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FY 2014 THIRD QUARTERLY REPORT

FEED THE FUTURE

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

DRAFT

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AUTHORITY/DISCLAIMER

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PREPARED BY:



Integrating Nutrition in Value Chains Project, Malawi

DAI 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

THIRD QUARTERLY PROGRESS REPORT FY2014

COVERING PERIOD: **APRIL 1ST THROUGH JUNE 30TH 2014**

TABLE OF CONTENTS

FIGURES	VI
TABLES	VI
ACRONYMS	VIII
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	8
SUMMARY OF PROGRESS THIS QUARTER	9
PROGRAM MANAGEMENT AND MONITORING	11
TASK 1: KEY PROGRAM MANAGEMENT ACTIVITIES	11
<i>Sub-Task 1: Project Implementation/Management Activities</i>	11
<i>Sub-Task 2: Project Site Visits and Field Trips</i>	13
<i>Sub-Task 3: Donor Coordination</i>	13
TASK 2: KEY MONITORING AND REPORTING ACTIVITIES	13
<i>Sub-Task 1: Monitoring and Reporting System</i>	13
<i>Sub-Task 2: Strengthening Grantee M&E Systems</i>	14
<i>Sub-Task 3: Project Baseline and Performance Update</i>	15
<i>Sub-Task 4: Data Collection, Review, and Submission to Various Efforts</i>	16
COMPONENT 1: ADVANCING VALUE CHAIN COMPETITIVENESS	17
TASK 1: INCREASE ACCESS TO MARKETS	17
<i>Sub-Task 1: Conduct Upgrading strategies, Competitive / Market Analyses and Demand Assessments</i>	17
<i>Sub-Task 2: Support Industry Participants in Market Development and Marketing</i>	21
<i>Sub-Task 3: Strengthen Producer, Processor and Value Chain Based Trade Associations</i>	22
<i>Sub-Task 4: Enhance Capacity to Comply with Standards, Quality Control and Food Safety Procedures</i>	24
<i>Sub-Task 5: Develop Partnerships and Strengthen Industry / Business Linkages</i>	25
TASK 2: INCREASE VALUE CHAIN EFFICIENCY AND VALUE ADDING OPTIONS	26
<i>Sub-Task 1: Conduct Assessments of Value Added Sector</i>	26
<i>Sub-Task 2: Facilitate Technology Transfer Through Firm-Level and Association Assistance</i>	27
<i>Sub-Task 3: Improve Access to Post-Harvest Handling and Storage Options</i>	27
TASK 3: INCREASE ACCESS TO CREDIT AND FINANCE	28
<i>Sub-Task 1: Support Development of Effective Structured Trade Opportunities</i>	28
<i>Sub-Task 2: Facilitate Linkages between Lending Institutions and Small-holders</i>	28
TASK 4: FOSTER BUSINESS ENABLING ENVIRONMENT	29
<i>Sub-Task 1: Strengthen Vertical Coordination and Trust</i>	29
<i>Sub-Task 2: Build Agricultural Policy Advocacy & Dialogue Capacity</i>	29
<i>Sub-Task 3: Facilitate Policy Review and Advocacy Support</i>	29
COMPONENT 2: IMPROVING PRODUCTIVITY	30
TASK 1: IMPROVE ACCESS TO QUALITY SEED AND OTHER AGRO-INPUTS	30
<i>Sub-Task 1: Increase/Strengthen Seed Supply</i>	30
<i>Sub-task 2: Strengthen and Expand Seed/Inputs Distribution Systems</i>	32
TASK 2: INCREASE ACCESS TO NEW TECHNOLOGY AND MANAGEMENT PRACTICES	33
<i>Sub-task 1: Improve Access to Effective Best Bet (Production) Technologies and Management Practices</i>	33
<i>Sub Task 2: Improve Access to proven management practices in the dairy sector</i>	34
TASK 3: IMPROVE ACCESS TO EFFECTIVE ADVISORY EXTENSION SERVICES AND INFORMATION	37
<i>Sub-task 1: Support Linkages of Research Institutions with Extension Service providers (both public and private sector based)</i>	37
<i>Sub-task 2: Use ICT in Stimulating Productivity and Value Chain Development</i>	37

TASK 4: PROMOTE RISK MITIGATION EFFORTS.....	38
<i>Sub-task 1: Promote Conservation Agriculture and Other Resilient Agricultural Practices</i>	38
<i>Sub-Task 2: Develop the Environmental Management and Monitoring Plan (EMMP)</i>	38
COMPONENT 3: IMPROVING COMMUNITY CAPACITY TO PREVENT UNDER NUTRITION..	39
TASK 1: IMPROVE KEY NUTRITION-RELATED BEHAVIORS (ESSENTIAL NUTRITION ACTIONS) WITHIN HOUSEHOLDS	39
<i>Sub-Task 1: Determine Factors that Influence Nutrition and Feeding Practices.....</i>	39
<i>Sub-Task 2: Develop BCC Strategy.....</i>	39
<i>Sub-Task 3: Facilitate Implementation of BCC Strategy.....</i>	39
TASK 2: INCREASE ACCESS TO DIVERSE AND QUALITY FOODS AMONG TARGET POPULATIONS	41
<i>Sub-Task 1: Facilitate and Promote Cultivation of High Nutritive-Value Crops.....</i>	41
<i>Sub-Task 2: Facilitate Food Processing.....</i>	41
<i>Sub-Task 3: Facilitate Food Fortification</i>	42
TASK 3: ENHANCE CONSUMPTION OF A NUTRITIOUS AND SUFFICIENTLY DIVERSIFIED DIET	42
<i>Sub-Task 1: Facilitate Promotion of Dietary Diversification.....</i>	42
<i>Sub-Task 2: Promote Management of Acute Malnutrition</i>	42
<i>Sub-Task 3: Promote Hygiene and Sanitation.....</i>	42
TASK 4: INCREASE ACCESS TO, AND UTILIZATION OF, KEY NUTRITION-RELATED SERVICES AMONG TARGETED POPULATIONS INCLUDING COMMUNITY SURVEILLANCE AND REFERRALS	42
<i>Sub-Task 1: Conduct Community-Based Growth Monitoring and Promotion</i>	42
<i>Sub-Task 2: Promote Vitamin A Supplementation and De-Worming</i>	42
<i>Sub-Task 3: Support / Strengthen Community Systems/Strategy for Referral of Children</i>	44
TASK 5: CREATE ENABLING ENVIRONMENT FOR EXECUTION OF NUTRITION ACTIVITIES	44
<i>Sub-Task 1: Conduct Meetings with Key Stakeholders.....</i>	44
<i>Sub-Task 2: Conduct Mentoring and Coaching and Expansion into Three new Districts</i>	44
COMPONENT 4: INVESTING IN INNOVATION	47
TASK 1: FUND DESIGN	47
TASK 2: OPERATIONALIZE FUNDING MECHANISM	47
<i>Sub-task 1: Establish Grant Review and Management Process</i>	47
TASK 3: DEVELOP SUSTAINABILITY MECHANISMS FOR FUNDS.....	51
<i>Sub-task 1: Conduct Organizational Capacity Assessments.....</i>	51
TASK 4: INCREASE INVESTMENTS IN AGRICULTURE AND NUTRITION-RELATED ACTIVITIES BY PRIVATE SECTOR ACTORS	52
<i>Sub-task 1: Facilitate public-private partnership related to Agriculture and Nutrition sectors</i>	52
<i>Sub-task 2: Investment Promotion targeting FTF-INVC Value Chains.....</i>	52
COMPONENT 5: DEVELOPING LOCAL CAPACITY	53
TASK 1: DEVELOP MALAWI’S CAPACITY GOING FORWARD	53
<i>Sub-Task 1: Upgrade/Improve Organizational Capacity to Manage Grants</i>	53
<i>Sub-Task 2: Build Organizational Capacity</i>	53
TASK 2: ENHANCE HUMAN AND INSTITUTIONAL CAPACITY DEVELOPMENT WITHIN VALUE CHAINS	54
<i>Sub-Task 1: Deliver New Technologies and Management Practices to Organizations</i>	54
<i>Sub-Task 2: Deliver New Technologies and Management Practices to Farmers</i>	55
<i>Sub-Task 3: Facilitate Policy Review and Advocacy Support</i>	55
<i>Sub-Task 4: Conduct Training in Value Chain and Nutrition Specific Topics</i>	55
<i>Sub-Task 5: Strengthen and Facilitate Growth of Service Providers</i>	56
ANNEX: PARTNER ACTIVITY REPORTS.....	57

