-INVC	3	Care group activities in Mchinji and Lilongwe and supervision of refresher training	NASFAM, Nkhoma Hospital, Pakachere, MOH, MOAFS
Mentoring and coaching	Pakachere	17	Mentoring and coaching of community drama group members in disseminating nutrition messages	FtF-INVC, Pakachere and Nkhoma
Coordination meetings with partners	FtF-INVC,	7	Joint implementation progress review and planning, procurement,	Nkhoma Hospital, Pakachere, NASFAM

			expense reporting and replacement of project staff	
District council and local authority meetings	FtF-INVC, Nkhoma District councils	4	Providing implementation progress update to district executive committees, discussing nutrition scale up in 3 new districts, development of district plans e.g. Mangochi Council	District Health Offices, District Agriculture offices in Balaka, Machinga, Mangochi, Lilongwe and Mchinji
Consultative / strategy meetings with partners on coordination, co-location and leverage with other USAID funded projects	FtF-INVC	5	Mapping out coordination, co-location and leverage with other USAID funded projects	Project Concern International (PCI), Emmanuel International, SSDI, Baylor College of Medicine, Malawi Bridge II Project
Partner meetings on coordination, co-location and leverage with other USAID funded projects	USAID	2	Promoting coordination, co-location and leverage among USAID funded projects	All USAID funded partners
FY15 work plan development	FtF-INVC	3	Developing FY15 workplan	NASFAM, Nkhoma Hospital, Pakachere, SSDI, Baylor College of Medicine, Malawi Bridge II Project, ACE, IITA, FUM, CADECOM MOH, MOAFS
Identifying a list of GVHs and GACs for Impact Evaluation study in Lilongwe and Mchinji districts	FtF-INVC	2	Mapping out 3 “intervention” and 31 “control” for Impact Evaluation to be done by UNC in collaboration with LUANAR on FtF-INVC project in Lilongwe and Mchinji districts	UNC/FEEDBACK LUANAR

SUB-TASK 2: CONDUCT MENTORING AND COACHING AND EXPANSION INTO THREE NEW DISTRICTS

Mentoring, Coaching and Monitoring

Nkhoma Hospital, in collaboration with Pakachere, MOH and MOAFS, supervised and mentored all 17 theatre groups: one in each EPA. The sessions focused on nutrition messaging including issues of agriculture value chains, gender, climate change, HIV and AIDS. The mentoring, coaching and monitoring sessions also addressed the challenges that care group and dramatists face in the implementation of nutrition, social and behaviour change communication related activities in relation to the 15 prioritized behaviours. The topics addressed included: promotion of early access to antenatal services after suspecting pregnancy and introduction of complementary feeding before 6 months. As a result of these sessions there was a deliberate focus on messaging about women seeking early antenatal services, complementary feeding for children aged 7-9 months and exclusive breastfeeding from birth to 6 months. Nkhoma Hospital also supervised 112 promoters (53 male and 59 female): 77 in Lilongwe (46 female, 31 male) and 35 in Mchinji (13 female, 22 male). It was noted that key nutrition messages are being delivered to the care group volunteers using counselling cards and, furthermore, GAC Chairpersons were also present during the sessions to ensure that nutrition messages are extended to all farmers.

Impact evaluation

Two follow-up meetings took place between FtF-INVC and UNC team including LUANAR on the identification of a final list of randomly selected GACs, GHVs and villages for the impact evaluation to be completed in Lilongwe and Mchinji districts. A list of 601 GACs/GHVs was shared by UNC/LUANAR from which 62 villages will be randomly selected as study areas (31 “treatment” and 31 “control”). This Impact Evaluation will test whether agriculture programs designed to increase farmer production and incomes through value chains interventions when integrated with nutrition interventions are more effective in improving household nutrition outcomes compared to stand-alone agriculture value chain programs. The study will use a prospective, experimental research design, using a difference-in-differences (DID) estimation strategy with longitudinal data to evaluate the

relative impact of the integrated VC+Nutrition program on nutrition outcomes. The activities for Impact Evaluation Study are expected to rollout in the next quarter.

Expansion of nutrition and BCC interventions in Balaka, Machinga and Mangochi

Establishment of care groups

FtF-INVC interventions were fully rolled out into the three expansion Districts using the promoters recruited earlier: Balaka (71 promoters), Machinga (32) and Mangochi (54). All promoters have started cluster formation: that is, the accurate registration of households with pregnant women, lactating mothers and children under five years old into groups of 12 households. During such registration events, promoters use such occasions as training opportunities to impart nutrition and health knowledge and information in order to provide a snapshot of the benefits of joining a cluster. To date 3,830 clusters have been formed (1,038 in Balaka, 741 in Machinga and 2,051 in Mangochi) and 310 care groups have been established within these clusters: 81 in Balaka, 53 in Machinga and 176 in Mangochi. In the quarter, **47,523 new households** have been registered and they are being supported with various nutrition interventions such as backyard gardens, exclusive breast feeding, and water and sanitation. FtF-INVC has noted that the integration component is strong in Balaka, Machinga, and Mangochi. A process of systematic data verification established that an average of 29.6% of newly-registered households were also NASFAM members. Therefore 14,067 households **have not been added** to the total number of beneficiary households, since they are already accounted for under the agriculture component and the objective of the FtF-INVC project is to minimize any risk of ‘double counting’.