FIGURES

FIGURE 1: INVC ZONE OF INFLUENCE	2
FIGURE 2: MALAWI INVC RESULTS FRAMEWORK	3
FIGURE 3: ILLUSTRATION OF TYPICAL PRICES AT OTHER MARKETS	19
FIGURE 4: COLLECTIVE MARKETING TRAINING PARTICIPATION	21
FIGURE 5: LOCAL FARMER WITH HIS CROP DEPOSITED INTO SECURE SATELLITE STORAGE/BULKING CENTER.	22
FIGURE 6: ASSOCIATION REVIEW MEETING IN BEMBEKE.....	23
FIGURE 7: ASSOCIATION REVIEW MEETING - CHALUMBA	23
FIGURE 8: SOYBEAN PROCESSING PLANT AT MWANJE VITA GOAT COOPERATIVE	26
FIGURE 9: HANDOUTS FOR FARMERS.....	27
FIGURE 10: SOYBEAN SEED AND GRAIN STORAGE - HANDOUT.....	27
FIGURE 11: COMMERCIAL INTEGRATION OF SMALLHOLDERS INTO MALAWI’S GRAIN MARKETS AND STRUCTURED TRADE SYSTEMS.....	28
FIGURE 15: FRESH CERTIFIED BASIC SEED DEPOSITED IN THE NEW IITA BASIC SEED STORAGE FACILITY.....	31
FIGURE 14: FIG. 9: DARS SSU INSPECTOR COLLECTING SAMPLES FOR QUALITY TESTS FROM A STACK IN A TEMPORARY SEED STORAGE FACILITY AT SINDEMISALE.....	31
FIGURE 12: TIKOLORE BASIC SEEDS BEING CLEANED	31
FIGURE 13: THE TRADITIONAL WAY OF THRESHING SOYBEAN SEED USING SMALL PLIABLE STICKS AT KHASU	31
FIGURE 16: DRAWING OF SAMPLES BY SSU FOR FINAL ASSESSMENT AND CERTIFICATION	32
FIGURE 17: HAND INSPECTION OF SEEDS	32
FIGURE 18: SORTING THE SEED	32
FIGURE 19: TARGETED HANDOUTS ON SELECTED AGRONOMY TOPICS	34
FIGURE 19: CHANGES IN VOLUMES OF MILK BULKED.....	35
FIGURE 21: PIGEON PEAS DOUBLE-CROPPED WITH GROUNDNUTS	38
FIGURE 31: THEATRE GROUP CAPTURED IN STREET PERFORMANCE.....	40
FIGURE 32: SAME HOME GARDEN HAS VEGETABLES IN MAY 2014 (3 MONTHS AFTER IMAGE ON LEFT)	41
FIGURE 33: NEWLY ESTABLISHED HOME GARDEN	41
FIGURE 34: USAID MALAWI MISSION OBSERVES A CARE GROUP SESSION AT MANKHWA GAC	45
FIGURE 36: GAC MEMBERS AT SENSITIZATION SESSION AT CHIKWEO EPA, MANGOCHI	46
FIGURE 38: SESSIONS IN PROGRESS FOR MTAPO FARMERS’ COOPERATIVE EXECUTIVE IN MCHINJI FACILITATED BY UMODZI CONSULTING	56

TABLES

TABLE 1: INVC PROJECT COMPONENTS AND IRS	3
TABLE 2: PERFORMANCE INDICATORS	4
TABLE 3: PROGRESS ON PERFORMANCE INDICATORS - THIS QUARTER	9
TABLE 4: SHORT TERM TECHNICAL SUPPORT MOBILIZED DURING THE QUARTER.....	12
TABLE 5: PROJECT SITE VISITS CONDUCTED THIS QUARTER.....	13
TABLE 6: CONTRACTS FACILITATED IN Q3 2014.....	19
TABLE 7: VOLUMES ON WAREHOUSE RECEIPTS.....	20
TABLE 8: BANK FINANCING FACILITIES	20
TABLE 9: SUMMARY OF MBGs AND PROCESSORS	22
TABLE 10: BASIC SEED PRODUCTION	31
TABLE 11: SUMMARY OF SEED DISTRIBUTION BY IPC - NASFAM	32
TABLE 12: SUMMARY OF SEED DISTRIBUTION BY EPA - CADECOM.....	33
TABLE 13: SUMMARY OF SEED RECOVERIES BY IPC - NASFAM.....	33
TABLE 14: ANALYSIS OF PARTICIPANTS IN FIELD DAYS IN DEDZA BY GENDER / LOCATION.....	34
TABLE 16: ANALYSIS OF AI TRAINING PARTICIPANTS	36
TABLE 17: ANALYSIS OF FARMERS WHO BENEFITED FROM PD TRAINING.....	36
TABLE 18: CALVING PATTERNS	36
TABLE 28: CHILDREN UNDER 5Y/O REACHED DURING CHILD HEALTH DAY CAMPAIGNS	43

TABLE 29: GENDER DISAGGREGATED NUMBER OF CHILDREN REACHED DURING CHILD HEALTH DAY CAMPAIGN FROM 10 RANDOMLY SELECTED SITES PER DISTRICT	43
TABLE 30: LIST OF MEETINGS ATTENDED FROM APRIL TO JUNE 2014	44
TABLE 31: ESTIMATED NUMBER OF UNDER-3 CHILDREN IN BALAKA, MACHINGA AND MANGOCHI.....	45
TABLE 20: GRANT MODIFICATIONS IN Q3 2014	47
TABLE 22: SUMMARY OF GRANTS SIGNED	48
TABLE 23: ANALYSIS OF THE SUBMISSION OF EXPENSE REPORTS	49
TABLE 24: SUMMARY OF FUNDS DISBURSED	50

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
AI	Artificial Insemination
AIDS	Acquired Immune Deficiency Syndrome
AMC	Association Management Centre.
BCC	Behavior Change Communication
BVO	Bid Volume Only
CADECOM	Catholic Development Commission of Malawi
CBO	Community Based Organization
CISANET	Civil Society Agriculture Network
CG	Care Group
CGV	Care Group Volunteers
CHD	Child Health Days
COMESA	Common Market for Eastern and Southern Africa
CONGOMA	Council for Non-Governmental Organizations in Malawi
COP	Chief of Party
CREMPA	Central Region Milk Producers' Association
DAES	Department of Agricultural Extension Services
DARS	Department of Agriculture Research Services
DCA	Development Credit Authority
DCOP	Deputy Chief of Party
DDIU	Data Demand and Information Use
DIDP	Dairy Industry Development Platform
DNHA	Department of Nutrition, HIV and AIDS
DQA	Data Quality Assessment
DTWG	Dairy Technical Working Group
EMMP	Environmental Mitigation and Monitoring Plan
EPA	Extension Planning Area
EU	European Union
FAO	(UN) Food and Agriculture Organization
FISP	Fertilizer Input Subsidy Program
FTF	Feed the Future
FUM	Farmers Union of Malawi
FY	Fiscal Year
GAC	Group Action Committee
GHI	Global Health Initiative
GoM	Government of Malawi
Ha	Hectare
HIV	Human immunodeficiency virus
HSA	Health Surveillance Assistant
ICRISAT	International Crops Research Institute for the Semi-Arid Tropics
ICT	Information Communication Technology
IITA	International Institute of Tropical Agriculture
INVC	Integrating Nutrition in Value Chains
IPC	Innovation and Productivity Centre
IPM	Integrated Past Management
IR	Intermediate Results

IT	Information Technology
IYCF	Infant and Young Children Feeding
MBC	Malawi Broadcasting Company
MAC	Marketing Action Center
MAPAC	Malawi Program on Aflatoxin Control
MBG	Milk Bulking Group
M&E	Monitoring and Evaluation
MGDS	Malawi Government Development Strategy
MICS	Malawi Integrated Child Survival Program
MIP	Market Information Point
MKW	(Symbol for) Malawi Kwacha
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 tonne
MZ	Malawi Zebu (cows)
NASCOMEX	NASFAM commercial
NASFAM	National Association of Smallholder Farmers of Malawi
NGO	Non-Governmental Organization
OCA	Organizational Capacity Assessment
OCAT	Organizational Capacity Assessment Tool
PAHO	Pan Africa Health Organization
PD	Pregnancy Diagnosis
PSA	Public Service Announcement
SBCC	Social and Behavior Change Communication
SHSA	Senior Health Surveillance Assistant
SME	Small and Medium Enterprise
SOYAMA	Soy Bean Association of Malawi
SSDI	Support for Service Delivery Integration
SSU	Seed Service Unit
STTA	Short Term Technical Assistance
Sub-IR	Sub Intermediate Results
SUN	Scaling Up Nutrition
TA	Traditional Authority
ToT / TOT	Training of Trainers
TWG	Technical Working Group
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USG	United States Government
WRS	Warehouse Receipt System
ZOI	Zone of Influence