Project personnel

A total of 13 Nutrition Assistants (8 male, 5 female) have been recruited and deployed in the communities. The officers have already started working in their respective areas of work except for Bazale EPA where the officer is yet to be deployed. Full details of the deployment of these staff can be found in the NASFAM report in the Annexes.

Orientation of new staff

An orientation session was held in Lilongwe for the 16 newly recruited staff, which includes three District Nutrition Coordinators (1m, 2f) and 13 Nutrition Assistants (8m, 5f). All FtF-INVC component heads or their representatives made presentations which addressed, *inter alia*, FtF-INVC project background, nutrition, BCC, agriculture value chains, capacity building, M&E, finance, grants and administration. Nkhoma Hospital project also participated in the orientation session and shared their experiences in managing care groups in Lilongwe and Mchinji districts. At the end of the 3 day orientation session, district specific work-plans were developed.

Figure 13: FtF-INVC Chief of Party, Bagie Sherchand opening orientation session of new staff



Figure 14: Some of the promoters during training in Mangochi



Training of promoters

FtF-INVC conducted five training sessions for the 156 promoters (90 males and 66 females), the objectives being to train promoters on the care group approach (explaining the care group concept, care group formation and facilitation). Promoters were also trained in M&E which included briefing them on promoter registration forms, how best to record care group data, reporting and record keeping

Procurement of equipment/materials for expansion districts

A total of 17 motorbikes (14 for Nutrition Assistants and 3 for District Nutrition Coordinators) have been procured and distributed to the officers. 7,500 counseling cards have been printed and distributed. In addition, 250 golf-shirts (for promoters), 7,500 t-shirts (for care group volunteers/lead mothers) and 14,500 pieces of FtF-INVC branded cloth (2 meters for each volunteer) have been printed and distributed. The counseling cards provide guidance to the conversation and help promoters and care group volunteers/counselors offer technically sound advice while allowing community members at household level to modify the advice to meet their situation or current practices on nutrition.

Figure 15: FtF-INVC branded cloth (zitenje)



Social Behavior Change Communications

FtF-INVC has solicited proposals from potential social and behavior change communication (SBCC) organizations that could conduct rapid formative research in the expanded districts of Mangochi, Balaka and Machinga. The results of the formative research will inform development of key messages to address existing myths, misconceptions, and knowledge gaps among intended beneficiaries and other community members in the 3 districts.

Collaboration

Nkhoma Hospital and Pakachere jointly supervised community drama groups in Lilongwe and Mchinji. The meetings targeted 120 GACs in 17 EPAs and 117 were reached. A total of 10 joint monitoring sessions were conducted by FtF-INVC, Pakachere team and Nkhoma Hospital officers to GACs and specific community-based theatre groups. These joint sessions have assisted in engaging Nkhoma team (Nutrition Assistants) to take an active role in monitoring the quality of nutrition messages being disseminated by Pakachere through drama and radio. The joint sessions have also assisted in engaging promoters to become key agents in supervising performances by the community-based theatre in their GACs and report to Pakachere through Nkhoma Hospital. Theatre group members have also been active in promoting various nutrition messages in the communities and contribute to the efforts by care group volunteers. FtF-INVC, Pakachere and Nkhoma officers also participated in USAID funded partner meetings where issues of collaboration, coordination and co-location have been put across for implementers to apply in their project as part of fulfilling the Mission's 2013-18 Country Development Cooperation Strategy (CDCS) goal. During the quarter, FtF-INVC field staff conducted/participated in various District level meetings in Balaka, Machinga and Mangochi.

COMPONENT 4: INVESTING IN INNOVATION

This quarter, funds amounting to US\$874,572 were distributed to eight grantees and grantee expenses amounting to US\$979,855 were liquidated: US\$254,837 of this was for NASFAM procurements. Cumulative grantee expenses cleared by FtF-INVC are now 86.4% of total funds disbursed to grantees. Cleared expenses in this quarter were 65% more than that of the previous quarter. Three grant modifications were formalized during this quarter.

Table 26: Grant Modifications in Q4 2014

Grantee	Initial Grant (US \$)	Amended Grant (US \$)
MMPA	336,088	336,088
FUM	565,798	850,798
CADECOM	634,399	633,003
Totals	1,536,285	1,819,889
Increase	US \$ 283,604	

FtF-INVC engaged in 11 coaching sessions and 24 grants-related meetings with 62 grantee staff, during this quarter. Out of the 62 grantee staff, 11 were females.

The MMPA grant concluded at the end of this quarter and grant closeout procedures are now in process.

Three business service providers contracted to document business plans and build capacity, completed work with selected grantee operating units and are in the process of documenting their assignments. They completed their assignments during this quarter

A vehicle waiver request was submitted to and approval received from USAID during the quarter. This request was for 17 motor cycles for nutrition assistants operating in Balaka, Mangochi and Machinga districts.

TASK 1: FUND DESIGN

The \$2 million “Investing in Innovation Fund” (IIF) is an integral element of FTF-INVC’s programming across Components 1, 2, and 3. The fund is 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. Proposals must demonstrate a clear 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 FTF-INVC objectives in value chain competitiveness, productivity, and community nutrition activities. ISF grants will also enable FTF-INVC to build partner capacity to meet the objectives of USAID’s FORWARD Policy.

The basic DAI Grants Manual was adapted to FTF-INVC’s needs and submitted to USAID in the last quarter of FY 2012. As such this task has been accomplished and no design modifications were found to be necessary thereafter.

TASK 2: OPERATIONALIZE FUNDING MECHANISM

SUB-TASK 1: ESTABLISH GRANT REVIEW AND MANAGEMENT PROCESS

The table below shows the cumulative progress to date in FTF-INVC grant review, USAID concurrence and signature.

Table 27: Cumulative progress in USAID concurrence and signature

Component	Concept Notes	Proposals	Total Received	Grants concurred by USAID to date	Grants signed to date including current quarter
Advancing value chain competitiveness	13	6	19	2	2
Improving productivity	6	7	13	4	4
Improving community capacity to prevent under-nutrition	2	2	4	2	2
Investing in innovation	0	2	2	1	1
Developing local capacity	4	1	5	1	1
Grant Total	25	18	43	10	10

Grant preparation and signing

FtF-INVC did not sign any new grants this quarter.

Grant Modifications

FtF-INVC gained USAID concurrence to increase the Farmers Union Malawi (FUM) grant by US\$285,000. The additional grant funds will enable FUM increase the number of EPA facilitators and lead farmers within its structure so that technical support is more intensively channeled through to smallholder farmers.

During this quarter the following grants were modified to reflect budget line item re-allocations:

- Malawi Milk Producers Association (MMPA),
- Farmers Union of Malawi (FUM), and
- Catholic Development Commission of Malawi (CADECOM).

The grant modifications effected were a combination of budget re-allocations transferring budgeted resources from less active budget lines to those that need more resources and increases required in the budget due to enhanced farmer-focused training activities. Both CADECOM and FUM are primed to train their target smallholder farmers more intensively with the use of additional resources to fund Assistant Lead Farmers within each farmer club. FUM for instance will enlist the services of 1,335 assistant lead farmers to intensively train farmers in their locations while 370 lead farmers will also be enlisted and will travel significant distances to train farmer clusters. All this is part of the 'surge' activity recommended by the production Technical Working Group. In the case of CADECOM resources were transferred from Short Term Technical Assistance, where there were excess resources, to farmer training activities.

Grant Closeouts

Apart from the Malawi Institute of Management (MIM) Fixed Obligation Grant that was closed in April 2014, the Malawi Milk Producers Association (MMPA) grant is the first Standard Grant to be concluded. MMPA's grant closed on 30 September; grant closeout procedures come into operation immediately in the next quarter. The MMPA Program Manager briefed the Chief of Party on 24 September about how MMPA and its farmers had benefitted from grant funds received from the American People. He particularly mentioned that it was sad that the grant was closing when dairy

farmers under its ambit were poised to significantly increase their milk production due to the impact of artificial insemination activities and provision of the Grand Supplement.

Proposals submitted to USAID

During this quarter, no proposals were submitted to USAID. MMPA concluded their grant activities on 30 September 2014 and are now engaged in grant close out activities.

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

Grantees are advised to submit their expense reports for each month by the 10th day of the next month but have been very slow in adhering to that request in previous quarters. However this last quarter has seen all of them, barring IITA that has a separate arrangement, submitting their expense reports by the 15th day of the next month. While late by 5 days, their performance is much better than before. This allows the Finance Department to check the documents even more carefully than before for compliance, instead of being rushed into such checks.

Table 28: Analysis of the submission of expense reports

Grantee	Expense reports submitted and reconciled this quarter (US\$)	Expense reports submitted and reconciled (US\$) – Cumulative to date
ACE	142,797	591,036
NASFAM	430,878	1,136,181
MMPA	76,707	273,873
IITA	12,811	92,391
FUM	117,595	334,974
CADECOM	31,440	405,380
PAKACHERE	54,010	169,622
NKHOMA	92,692	332,018
MIM	-	54,926
CISANET	20,925	46,782
TOTAL	927, 722	3,385,050

During this quarter, approximately US\$ 979,855 in expenses were ‘cleared’ by DAI, after we were satisfied that documents submitted were compliant with DAI and USAID requirements. Within the overall procurement, NASFAM procurement accounted for the following expenditures:

Table 29: Analysis of NASFAM procurements

Item	Volume (units)	Value (US\$)
Mechanical Shellers	6	22,308
Yamaha Motor cycles	42	144,586
Motor vehicle – Toyota Hilux	1	52,132
Ladies’ bicycles	166	14,709
Protective Gear (gum boots, rain coats, dust coats)	555	21,102
Total		254,837

Partner guidance and support continued during the quarter. For example, ACE was encouraged to update their procurement manual and make use of Local Purchase Orders (LPOs) mandatory. This advice was pressed on ACE after a review noted that ACE was not utilizing Local Purchase Orders (LPO) when requesting goods or services from suppliers or service providers. ACE has also noted the need to migrate to a Quick Books platform to record and report its accounting transactions, from the current use of a very basic Excel-based system. The Grants Manager drafted the Terms of Reference for ACE to apply during its call for service. They were included in a Request For Proposal which was given to 5 local companies.

It was noted that both ACE and Pakachere had exceeded some of their expenditure budget lines in their Financial Reports. While in the case of ACE the deviance was minor, it was major in the case of Pakachere and a grant modification will be needed to reallocate resources in the budget. This will be done in the next quarter.

It was reported in the last quarter that due to the slow process of supervision and report preparation by CADECOM, FtF-INVC had, in discussion with the CADECOM Secretariat, decided to deal directly with Dedza CADECOM. This process was implemented from 1 June onwards on a pilot basis. Progress was good, evidenced by timely receipt of expense reports from Dedza. However the financial reports that were provided by the CADECOM Secretariat in Lilongwe continue to be delayed. These issues were discussed with the CADECOM secretariat at a meeting in September. It was decided to formalize the direct relationship of FtF-INVC secretariat with Dedza CADECOM, with supervision from the CADECOM secretariat who promised to improve on the timely production of financial and technical reports.

A lot of effort has been expended by the FtF-INVC secretariat in the NASFAM Soya bean certified seed procurement exercise. This is mainly due to the bad experience last year pertaining to the groundnut certified seed procurement exercise when seed with poor germination and purity was delivered. Both the Operations Manager and Grants Manager assisted NASFAM from the drafting of the certified seed advertisement to the short listing of the applicants. Only three suppliers responded to the very stringent requirements conveyed in the advertisement. The contract will be awarded in the next quarter. FtF-INVC has also been assisting NASFAM to procure inoculant in time for the certified seed distribution exercise.

A list of 13 names was submitted to USAID for a Financial & Management training seminar to be held in October 2014. FtF-INVC's partners were requested to also include key technical field staff in their recommended names for this seminar.

The Grants Manager has ascertained from IITA that the "Soybean Seed Revolving Fund" has to its credit MK4.4 million from the sale of basic Tikolore seed in 2013. They have also produced 28.85MT of basic seed for sale in October 2014 to certified sale producers. An advertisement was published in a local newspaper in early October inviting experienced certified seed producers to quote a purchase price.

The Grants Manager checked the Nkhoma bank reconciliations and found them to be faulty. They were returned to Nkhoma for correction.

The Grants Manager and Finance and Administration Director had a meeting with IITA and DARS regarding the need to submit expenditure that conformed to FtF-INVC compliance requirements. About US\$30,000 of expenses had to be cleared. Some of the 'uncleared' expenditure is due to the use of incorrect per diem rates, lack of vehicle log books to verify fuel receipts and the lack of technical reports that explain the nature and outcome of various visits.

The Grants Manager in discussion with the Chief of Party assessed a budget realignment request by ACE. This request, which has been necessitated by a non-USAID donor grant, will be formalized through a grant modification in the next quarter.

The Grants Manager addressed a group of nutrition assistants and district staff on grants issues that they are bound to encounter during their nutrition-related activities in Balaka, Machinga and Mangochi.

Submission of Financial Reports

The status is as reported in the last quarter. Most grantees submit accurate Financial Reports which are adjusted, as required, once the expense reports have been accepted by FtF-INVC. Nkhoma has submitted financial reports up to 30 June 2014. Grantees also submit Financial Reports when they submit a funding request.

Grantee Funds Requests

The following grantees submitted funding requests and were paid during the quarter. A summary of such payments is shown in the table below:

Table 30: Summary of funds disbursed

Grantee	Funds disbursed by DAI this quarter (US\$)	Funds disbursed by DAI (US\$) – Cumulative to date
ACE	112,660	625,327
NASFAM	369,009	1,172,173
MMPA	2,773	252,237
IITA	-	175,761
FUM	233,928	578,519
CADECOM	55,893	476,302
PAKACHERE	31,260	207,140
NKHOMA	23,795	335,339
MIM	-	54,926
CISANET	45,254	98,698
TOTAL	874,572	3,976,422

Grantee Training on Grants/Finance/Reporting Issues

While there is continued exclusion of important documents evidencing grant related expenditure, there is a reduction of such cases. Importantly, grantee Head Office staff demand the submission of error-free documents to FtF-INVC. However, when the documents take time to arrive from the field, grantee staff submit the documents even though they do not fully authenticate the expenditure. The amount of expenses ‘cleared’ this quarter was more than 65% than that of the last quarter. While much of this can be attributed to large procurements that were completed in this quarter, particularly by NASFAM, the increase may also be attributable to better understanding of the required documentation which helps increase the expenditure ‘cleared’ by FtF-INVC.