MALAWI INVC ACTIVITY OVERVIEW AND RESULTS

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

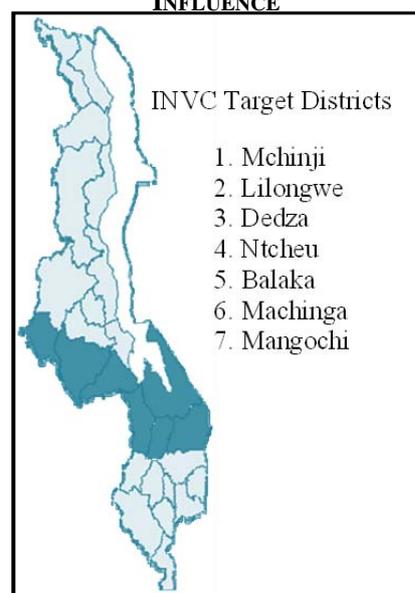
This population representing the target beneficiaries shares the following characteristics:

- 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).

FIGURE 1: INVC ZONE OF INFLUENCE



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).

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

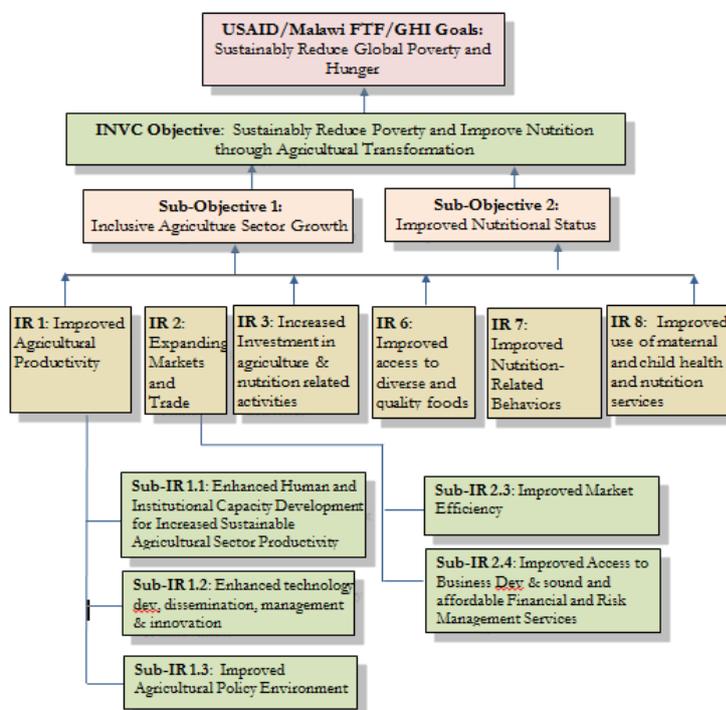
The six IRs and their subsequent sub-IRs are clustered around a framework that supports the achievement of a strategy to deliver the achievement of the Mission-level objectives of:

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 by the Malawi FtF-INVC project team toward completing the tasks under the five components listed in **Table 1**. Highlights from the third quarter include:

PROJECT MANAGEMENT:

During the quarter, FtF-INVC achieved the following:

1. To strengthen partner capacity to support and deliver community-level services, FtF-INVC conducted 27 coaching sessions, coordinated 67 partner meetings, 21 workshops and trainings, and conducted 25 field monitoring visits.
2. 15 short-term technical experts were mobilized to provide technical support covering multiple technical areas.
3. FtF-INVC hosted 5 project site visits for USAID/Malawi.
4. FtF-INVC participated 17 in meetings and workshops organized by other projects and donors as part of donor coordination and collaboration.
5. FtF-INVC initiated collaboration with 4 district councils in preparation for the CDCS implementation to promote integration and improve synergy.
6. FtF-INVC conducted its “Quarterly Consultative Programmatic Review Meeting” to better engage partners in assessing quarterly, implementation progress, exploring solutions to programmatic challenges, and enhancing relationship for better partner communication.
7. To help improve compliance and reduce risks within projects, this quarter, all FtF-INVC staff were required to participate in a week-long “Field Procurement and compliance” training held at the Capital hotel in Lilongwe and organized by DAI head office.
8. FtF-INVC launched the second INVC “Technical Working Groups (TWGs)” on Agricultural production and productivity to further enhance partner buy-in to both process and practices to improve production and productivity issues.
9. FtF-INVC Gender Assessment was finalized this quarter. Key findings indicate that nutritional messages are being absorbed by both men and women farmers; women are embracing nutritional messages which are being disseminated through radio jingles, theatre performances, public service announcements and in care groups (session). There are also some indications of greater consumption of soy beans, ground and dairy being promoted in the project.

COMPONENT 1: ADVANCING VALUE CHAIN COMPETITIVENESS

Significant achievements under this component this quarter included:

1. Good progress in the integration of smallholder farmers into structured market systems resulted in 543 MT of soybean and nearly 150MT of groundnuts being sold under collective marketing arrangements.
2. 343 VACs and the establishment of 65 local satellite storage/bulking centers within the targeted GACs. In Dedza, 279 bags (50kg) of maize, 234 bags of common beans and good volumes of other legumes stored in local warehouses.
3. Close to additional 62,000 beneficiaries now registered and participating in FtF-INVC related activities.
4. A total of 47 contracts for 7,742 MT of soybean, maize and sunflower were facilitated this quarter through ACE. The value of these contracts amounted to MK930 million.
5. Warehouse receipts have begun to trickle in; almost 522 MT of maize have now been deposited across ACE certified warehouses.
6. ACE has now successfully established two regional storage facilities in Zimbabwe with additional facilities being prepared in Mozambique, expected to come on board next quarter.
7. Close to 3,530 farmers and lead farmers from across 10 EPAs were trained on WRS.

8. A group of 65 farmers and association members participated in an exchange visit to Bwanje Rice Cooperative to observe for themselves how a farmer member-based organization can operate a profitable enterprise on business principles.
9. Recruitment of 14 marketing clerks was concluded to focus on collective marketing.
10. A total of 20 private sector players, including the poultry association members, for soybean and legumes were consulted to assess the domestic market demand for soybean and groundnuts. Based on these consultations, the demand for soybean is estimated at 130,000 MT and 8,000MT for groundnuts.
11. Since pigeon pea is a secondary crop under FtF-INVC, the pigeon pea industry was also consulted to assess their demand for variety, quality and volume.
12. SOYAMA and Groundnut Platform are in the final stages of becoming legitimate organizations under the laws of Malawi; their final registrations are with Registrar's office.
13. FtF-INVC helped ACE install and operationalize its digital financial services. ACE is now ready to transfer payments electronically, either through mobile phone or smartcard. ACE is now linked up to TNM, Airtel and FMB (for both mobile phone and smart card).

COMPONENT 2: IMPROVING PRODUCTIVITY

Significant achievements under this component this quarter included:

1. Tikolore basic seed achieved 28.85 MT in production against the projected 17.1 MT from 12 hectares. This implies that per hectare yield was 2.9 MT for the Sindemisale fields and 1.3 MT for the Khasu fields.
2. Seed recovery program in full swing, with close to 250MT of soybean and 40MT of first and second generation seeds being collected from smallholders who received seeds last season.
3. Roughly 7,500 assistant lead farmers, lead farmers, and AFOs are now deployed to help with the cascaded extension training activities to directly reach farmers. The FtF-INVC "surge support" within the implementing partners service delivery mechanism has meant that the lead-farmer to farmer ratio has now improved from 1:75 to 1:15 thereby lowering the load on the volunteer lead farmers and AFOs.
4. Agriculture extension messages were consolidated and delivered to through the lead-farmer channel to train close to 33,000 participants.
5. Overall, this quarter close to 2,980 field visits were carried out by extension workers, 655 Club meetings and 60 GAC meetings were held to discuss key issues dealing with collective marketing, harvest and post-harvest activities.
6. Similarly in the dairy value chain, around 500 dairy farmers were trained in post-harvest handling and feed preservation, 112 trained in AI techniques, and 44 underwent intensive training in Pregnancy Diagnosis.
7. This quarter there was a significant increase in the volumes of milk bulked at the cooling centers, with Machite recording a 400% volume increase year-on-year: from 4,880 liters in Q3 FY2103 to 21,600 for the same quarter in FY14.
8. Strong focus on the management and prevention of aflatoxin was maintained this quarter, with close to 40 training session being held to train the trainers so that they are able to spread the message out to farmers. Nearly 15,000 handouts were disseminated where key messages were reinforced.
9. This quarter the Technical Working Group on Agriculture production and Productivity was launched.