Interaction with Grantees

FtF-INVC continued to engage grantees on issues related to grantee expense documentation and other grants related issues... During the quarter, 24 meetings and 11 coaching sessions were held with a total of 62 staff (51 male and 11 female) from grantees and non-grantee technical and business service providers. The topics covered in such meetings and coaching sessions included issues pertaining to, among others, expense documentation, DSA rates, project closeout procedures, bank reconciliations, procurement, branding and marking, financial and expense report and budgetary issues.

Grantee Engagement

While there were no grantee review meetings this quarter, the Grants Manager and Grants Accountants continue to proactively engage with grantee staff to clear their expense claims.

TASK 3: DEVELOP SUSTAINABILITY MECHANISMS FOR FUNDS

SUB-TASK 1: CONDUCT ORGANIZATIONAL CAPACITY ASSESSMENTS

Grants operations did not carry out any Pre-Award Surveys or administer any Financial Capability Questionnaires during this quarter.

SUB-TASK 2: DEVELOP INDUSTRY BUSINESS PLANS

During this quarter, three Business Service Providers (BSP) Umodzi Consulting, Tradeline Consult and Target Consulting documented Business Plans for best performing milk bulking groups, associations and cooperatives identified by the Implementing Partners and also carried out Corporate Governance training and capacity building. *Details of this activity are given under Component 5, Task 2, Sub-Task 5.*

SUB-TASK 3: SURVEY AND ASSESS INVESTORS' INTEREST

As part of business mentorship and coaching exercise, Umodzi Consulting arranged for representatives from the five farmer cooperatives under Farmers Union of Malawi to visit major produce markets in Lilongwe. The farmers visited Agricultural Commodity Exchange, Auction Holding Commodity Exchange and Sun Seed oil. The visits were arranged as part of an initiative to link them to markets. Some of the outcomes of the meeting were:

- Farmers made contact with institutions that it could go into contract farming with, such as Sunseed Oil
- Farmers appreciated the need for collective marketing
- Farmers made commitments to start selling their commodities through commodity exchanges which were offering better prices than vendors and other local agro dealers

Linking to investors

After assessing the farmers' organization structures and their capacity, it was clear that farmer groups needed to get more organized before approaching investors. There was a need for them to have good leadership structures, well defined membership regulations, registration as a business entity and keep meaningful records. Umodzi Consulting's mentorship and coaching exercises focus on these areas. It was also observed that most of the farmer groups were yet to sell their commodities as a group. Nonetheless, it is evident that Nkhunguyembe and Tidziwane cooperatives under FUM were getting significant attention from other organizations and private players, partly because of Umodzi's interventions. For instance, Rural Livelihood Economic Enhancement Programme (RLEEP) has helped to construct a warehouse for Nkhunguyembe cooperative. Lakeshore Agro Processors Enterprises has also started working with Nkhunguyembe after seeing the progress made by the cooperative.

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

During this quarter, ACE registered 176 deposits under the Warehouse Receipts System (WRS). A total of 11,716MT of commodities were deposited. The Rural Trade Agents accounted for 30 of such depositors which saw them deposit 651 MT.

ACE facilitated a total of 216 contracts during this quarter, out of which 161 were forward contracts. The related volume was 22,741MT with a value of US\$12,183,241 consisting of maize, soya meal and sunflower. The Rural Trade Agents were responsible for five contracts, amounting to 106 MT with a value of US\$40,540.

First Merchant Bank (FMB) increased their financing facilities from US\$3,936,709 to US\$5,923,274, during the quarter. Additionally, ACE also negotiated increased bridging finance, WRS financing and Forward Contract financing with FMB during the quarter. While National Bank of Malawi confirmed a collateral financing facility of US\$ 375,000, the agreement has not yet been signed. ACE also signed an important MOU with Nkhotakota Rice Milling Company which will see ACE fronting for that company in forward buying arrangements for 50 MT of un-milled rice per month.

COMPONENT 5: DEVELOPING LOCAL CAPACITY

A mid-year **Organizational Capacity Assessment (OCA)** was conducted in order to establish the extent to which progress has been made since February 2014. Results from the seven participating organizations showed that the **Implementing Partners had made good progress** in achieving improvements and had made positive changes **across the dimensions measured by the OCA**. The process of **organizational strengthening** was reinforced through the deployment of three Business Service Providers to provide **coaching and mentoring** to selected organizations. This work extended and deepened the work already done to develop **bankable business plans** in these organizations and the **mentoring program is showing positive impact** in the Cooperatives and Farmers Associations where the BSPs have been operating. A very large program of **focused training** down to the level of individual farmers was facilitated in support the objectives of Component 2 (and further details can be found in the section of this report devoted to that Component). Training events related to the legume value chains **reached nearly 10,000 extension workers and lead farmers** and training on dairy management practices reached a **further 1,300 farmers**. Vital explanations, technical information and skills relating to **seed conditioning** were also imparted through systematic training programs and **276 promoters were given targeted training** in support of the objectives of Component 3. The far-reaching **change management program within NASFAM** continued through the quarter and **behavioral changes have already been detected** within the Association. Such transformational work is obviously a long-term engagement and FtF-INVC will continue to work closely with NASFAM for some time to come.

TASK 1: DEVELOP MALAWI'S CAPACITY GOING FORWARD

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

FtF-INVC carried out follow-up capacity assessment of seven FtF-INVC partners using the organizational capacity assessment tool (OCAT) during the period 16th September to 2nd October 2014:

- National Smallholders Farmers Association of Malawi (NASFAM)
- Farmers Union of Malawi (FUM)
- Dedza Catholic Development Commission (Dedza CADECOM)
- Agricultural Commodity Exchange for Africa (ACE)
- Civil Society Agriculture Network (CISANET)
- Nkhoma Public Health
- Pakachere Institute for Health & Development Communication.

The main objective of the OCA was to monitor progress made in capacity improvement by the respective partners following implementation of action plans on the capacity gaps identified during the OCA of February 2014. The OCA examined capacity status of the seven organizations in the areas of Governance, Administration, Human Resources Management, Financial Management, Organization Management, Program Management, Project Performance Management, and Leadership & Team Dynamics. The assessment exercise was completed in one day per partner organization, focusing on the self-assessment and “scoring” of the organization. A cross section of people representing all sections and levels of the organization participated in the OCA exercise. Generally, there has been an improvement in capacity for all the INVC partners in comparison with the previous OCA (except for NASFAM and Nkhoma). The current score is 80%, up from 75% in February 2014.

During the quarter, FtF- INVC continued mentoring partners on grant management and financial reporting through meetings and individual coaching. The FtF-INVC Grants Accountants regularly visited grantees to supervise and give timely feedback and advice on expected financial documentation and reporting procedures.

SUB-TASK 2: BUILD ORGANIZATIONAL CAPACITY

Professional support for NASFAM has facilitated major organizational changes

FtF-INVC continued facilitating Transformation Change Management process for NASFAM through engaging a Private Sector Strategy Specialist (Consultant). The objectives of this assignment within the quarter were to:

- Assist NASFAM to take stock of its recent change efforts and get senior management on the same page regarding activities and roles moving forward.
- Build a Guiding Change Coalition team for guiding the ongoing change process.
- Create mechanisms and processes that keep all staff engaged in the process of change.
- Include farmer members in the change process.

The following activities were undertaken to achieve these objectives.

- Identification of Key Corporate Strategies: Moving along the Corporate Development Framework from the foundational to the directional level, four corporate strategies reflecting the new corporate identity were identified by the NASFAM.
- Identification of Guiding Coalition Members and Change Project Leads.
- A two days Guiding Coalition Workshop was held to create the climate for change by bringing together the coalition members. A change vision was created and the change project formally kicked off.
- A series of meetings at the field level were held to introduce the change initiative and seek feedback from farmers' members.
- Core Values Identification: NASFAM adopted the following core identity statement

“NASFAM is an agricultural products business offering improved market access to smallholder farmer members.”

Creating and agreeing this statement is significant in that it cleared up the confusion regarding whether NASFAM is an NGO or a for-profit business and provided clear direction for future corporate strategic focus. With this determination, NASFAM has made a conscious decision to move away from the donor funding upon which it had become increasingly reliant.

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

SUB-TASK 1: DELIVER NEW TECHNOLOGIES AND MANAGEMENT PRACTICES TO ORGANIZATIONS

FtF-INVC supported ACE to adopt the SAGE system of accounting to enable ACE effectively consolidate financial reporting between two parts of the company (ACE Trust & ACE Limited) and between grantees. This follows the recommendation made by the DAI's Internal Audit Specialist after a rapid review of the ACE financial management systems.

FtF-INVC organized an M&E Technical Working Group meeting involving M&E Coordinators from NASFAM, MMPA, Nkhoma, CADECOM, FUM and ACE and FtF-INVC M&E team. During these meetings, M&E Coordinators and FtF-INVC M&E team discussed several M&E issues including: Unique ID update, Data Management, QR Codes, Feedback on protocols, Data Management Protocol, Outcome surveys and Data Quality. The FtF-INVC team made visits to individual FtF-INVC partners for to conduct DQAs and supervise Data Entry.

Around 120 AEDOs and 44 NGO Staff from Dedza, Lilongwe and Mchinji under CADECOM and FUM working areas respectively participated in Lead Farmer training sessions in land preparation,

seed conditioning and seed germination. The staff will render support to lead farmers to replicate their knowledge to fellow farmers.