COMPONENT 3: IMPROVING COMMUNITY CAPACITY TO PREVENT UNDER-NUTRITION

Significant achievements under this component this quarter included:

1. Registration of **9871** additional households and recruitment of **822** care group volunteers.
2. Reached **41,886** households with health and nutrition interventions in Mchinji and Lilongwe

3. Trained 1,113 care group volunteers in health and nutrition interventions such as food processing and utilization, complementary feeding, dietary diversity.
4. Trained **27,076** people in health and nutrition interventions.
5. To improve access to utilization of key health and nutrition services supported child health days in 5 districts: Balaka, Lilongwe, Machinga, Mangochi and Mchinji reaching **170,846** children with vitamin A supplementation and **151,235** deworming medication.
6. Piloted collection of gender disaggregated data during the first round of 2014 child health days campaign. Gender disaggregated data for **21,089** children receiving vitamin A supplements and **18,243** children dewormed collected.
7. Orientation of 85 community based drama group members in the 15 prioritized behaviors.
8. Established **18,258** home/backyard gardens to support efforts to improve dietary diversity for women of child bearing age and children under three.
9. Recruitment of 157 promoters (87Male and 70 Female) in Balaka, Machinga and Mangochi.

COMPONENT 4: INVESTING IN INNOVATION

Significant achievements under this component this quarter included:

1. 79% of funds disbursed have been submitted by grantees in expense claims.
2. ACE, NASFAM and Nkhoma grants increased by US\$ 2.7 million.
3. 9 Grants are active and will run up until end December 2014.
4. 104 grantee staff were trained – resulting in a marked improvement in expense documentation submitted.
5. FtF-INVC now deals directly with Dedza CADECOM rather than through the CADECOM Secretariat in Lilongwe

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:

1. FtF-INVC conducted rapid financial assessments of 8 organizations for an in-depth analysis of the financial management outcomes from the OCAT exercise carried out in the last quarter (Jan-March, 2014). The organizations assessed were: National Smallholder Farmers Association of Malawi (NASFAM), Farmers Union of Malawi (FUM), Nkhoma Public Health, Pakachere, Catholic Development Commission of Malawi (CADECOM), Malawi Milk Producers Association (MMPA), Agricultural Commodity Exchange for Africa (ACE) and Civil Society Agriculture Network (CISANET). Financial management action plans were developed for respective organizations which FtF-INVC is following up and uses them as basis for its coaching and training activities.
2. All 8 Ft-F-INVC Partners were offered training in procurement and USAID compliance.
3. A four day intensive Field Procurement training was conducted for all 30 FtF-INVC staff (technical and administrative staff). The course was facilitated by 3 DAI staff from Washington.
4. Conducted training for partner field staff in Field Level Financial and Documentation Compliance in order to alleviate the problems of improper documentation for grants management and financial liquidation.
5. One Partners Consultative Workshop with senior representatives from all 8 FtF-INVC partners including the Chief Executive Officers, Program Managers and M&E Officers was conducted. The purpose was to foster consolidation of partnerships through sharing of progress, discussions on challenges and joint planning.
6. Finalized discussions with 3 Business Service Providers namely: Umodzi Consulting, Target Consulting and Tradeline Consultants which started providing Corporate Governance and Agribusiness training support to farmers associations under NASFAM, Farmers Union, CADECOM and MMPA. The Business Service Providers are also facilitating the development of bankable Business Plans for the farmers associations.

7. Coordinated Training courses for farmers on post-harvest handling, storage, collective marketing and Aflatoxin management in all NASFAM, FUM and CADECOM implementation sites.
8. Conducted training for NASFAM, ACE, CADECOM and FUM in Mobile Money and Financial Literacy in collaboration with FHI360 USAID MMAP Project.

CHALLENGES EXPERIENCED THIS QUARTER

1. The high demand for soybean this season got the better of farmers since vendors (backed by larger traders and agribusinesses) were able to mop up the commodity more easily by paying cash on the spot, and changing prices as market price changed. The key players within the structured trade system were not able to respond quickly and arrange payment to farmers who generally take the “show me the money” position during harvest time.
2. Relatively poor adoption of recommended groundnut drying practice (Mandela cock) in some districts due to a fear of theft of the groundnuts. Chafumbwa was an exception where groundnuts stayed longer in the field without much fear of theft.
3. Holding the tripartite elections for GoM caused frequent interruptions of project activities. A major impact caused by the holding of large political meetings which affected the participation of farmers and other stakeholders in INVC work.
4. Cascade training was noted to be slow in reaching the targeted household beneficiaries.
5. Attrition of key staff at key partner institution (Nkhoma Hospital and NASFAM) affected transition from one manager to another and hampering progress. For M&E, the team has decided to work on building M&E skills throughout each organization so that M&E progress does not have to rely on one individual.
6. The data reported for Child Health Days was not completely gender-disaggregated because of the Government decision to first “pilot test” the gender disaggregated form. As such, FtF-INVC tested the tally-sheet across 10 centers and used the disaggregation (51% female; 49% male) to extrapolate.
7. Partners are asking for more M&E training.
 - a. This became apparent during the last meeting of our M&E Technical Working Group.
 - b. We are in the process of developing M&E training plans for each partner to roll out training to staff at the deepest level in the field.

SUMMARY OF PROGRESS THIS QUARTER

The combined effect of all of the activities mentioned in the next sections is expected to contribute to the achievement of the overall impact objectives pertaining to this Activity. INVC estimates that during this quarter, it contributed the following toward the achievement of the quarterly targets. As INVC further establishes itself in the communities across the zone of influence (ZOI), we expect its contribution toward the impact indicators to increase as well.

Table 3: Progress on Performance Indicators - This Quarter

Applicable Performance Indicator		Quarter (Apr - June FY14)		Results (Inception to Date) Cumulative
		Target	Achieved	
1	Number of rural households benefiting directly from USG interventions	60,000	61,134	239,846
	<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>New/Continuing</i>			
	<i>New</i>		61,134	
	<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	30,000	27,630	131,267
	<i>Sex</i>			
	<i>Male</i>	15,300	13,351	
	<i>Female</i>	14,700	14,090	
	<i>Disaggregates not available</i>			
	<i>Type of individual</i>			
	<i>Producers (Farmers)</i>	29,700	27,582	
	<i>Government staff (Extension, EPA etc.)</i>	250	40	
	<i>Private Sector (Processors, service providers)</i>			
	<i>Civil Society (NGO' CBO, FBO, research etc.)</i>	50	8	
	<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.	1,500	1,566	8,666
	<i>Organization Type</i>			
	<i>Private enterprises for profit</i>			
	<i>Producer organizations</i>	1,500	1,566	
	<i>Women's groups</i>			
	<i>Trade and business Associations</i>			
	<i>CBO</i>			
	<i>Duration</i>			
	<i>New</i>	1,500	1,566	
	<i>Continuing</i>			
4	Value of new private sector investment in the agriculture sector or food chain leveraged by FTF implementation	\$250,000	\$357,000	\$673,500
5	Value of agricultural and rural loans	\$150,000	\$18,794	\$691,324
	<i>Type of loan recipient</i>			
	<i>Producers</i>		2	
	<i>Local Traders/assemblers</i>		2	
	<i>Wholesalers/processors</i>			
	<i>Others</i>			
	<i>Disaggregates not available</i>			
	<i>Sex of recipient</i>			
	<i>Male</i>		1	