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

FtF-INVC conducted a series of training sessions for farmers, lead farmers and assistant lead farmers in seed conditioning, seed germination testing and land preparation in all CADECOM, FUM and NASFAM impact sites under INVC. Specific objectives of the training were to create awareness and understanding of:

- the economic importance and the technical implications of Land Preparation and Seed Conditioning on their farm productivity and crop yield;
- various activities that need to be carried out and how to plan for good crop establishment;
- the direct relationship between land preparation, seed performance and expected crop yield

Training activities reached a total of **7,723** farmers as summarized in the Table below. Detailed breakdown and analysis by location, gender and provider are given in the respective IP reports in the Annexes.

Table 31: Summary of farmers receiving training in new technologies- Q4

Implementing Partner	Farmers Receiving Training		
	Female	Male	Totals
CADECOM Dedza	200	205	405
FUM	669	809	1,478
NASFAM	2,965	2,875	5,840
Total	3834	3889	7723

Key messages and impacts

The facilitators used a participatory mode of presentation for the farmers and utilized pictorial representations to explain the issues of Seed Sorting or Grading and Double Row Seed Planting, while the Construction of A-Frame and Seed Germination Tests were carried out through Theory and Practical methods. The participants were made to understand the essence of handling their seeds with extreme care in order to have good germination, while seed germination test was there for them to avoid procuring bad seeds for planting. As regards crop rotation, farmers were advised that groundnuts and soybeans should not follow Tobacco, Potatoes and Tomatoes because they belong to the same family hence attract similar pests and diseases. However, the farmers have now realized that crop rotation is a good practice to be adopted for improved performance of groundnut and soybean crops. The farmers were also trained in how to utilize the A-Frame to mark-out the contour lines for the alignment of their ridges to minimize soil erosion when farming on slopping fields. The seed germination test was an eye opener for all the farmers, as they now believe that they can overcome the issue of poor germination of seeds in their field.

Cascading and roll-out

It is envisaged that each lead farmer and assistant lead farmer will train at least nine farmers on the same technologies resulting to around 69,500 farmers being trained by lead farmers.

SUB-TASK 3: FACILITATE POLICY REVIEW AND ADVOCACY SUPPORT

CISANET with support from FtF-INVC conducted three policy studies on groundnuts, dairy and soya beans value chains on the following issues:

- *The potential, opportunities and challenges of Dairy processing and value addition in Malawi.*

- *Policy and structural inefficiencies in addressing illegal soya and groundnuts cross border trade.*
- *An assessment of operational, practice and policy gaps hindering farmer adoption levels of new research technologies in groundnut and soybean value chains*

Draft reports for these studies have been produced. The findings of the studies will be shared with all relevant stakeholders and policy briefs in English and other key local languages on the same will be produced for wider dissemination.

Within the quarter, newspaper articles were featured in the Malawi Daily newspapers and online publications highlighting issues affecting the development of dairy, soya beans and groundnuts value chains in Malawi. One of the articles featured in the Malawi Daily Newspapers was titled “*The double trouble in Malawi’s groundnuts*” (*The Daily Times, September 23, 2014*) – which discusses the current challenges in Aflatoxin management in Malawian groundnuts which has a bearing in penetrating into international markets.

With the various challenges that FtF-INVC is encountering related seed issues in Malawi, it is currently analyzing three study reports commissioned by NASFAM, CEPA and Ministry of Agriculture respectively on issues related to Analysis of National Seed Policies in Malawi. The intention is to identify some gaps that may require further investigations with FtF-INVC’s support in order to come up with comprehensive recommendations for improving the pending draft Seed Bill and Seed Policy. The Seed Policy study reports under analysis and review include:

- *Review of Seed Policy and Development of Seed Strategy – Min. of Agriculture.*
- *Understanding the current legal, policy, strategic and programme framework surrounding the Seed market and project activities related to the seed market. - CEPA*
- *Comprehensive analysis of National Seed Policies in Malawi – NASFAM.*

The above studies are being analyzed in consultation with CISANET.

FtF-INVC provided technical and financial support to CISANET towards the holding of the national agriculture conference titled: *MALAWI AGRICULTURE AT 50: TOWARDS A COMMON VISION FOR THE NEXT 50 YEARS*. CISANET organized the conference to provide a platform for all agriculture sector players to share ideas and forge a common vision for the agriculture sector in Malawi. Among the various topics discussed, FtF-INVC financed the topic that targeted smallholder farmers titled: “*Smallholder Agriculture and Cooperative Development: From Subsistence to Commercial*”. This topic discussed the strategy for commercializing the smallholder agriculture and associated challenges and opportunities.

CISANET with financial support from FtF-INVC participated at the Trade Fair held in August 2014. Media advocacy campaigns on Soyabean Association of Malawi (SOYAMA) and Groundnuts Platform were featured at the CISANET podium to create awareness on the activities and services of the two bodies.