Applicable Performance Indicator		Quarter (Apr - June FY14)		Results (Inception to Date) Cumulative
		Target	Achieved	
	<i>Female</i>		1	
	<i>Joint</i>			
	<i>N/A</i>		1	
	<i>Disaggregates not available</i>			
	<i>Size of loan recipient</i>			
	<i>Micro</i>		2	
	<i>Small</i>		2	
	<i>Medium</i>			
	<i>Other</i>		1	
6	Number of children under five reached by USG-supported assistance (through care group model)	23,400	17,597	56,007
	<i>Male</i>			
	<i>Female</i>			
	<i>Disaggregates not available</i>	23,400	17,597	
7*	Number of people trained in child health and nutrition through USG-supported programs (Child Health Days)		170,846	170,846
	<i>Male</i>		10,315	
	<i>Female</i>		10,774	
	<i>Disaggregates not available</i>		149,757	
8	Number of people trained in child health and nutrition through USG-supported programs	23,400	27,192	32,995
	<i>Male</i>		22,345	
	<i>Female</i>		4,847	
	<i>Disaggregates not available</i>			
9	Number of MSMEs, including farmers, receiving business development services from USG assisted sources	5	3	615
	<i>Size of Enterprise</i>			
	<i>Small</i>	4	3	
	<i>Medium</i>	1		
	<i>Large</i>			
	<i>Sex of Enterprise Owner</i>			
	<i>Male</i>			
	<i>Female</i>			
	<i>Joint</i>	5	3	
	<i>Type of Enterprise</i>			
	<i>Ag. Producer</i>	5	3	
	<i>Input trader</i>			
	<i>Trader</i>			
	<i>Output processors</i>			
	<i>Non- Ag.</i>			
	<i>Other</i>			
No.	COMMENTS & DEVIATIONS			
4	FY2014 quarterly achievement is lower because the agreements with the banks to lend money to ACE the prime lead of agricultural loans had taken up to June 2014 to be able to access the money. On the other ACE was not accepting any commodity during the April - June quarter due to high moisture content of most of the grain.			
5	FY2014 quarterly achievement is lower because the agreements with the banks to lend money to ACE the prime lead of agricultural loans had taken up to June 2014 to be able to access the money. On the other ACE was not accepting any commodity during the April - June quarter due to high moisture content of most of the grain.			
6	Staff turn-over at Nkhoma had affected delivery of the care group model. Field staff at ground level were not able to provide data in time for compilation and reporting as they had no staff to undertake the exercise of data collection that is very intense at care group level			
7*	The National Government through the MOH/OPC authorized FtF-INVC to "test" the gender disaggregated tally-sheets at only 10 designated centers across 5 districts. The 10 "test" centers yielded a total of 21,089 children (51% female; 49% male) being gender disaggregated (21,089 receiving Vit-A and 18,243 being dewormed). MOH/OPC hopes to assess the results of this test case prior to rolling it out across the country. The National Child Health Days resulted in a total of 170,846 children being supported by FtF-INVC (170,846 receiving Vit-A and . 151,235 being dewormed)			
8	The FY2014 quarter data is higher because this counts the number of modules delivered. In the quarter a number of modules were delivered and involved participants from Government and other community level leaders as well.			

PROGRAM MANAGEMENT AND MONITORING

This quarter, the project team continued its drive to scale activities across both agriculture and nutrition components. To strengthen partner capacity to support and deliver community-level technical services and achieve scale, FtF-INVC conducted **27** coaching sessions, coordinated **67** partner meetings, conducted **21** workshops and training events for partners and conducted **25** field monitoring visits. In addition, to support partner efforts and increase district/field level capacity, **15** short-term experts were mobilized covering multiple technical areas. This quarter, FtF-INVC also hosted **5** visits to project sites for USAID/Malawi. To contribute to improved stakeholder coordination and collaboration, FtF-INVC continued to participate in meetings and workshops (17 this quarter) organized by other projects and donors. FtF-INVC also contributed to USAID/Malawi's initiative to increase integration of various activities to improve synergy and value for USG money; as such, FtF-INVC initiated collaboration with **4** district councils in preparation for CDCS implementation across three focus districts and one partial focus district.

TASK 1: KEY PROGRAM MANAGEMENT ACTIVITIES

SUB-TASK 1: PROJECT IMPLEMENTATION/MANAGEMENT ACTIVITIES

In support of DAI's continued effort to improve compliance and reduce risks within projects, this quarter, all FtF-INVC staff were required to participate in a week-long "Field Procurement and compliance" training held at the Capital hotel in Lilongwe. The training was organized and funded by DAI headquarters, and covered in depth, such important procurement policies and procedures as procurement lifecycle, competition and exceptions, cost reasonableness, responsibility determination, source selection methods, approvals, waivers, source and nationality requirements, internal controls, segregation of duties, conflict of interest, procurement planning, evaluation, management, closeout and auditing, among others. A similar training (focusing on procurement and compliance) was also offered to all eight FtF-INVC implementing partners during the quarter. As a result of the procurement training, the grantees, with support from the project, formed a 7 person procurement task force. The task force goal is to share experiences, learning, information, and ensure that the procurement activities follow the procurement rules and guidelines.

To continue the effort to improve overall project coordination and management across all partners, this quarter, FtF-INVC held its "Quarterly Consultative Programmatic Review Meeting." The objective of the meeting was to assess quarterly, implementation progress, explore solutions to programmatic challenges, and enhance relationship for better partner communication. All 8 partners actively participated in the various team-building exercises introduced at the meeting.

The FtF-INVC technical working groups (TWGs) continued to meet successfully this quarter. This quarter further saw the launch of the third TWG on Agricultural production and productivity. 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. The Objective of the TWGs is to provide the space to form a community to share information and exchange experiences related to the technical area, while increasing partner buy-in to both process and practices to improve implementation. Each of the TWG will be "backed" by one of the three FtF-INVC component leads: Jim Phillips for M&E, Harry Bottenberg for Agricultural production, and Bagie Sherchand for Marketing. The TWGs will also be "championed" at the FtF-INVC project by one of the program managers: Mwiza Simkonda for M&E, Michael Makina for Marketing and Francis Banda for Agricultural Production.

INVC also worked with the DAI head-office this quarter to facilitate the project "internal audit" carried out by the DAI's Office of Internal Audit. The audit focused on the project's internal control and financial and administrative management systems for managing and accounting for USAID funds. The internal audit reviewed if the project accurately recorded and reported costs that are allowable, allocable, reasonable, and compliant with USAID rules and regulations. The internal auditor commended the project for maintaining a strong system of internal control and managing USAID funds.

This quarter, INVC also supported the participation of two grantees (FUM and ACE) at the Feed the Future Global Forum held in Washington D.C. As important stakeholders of FtF-INVC project, both participants presented at the event to contribute to the learning opportunity offered by the forum. The forum focused on transformative approaches, innovative partnerships, acceleration of progress and prosperity among other important themes that dealt with moving toward a world without hunger, poverty, and undernutrition.

FY 2014 Performance Monitoring and Evaluation Plan (PMEP)

The final PMEP has been submitted to USAID. There are no significant changes to the PMEP besides the fine tuning of some of the indicators and addressing issues raised as a result of the recently completed baseline values. As a result, the FtF-INVC M&E team will be performing internal data quality assessments and from that develop M&E protocols which will help partners better monitor progress and impact of the FtF-INVC project.

Project Staffing

This quarter, several staff prepared to join the project. FTF-INVC M&E Officer, Mr. James Phillips, arrived at post to lead the M&E component, while INVC successfully also finalized the process to mobilize Ms. Catherine Chipfazi and Dr. Harry Bottenberg. Catherine will serve as the project's second Nutrition Specialist tasked to manage three added districts for nutrition expansion, while Harry will serve as the project's Agricultural productivity improvement officer.

The project has now finalized the process to bring on board all three field nutrition coordinators and 14 nutrition assistants for the expansion of nutrition activities in the three additional districts (Balaka, Mangochi, Machinga) to ensure nutrition activities are quickly integrated into the agriculture through the NASFAM farmer organizational structure. Continuing on the grantee front, NASFAM, FUM, and CADECOM are also implementing the surge capacity buildup at the community level with the identification and selection of additional AFOs and assistant lead-farmers. Already, close to 4,000 assistant-lead farmers have been identified across all implementing partners. Under nutrition, Nkhoma is finalizing its process to replace 4 nutrition assistants and the project accountant. That said, Nkhoma has a temporary accountant in place to carry out the required tasks.