SUB-TASK 4: CONDUCT TRAINING IN VALUE CHAIN AND NUTRITION SPECIFIC TOPICS

FtF-INVC trained 156 Promoters (90 male, 66 female) from the new nutrition impact districts of Machinga, Balaka and Mangochi in Care Group Model. The training mainly focused on Community mobilization & sensitization; Conducting community health sessions; Coordination/collaboration; How to set up Care Groups; Activities under Care Groups; and Advantages of using Care Groups.

FtF-INVC conducted a 4-day orientation training for the new recruited 3 District Nutrition Coordinators and 14 Nutrition Assistants for Mangochi, Machinga and Balaka districts. The orientation training covered practical/technical issues related to their job as well as presentations from the various components of the INVC project.

SUB-TASK 5: STRENGTHEN AND FACILITATE GROWTH OF SERVICE PROVIDERS

FtF-INVC partnered with three Business Development Service Providers (BDS) namely Umodzi Consulting; Tradeline Corporation and Target Consulting. The BDS's were engaged to provide corporate governance and agribusiness capacity development to farmer associations and cooperatives. Each of the three BDSs was assigned designated areas and associations to work with, guided by specific objectives and deliverables. The assignments were allocated as follows:

- **Umodzi Consulting** facilitated the development of three business plans to three farmer cooperatives under FUM (Nambuma, Tithese Umphawi and Mtapo) as well as four Business Plans under MMPA for Magomero MBG, Machite MBG, Lumbadzi MBG and Nkhweza MBG. The Business Plans were facilitated and developed using highly participatory approaches. Additionally, a total of five cooperatives and five MBGs were trained in business management skills and received business mentorship and coaching support. The sessions on business management training and mentorship and coaching were conducted based on the needs identified and objectives set during business plan development workshops. Proper quality control measures were taken including validating the information collected from farmers to ensure that business plans developed and objectives set were robust.
- **Target Consulting** was engaged to assist NASFAM with the Facilitation of IPC Business Plans Development and Organizational Capacity Strengthening for NASFAM's Balaka, Ntcheu and Lilongwe South AMCs". Target Consulting conducted training needs assessment for the three AMCs and developed an Agribusiness training manual tailored to address the identified gaps. The business plans for the three AMCs are currently under preparation.
- **Tradeline Corporation** was engaged for a follow-on assignment after previous facilitation of business plans development for Lilongwe North, Namwera and Mchinji AMCs. The purpose for the current assignment was to facilitate a similar process to farmer associations under the same AMCs so that there is coherence in business initiatives. In this regard, Tradeline Corporation facilitated development of 7 Business Plans for the farmer associations under Lilongwe North (Ukwe, Chigonthi, and Chiwamba) and Namwera (Katuli, Mtiya, Nyambi and Masuku). This was complemented with capacity building (training and advisory services) to IPC/AMC Management and Association Leadership in corporate governance and agribusiness management.

Figure 16: Training exercises being delivered by BDS Providers at field level



The governance and agribusiness training sessions in Namwera and Ntcheu facilitated by Tradeline Corporation and Target Consulting respectively were also attended by USAID Malawi to gather firsthand experience on the quality of facilitation and relevance of the initiative at field level. The feedback from USAID after the field visit was generally positive and satisfactory, indicating that the training activities are vital for improving capacities of grassroots structures. Though the specific content for governance and agribusiness training was based on outcomes of the training needs assessment conducted in respective areas, in general, the training covered issues like: main pillars of good governance; roles & responsibilities; conflict management; entrepreneurship; sales & marketing; financial management and business plan development

FtF-INVC organized sessions for the 3 BDSs to give update on their respective work. The presentations were attended by all respective partners like NASFAM, FUM and MMPA. This interaction provided an opportunity for BDSs to continue fine-tuning their plans, activities, processes etc. in order to be in line with the expectations of INVC and implementing partners. FtF-INVC is also compiling success stories on the process, experiences and outcomes on using the BDSs in building organizational and business skills capacities of farmer based organizations.

ANNEXES: PARTNER ACTIVITY REPORTS

ANALYSIS OF IP PERFORMANCE IN SUBMITTING REPORTS

<i>Annex</i>	Grantee Name	Was their Quarterly Report received by the due date (17 th of the month)?			
		Q1	Q2	Q3	Q4
1	ACE	Yes	Yes	Yes	Yes
2	CADECOM	Yes	Yes	Yes	Yes
3	CISANET	No	Yes	Yes	Yes
4	FUM	Yes	Yes	No	Yes
5	IITA	Yes	Yes	Yes	Yes
6	MMPA	Yes	Yes	Yes	NA
7	NASFAM	No	No	No	Yes
8	Nkhoma CCAP Hospital	Yes	No	Yes	Yes
9	Pakachere	Yes	No	Yes	Yes

Note:

In some cases the Technical Report had been received in good time, but the expenses report was not yet delivered.