FtF-INVC continued its surge support this quarter. A total of 15 subject matter specialists provided support across various technical areas covering both agriculture and nutrition components. Subject matter specialists were both international and domestic, with the local consultants providing key training and knowledge transfer support across the seven districts. 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	Tim Piper	Competitiveness (Mobile Money)
2	Andrew Keith	Procurement and Financial Management
3	Kristy Cook	Gender Assessment
4	Cristina Manfre	Gender Assessment
5	Kenan Kamagho	Gender Assessment
6	Dr. Judith Kamoto	Gender Assessment
7	Rick Wesch	Strategic Planning and Organizational Support
8	Alfren Osunsanya	Collective marketing
9	Doreen Chanje	Collective Marketing
10	Tamanda Chidzanja	Collective Marketing
11	Umodji Consulting	Organizational Development and Association Business Planning
12	Alfred Osunsanya	Aflatoxin Management at Homestead; Crop Conditioning
13	Doreen Chanje	Aflatoxin Management at Homestead; Crop Conditioning
14	TradeLine	Association Business plans, Institutional governance, business skills training
15	Target Consulting	Association Business plans, Institutional governance, business skills training

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; SEG M&E specialist Abel Nyoni	April 2014	Partner DQA	NASFAM
2	Deputy SEG Office Chief, Carol Jenkins; SEG M&E specialist Abel Nyoni	May 12, 2014	Chiwamba, Lilongwe	NASFAM
3	USAID/Malawi COR for INVC, Lynn Schneider; Agriculture Specialist and A/COR for INVC, Martin Banda	May 22, 2014	Mchinji and Lilongwe, Basic Tikolore Seed production Sites	IITA
4	USAID/Malawi COR for INVC, Lynn Schneider;	June 10, 2014	Brokers Award Event	ACE
5	USAID/Malawi COR for INVC, Lynn Schneider; SEG M&E specialist Abel Nyoni	June 26, 2014	Child Health Days (CHD) Lilongwe	Nkhoma NASFAM

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. FtF All partners Meeting
2. World Bank Group and Ministry of Industry and Trade (MOIT) led stakeholders meeting on Warehouse Receipts System (WRS)
3. Modernizing Extension and Advisory Services (MEAS) project Meeting
4. Department of Agricultural Extension Services (DAES) and MEAS workshop
5. Ministry of Industry and Trade and Ministry of Agriculture and Food security sponsored Access to Market Technical working group meeting
6. Malawi Innovation Challenge fund meeting
7. USAID organized Trainet Training
8. USAID/Malawi CDCS Impact Social Impact Meeting
9. USAID/Malawi Family Health Partners Quarterly Meeting
10. OIBM Smallholder linkages to finance
11. USAID/Partners for Innovation Meeting
12. EIB/Financial Sector Operators Project Meeting
13. Auction Holdings Limited Meeting
14. FHI360 Mobile Money collaboration meeting
15. MOTI/IFC WRS meeting
16. International Potato Center (CIP) meeting
17. Oilseed Products and Technical Working Group Meeting

TASK 2: KEY MONITORING AND REPORTING ACTIVITIES

SUB-TASK 1: MONITORING AND REPORTING SYSTEM

The M&E team reviewed all data gathering forms with the goal of simplifying them and also developed tools to facilitate the data gathering process:

1. Lead Farmer record

Features: unique numbering to enable distribution tracking at GAC level; completed in triplicate using carbon paper inserts; 16 copies of the lead farmer training form; two copies of

the input distribution from; two copies of the registration form. This process will also be completed on the nutrition side with the Care Group Volunteer form and registration form

2. **Local language versions**

Features: the household registration from, lead farmer form and associated instructions have been translated with their instructions into Chichewa and these will be incorporated into a booklet and sent to lead farmers for their reference. The collective marketing form will also be translated. For nutrition, the same strategy will be implemented: samples of properly completed forms, a Chichewa version of the Care Group Report with appropriate instructions.

SUB-TASK 2: STRENGTHENING GRANTEE M&E SYSTEMS

Partner Field Visits – Assessment of Current M&E Systems

A field level assessment of partner data gathering systems was completed during which each partner was visited both in the office and out in the field. This created a snapshot of the type of record keeping partners had available at the field offices. Subsequently a partner filing process was put in place to establish a hard-copy audit trail for any data that is reported to USAID. This “Agriculture/Legume Value Chains Binder List”: incorporates the following record forms: Household Registration; Input Distribution; Staff Training; Lead Farmer Training; Collective Marketing; Monthly Reports. This filing system is to be kept at the EPA level for FUM and CADECOM and at the IPC level for NASFAM with master files at each partner main office. The binders will be separated by monthly tabs to easily distinguish the reporting period the hard copy data represent.

Development of Data Gathering Protocols for Partners

The M&E team drafted data collection protocols for each partner to facilitate the data gathering process, thus providing guidance on the following:

1. The Indicators that each partner should reports on
2. The forms utilized to gather output data
3. Instructions for completing the various forms
4. A process for checking for transcription error and incomplete forms
5. A detailed quality check process that includes instructions for how to document that quality checks including beneficiary validation has occurred.

The protocols were given to partners in draft form and the team solicited input from each partner. The protocols were also discussed at the M&E Technical Working Group Meeting that was held on June 3rd. These protocols are now rolling out to each partner with the M&E team following up to obtain input and make modifications that facilitate a good data gathering processes.

Development of Unique Beneficiary ID

Summary of the process design and status

- Assigns unique IDs to our partner beneficiaries.
 - Once all beneficiary lists for all partners have been cleaned we will provide each lead farmer with a list of farmer beneficiaries they are responsible for.
 - This will verify project beneficiaries, combat the problem of double counting and also establish farmer teams for tracking and measuring of data.
- Roll out to all partners
 - Has begun with CADECOM and MMPA and will continue through next quarter with FUM and NASFAM.
 - Lead farmers are selected from each GAC and presented with their lists.
 - These lists are verified with the lead farmers and modifications made.
 - Care Group Volunteers will also be provided with a list of their beneficiaries to validate beneficiaries, prevent double counting between project components and to strengthen teams.

Capacity Building – M&E Technical Working Group

A meeting of the M&E Technical Working Group was held in June with 22 participants (7 female; 15 male) from NASFAM, FUM, MMPA, Nkhoma Hospital, CADECOM, Pakachere, INVC and USAID.

Objectives included introduction of the new M&E Team Leader; develop a training agenda for the various partners so that all those responsible for data gathering will understand the data gathering process, the quality check process and the importance of quality data; review the newly-released protocols as a precursor to the rolling out of partner-specific training focusing on the importance of good data gathering; address any issues or barriers to this process.

Internal DQAs and Quality Checks

Internal DQAs were completed for four different indicators with the four partners, involving the following tasks: sitting with the partner and filling out the relevant DQA checklist; establishing an audit trail for an actual number reported to USAID for that indicator for that partner; creation of an action plan to rectify any issues discovered; define a timeline for action steps. The rollout of this process started in Q3 and the scope will expand in later quarters to insure that the project establishes high standards for data gathering and reporting across ALL Partners. Cross-checking within the M&E team and reviewing each other's data will promote disciplined data gathering.

SUB-TASK 3: PROJECT BASELINE AND PERFORMANCE UPDATE

Consultants are creating two distinct surveys:

1. *Nutrition baseline survey*

- To cover the three expansion districts of Mangochi, Balaka and Machinga.
- The survey instrument has been completed.
- Training for the survey has begun
- Application of the tool should begin shortly after the end of the quarter.

2. *Agricultural Outcome survey*

- This was held over to allow farmers to harvest and sell their groundnuts and soybeans.
- Soybean harvesting has been completed but there are still areas where groundnut harvesting is still going on.
- The survey instrument is scheduled to begin toward the end of July and will focus on the following six indicators for soybeans and groundnuts:
 - 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 Soy bean and groundnuts)
 - Yields of soybean and groundnut
 - Value of incremental sales (collected at farm-level) attributed to FTF implementation
 - 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

A separate survey will be performed with a small number of randomly sampled beneficiaries to obtain outcome data for MMPA.

Nutrition Expansion: M&E Component

This quarter, the nutrition component expanded programming to Balaka, Machinga, and Mangochi districts in coordination with the M&E team, to ensure that data collection tools and processes are in place using lessons learned from Lilongwe and Mchinji. The expansion was led by the INVC project team in the area, specifically the NASFAM Balaka and Namwera ABMs and complemented by visits from INVC staff. The following expansion activities took place:

- Coordination meetings with the District Executive Council (DEC) Agriculture and Health Technical Subcommittees in each district
 - 24 individuals attended in Balaka, 19 male and 5 female
 - 16 individuals attended in Machinga, 9 male and 7 female
 - 19 individuals attended in Mangochi, 12 male and 7 female

- Meetings with each DHO (and their staff), along with meeting other key stakeholders in the area (SSDI in Mangochi, as they are also USAID funded to avoid duplication of efforts and to eliminate the risk of double counting)
- Sensitization meetings with the NASFAM Group Action Committees (GACs), specifically the Gender and Social Subcommittees, from which the INVC nutrition component intended to find the Care Group Promoters (highlighting the unique integration of agriculture and nutrition)
 - Meetings targeted 169 GACs between the three districts
 - The individuals present at the meetings, along with the NASFAM field officers, were responsible for passing the message to all NASFAM members within the catchment area that the project was looking to recruit promoters
- Application collection and shortlisting exercises (for promoter post) in targeted areas, either by Chapter, EPA, or GAC/MAC
 - The shortlisting activity took place with the participation of the NASFAM field officers, the health and agriculture extension workers, and local leadership
- Interview and selection of promoters
 - The interview and selection of care group promoters took place in a similar fashion to the shortlisting exercise, with assistance from the NASFAM field officers, the health and agriculture extension workers, local leadership, and in some cases, NASFAM chapter chairs or chapter representatives

Other activities

Recruitment support for staff in the expansion districts

- Covered recruitment of three District Coordinators and fourteen Nutrition Assistants.
- Participated in the shortlisting and interview process to ensure the integrity of monitoring and reporting in the expansion districts.

SUB-TASK 4: DATA COLLECTION, REVIEW, AND SUBMISSION TO VARIOUS EFFORTS

Ministry of Health Child Health Days

Supported the Child Health Days Campaign in Q3, with targeted support in Lilongwe, Mchinji, Balaka, Machinga, and Mangochi.

- The dates were staggered due to coordination and planning within each district, which allowed INVC to capture data in all five districts using enumerators. Since the decision to conduct CHD was conveyed late, different districts carried out the activity on different dates. Mangochi and Balaka held its CHDs from June 9 through June 13. Since the Government's messaging was late this year and given the close proximity to the national election, Machinga, Mchinji and Lilongwe were not prepared to carry out the CHD during the national week. Instead, Machinga and Mchinji carried out their CHDs from June 13-20, and Lilongwe from June 23-27, 2014.
- The enumerators were trained on the use of a gender disaggregated form, which was also developed by the Mangochi DHO and was considered a "pilot" by the National Child Health Days task force.
- Supervision was conducted in Lilongwe, Mchinji, Machinga, and Mangochi.
- INVC relied on the District Health Office and their staff for supervision and verification of staff in Balaka, and INVC followed up on their progress regularly.

Feed the Future Monitoring System (FTFMS)

FtF-INVC continued to collect data for the 8 routine output indicators that feeds into the FTFMS Bureau of Food Security (BFS) reporting. These outputs will be reported in the FTFMS with the other outcomes in September 2014.

COMPONENT 1: ADVANCING VALUE CHAIN COMPETITIVENESS

The accelerated integration of smallholder farmers into more structured market systems continued to show good progress this quarter. Over **543 MT of soybean** and nearly **150MT of groundnuts** were sold under collective marketing arrangements. The ground-breaking **Offer Volume Only (OVO) Auction** hosted by ACE took place early in July, which was planned and prepared during this quarter, was very successful in attracting keen buyers willing to pay more attractive prices. A total of ten local and regional buyers participated in the OVO. This will be reported in more detail next quarter. The prices that can be achieved in local vendor-dominated markets continue to fluctuate (and remain well below the levels achieved in the OVO) and widespread training, sensitization and coaching sessions with small holder farmers were aimed at encouraging them to integrate more fully into the formal market structures in order to achieve higher incomes. This quarter, close to **62,000** beneficiaries registered and participated in FtF-INVC promoted collective marketing, and three districts exceeded their registration targets. This has significantly boosted the project's drive to scale its reach across the ZOI.

Structural actions to improve the operation of the markets were enhanced with the creation of **343 village aggregation centers** and the establishment of **65 local satellite storages/bulking centers** within the targeted GACs. The recruitment of 14 marketing clerks, in Dedza for example, helped to focus on collective marketing efforts, which continues to maintain progress. Within these local storage facilities in Dedza alone, reasonable volumes of crops are now being stored: including 279 bags (50kg) of maize, 234 bags of common beans and reasonable volumes of other legumes. The use of WRS has not yet taken off this quarter given the immediate cash needs of the farmers forcing them to liquidate their first crops, which this year was soy beans; it is hoped that WRS will pick up next quarter when benefits of collective marketing and WRS are more widely understood.

This quarter, a total of 20 domestic industry players from across Malawi's end-markets for soybean and groundnut were consulted to assess their product needs/demand for soybean and groundnuts. Based on preliminary findings, the demand for soybean is estimated at 130,000 MT and roughly 8,000 MT for groundnuts.

TASK 1: INCREASE ACCESS TO MARKETS

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

This quarter, FtF-INVC worked tirelessly through its partners to help upgrade the legumes (soy and groundnut) supply chain by focusing on further strengthening and tightening the crop delivery mechanism to accelerate the commercial integration of smallholders into the structured trade systems. During the quarter, all implementing partners worked to strengthen those in place and establish new ones, bringing the total to 343 village aggregation centers (VACs) and 65 satellite storages/bulking centers. The establishment of VACs and bulking centers were carried out to upgrade smallholder marketing of produce by shortening and strengthening backward integration to help bring the market closer to smallholders to facilitate increased value-capture. The VACs and bulking centers are showing signs of success given that farmers have begun aggregating and selling as a group. NASFAM farmers for example collectively sold 435 MT this season, while FUM members learned to aggregate 107MT of soybeans for collective marketing during the season. While farmers still largely succumbed to vendors and traders due to convenience and immediate cash in hand, there has been more interest in using the system for maize and other crops such as pigeon peas, which is marketed later in the season. FtF-INVC partners are continuing to track farmers to ensure that they gain from collective marketing and structured trade, which is a new concept and approach for many of them.

FtF-INVC also worked this quarter on assessing how best to upgrade the payment system to farmers, once sale is concluded under a structured trade. While current systems are primarily focused on value extraction, FtF-INVC is looking at value infusion by identifying the most optimal approach to assure prompt, timely, and least-cost digital payment system. To date, for example, farmers' payments by

ACE are made using paper cheques, which have to be collected from Kanengo in Lilongwe. Helping farmers avoid such costly and time-consuming trips could accelerate adoption of ACE's platform. As such, digital financial payment options (mobile money including smart card as well as phone) linked through ACE were tested and installed this quarter. With the complete installation of the three digital payment systems at ACE, ACE is now ready and able to offer payments digitally to its clients, including farmers if they opt for that mode of payment. The three options are: one from a Bank (FMB's Mkwacha card) and two from the Mobile Network Operators (MNOs) (TNM and Airtel) with service offerings over both mobile phones and debit cards. With this system upgrade concluded within ACE, it is now well positioned to integrate this payment process into its operations.

FtF-INVC also carried out a demand assessment this quarter to determine the size of the domestic market for soybeans and groundnuts in the country. A total of 20 industry actors (primarily processors and exporters) representing Malawi's end-market for soybean and groundnut were consulted to assess their product needs/demand for soybean and groundnuts. Based on preliminary findings, the demand for soybean is estimated at 130,000 MT and roughly 8,000 MT for groundnuts.

Ground nut value chain

Over 75 sensitization and training sessions on harvest, post-harvest, aflatoxin control, seed storage, and collective marketing were conducted where over 5,000 participants attended and further scaled up to about 40,000 households through club, GAC and association meetings.

FtF-INVC identified potential demand for groundnuts amounting to approximately 8,000 metric tons, and communications through the Project's implementing partners, as well as other industry stakeholders, were targeted at mobilizing farmers and suppliers to take advantage of the growing demand for groundnuts. Although good progress was made in this respect this Quarter, significant challenges remain in raising the competitiveness of the Groundnuts Value Chain in Malawi.

FtF-INVC efforts during the quarter also focused on increasing awareness and training smallholder farmer beneficiaries to access improved technologies and practices so that they are able to upgrade the quality of their products/crop to meet market demands. Training was also designed to help farmers to reduce the losses they incur during production, harvesting and post-harvest processes. Building the capacity of the smallholder farmer associations also took place.

Farmers were encouraged to sell groundnuts in the shell since this practice helps to prevent aflatoxin contamination. Preliminary findings reported by processors indicate that aflatoxin levels are drastically low when groundnuts are marketed in-shell. Buyers prefer groundnuts sold in shell and offer better prices, but behavior change amongst the smallholder farmers is slow and difficult. Emphasis continues to be given to this disease since any tangible improvement in the lessening of aflatoxin contamination would be beneficial to farmers. Specifically, Malawi groundnuts could regain share in international and regional markets and thereby improve household income.

Efforts continue to improve producer knowledge on this front. Aflatoxin management training have been delivered to help with its control at field level as well as during harvest, post-harvest handling, and storage at homestead level, and storage at warehouses level. Most of the awareness and training activities were facilitated through expert consultants who interfaced with extension workers, farmer leaders, association executives, motivated farmers and village heads. Area Government extension officers were also trained in aflatoxin management so that the message can be spread wide and far. These trainees in turn passed on the new knowledge to households through clubs and GAC meetings as well as demonstrations and field days.

Soybean Value Chain

Since soybean was the first crop that came to market this season, FtF-INVC partners worked closely to ensure that as much of the soybean crop as possible were collectively marketed this season. As mentioned earlier, the deep penetration and agility of the vendors provided stiff competition to

farmer-groups since many smallholders, hungry for cash, sold directly to vendors despite their distaste for them. Nevertheless, this quarter, INVC partners (NASFAM and FUM) were able to convey the benefits of collective marketing and as a result, about 543 MT of soybean was aggregated by smallholders at village aggregation centers. This approach has empowered farmers to bargain and enjoy the economies of scale to achieve a better price. However, given the white-hot demand for soybean and the immediate cash-needs of households, farmers have released the products too soon at an average price of MK140/kg; currently soybeans are selling in the range of MK170-220/kg.

The pictures below illustrate the convenience offered by vendors, who emerge in vicinities with produce to pick up small volumes. The photos also suggest price-collusion amongst buyers since two different buyers are offering the same price (MK150/kg) for soybeans in rural areas. During the same time, ACE, a major market for vendors to sell products bought from farmers, was offering between MK170-190/kg. This price differential of MK40/kg is the opportunity cost to farmers for not selling through structured market systems and indicates that farmers are losing almost one third of their potential income.

Figure 3: Illustration of typical prices at other markets



Collective Marketing Campaigns

FtF-INVC, in collaboration with NASFAM, continued to conduct campaigns on collective marketing during the quarter to drum up participation across all the six IPCs. In each of the six IPCs, 5,000 farmers were targeted for marketing: creating a total of 30,000 farmers reached. The campaign highlighted the benefit and value of collective marketing and the importance of price comparison and that low prices were being offered by most buyers in the market. The campaign aimed to encourage farmers to sell in groups or alternatively make deposits into the WRS for better future prices.

Trade Facilitation

During the quarter, ACE facilitated a total of 47 contracts for 7,742.18 metric tons, which included soybean, maize, and sunflower. The total contract value amounted to approximately MWK930,290,609.00. Most of these contracts were the result of normal trades except for 15 contracts which were on Bid Volume Only (BVO). ACE also finalized the facilitation of a total of 1,080MT of soymeal to Zimbabwe, which was exported from Malawi. Thus far, ACE has received payment for 210MT of exported volume. This quarter, thus far, rural trade agents did not manage to get any of these contracts. A more detailed analysis of the volumes and values are presented in table below.

Table 6: Contracts Facilitated in Q3 2014

Type of Contract	Facilitator	Number of Contracts	Volume (MT)	Value (MWK)
Any	Rural Trade Agent	0	0	0
Normal Trade	Trade Office	32	3,775.92	393,303,050
BVO	Trade Office	15	3,966.26	537,987,559
Totals		47	7,742.18	930,290,609

Warehouse Receipts System

Thus far, this quarter, smallholders have not begun to engage in the ACE offered WRS. While it is still early for many other crops especially maize to come into full swing, the soybean crop given high

demand were mopped up by vendors and traders. ACE and many other buyers have not yet accepted these crops such as maize into their warehouses given the high moisture levels for most commodities. Due to moisture levels higher than accepted by the storage operators, this quarter not many deposits were recorded in the various warehouses. Only a total of 160.28 metric tons of maize grain was deposited in two certified warehouses across the country. We expect ;volumes to increase next quarter.

The other contributing factor for low commodity deposits during the quarter under review is that warehouse receipt-backed collateral financing had not yet commenced. As a result, farmers with immediate cash needs, began off-loading their small volumes to vendors to meet their urgent financial needs. By the end of June, deposits were beginning to arrive. ACE expects higher deposits next quarter when moisture levels are down and collateral financing is available. By the close of the quarter, ACE certified warehouses had a total of about 521MT of stored maize.

Table 7: Volumes on Warehouse Receipts

Warehouse	Commodity	Volume (MT)
Rab Kanengo	Maize Grain	271.06
Nathenje	Maize Grain	51
Dedza (CADECOM)	Maize Grain	113
Zomba (Mwandama Grain Bank)	Maize Grain	86.39
Total		521.45

It is also worth reporting that ACE with support from the FtF-INVC managed to establish two regional storage facilities in Harare, Zimbabwe and currently working to establish additional regional facilities in Mozambique to enable ACE to open its platform to facilitate the establishment of a truly regional marketplace.

In addition, all during the quarter, sensitization, awareness building and training were carried out across the ZOI through NASFAM, FUM and CADECOM on warehouse receipts system as one option under structured trade and marketing arrangement. FUM alone managed to deliver training in partnership with both ACE and Auction Holdings to 3,530 farmers and lead farmers in the 10 EPAS within Mchinji, Dedza and Lilongwe.

Collateral Financing and Bridge Finance

During the quarter, ACE continued to negotiate with various banks and financial institutions for collateral financing under the warehouse receipt system. So far five banks have expressed their interest to provide the required support. The banks are NedBank, CDH, FMB, EcoBank, and IndeBank. Total amount requested remains USD 31,951,219.51 (MWK 13,100,000,000.00). By the end of June, ACE had signed a partnership agreement with First Merchant Bank (FMB) under which FMB has committed financial resources to support warehouse receipt system. It is expected that warehouse deposits, forward contracts and bridge financing will increase following the approval of the above amounts for collateral financing under the warehouse receipt system.

Table 8: Bank Financing Facilities

Amount in MWK	Amount in USD	Purpose
85,000,000	215,190	Bridging Finance
170,000,000	430,380	Warehouse Receipt Financing
1,300,000,000	3,291,139	Forward Contracts
1,555,000,000	3,936,709	Total

Dairy Value chain

FtF-INVC, working with MMPA, conducted activities on membership expansion, cross-breeding, AI service strengthening, milk quality and handling, capacity upgrading and marketing, upgrading of

animal health, nutrition and advocacy. This took place in the five existing MBGs as well as five additional MBGs established within Lilongwe and Dedza with support from MMPA.

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

In an effort to help expand markets for smallholder products, during the quarter, FtF-INVC worked with partners to strengthen direct linkages with some of Malawi’s feed and food industries, such as Sunseed oil, Rab Processors, Afrinut, CP feeds and the like. Additionally, FtF-INVC also met with approximately 20 other private sector companies in the feed and food sector, including the Poultry Industry Association of Malawi (PIAM), to assess their demand needs for both soybean and groundnuts so that smallholders have the option to either sell their volume directly to private sector or through the two exchanges (ACE and Auction holdings).

Participating members of PIAM	
<i>CP Feed in Lilongwe</i>	<i>CADECOM</i>
<i>SunSeed Oil</i>	<i>Farners Union of Malawi</i>
<i>Charles Stewart</i>	<i>NASFAM</i>
<i>SOYAMA</i>	<i>Agrifeeds</i>
<i>Export Trading</i>	<i>Rab Processors</i>

For example, the poultry industry pointed out that for the 2014 season, the total soybean consumption for their members is estimated at 56,270 MT with 150,920 MT of maize for blending. Given the need to secure their supply, some of the PAIM’s members have invested in forward contracts for soybean and maize through ACE while others are buying the crop directly from smallholder farmers. During the quarter, NASFAM for example also worked in partnership with Export Trading Group (ETG) to purchase 100MT of soybeans straight from their member-farmers.

During the quarter, FtF-INVC also established linkages with pigeon pea processors and exporters in an effort to understand the industry’s buying trends, preferred varieties, and estimated demand. Since pigeon pea is a secondary crop (as a result of double-up legume practice) for FtF-INVC smallholders, it was deemed necessary to identify potential markets for this crop too. One company visited by FtF-INVC alone will require 15,000 tons of pigeon pea annually in order to meet its export needs for the UK, Malaysia, Singapore markets. Processed pigeon pea is marketed as “toor dahl” in Asian markets.

On the marketing front, efforts continued on more extensive and effective use of **aggregation and collective arrangements**. All implementing partners continued to train and empower smallholders to better align their group effort to reap benefits from collective bargaining and marketing. Twenty-four additional collective marketing awareness and training sessions were conducted during the quarter to encourage frontline extension staff, lead farmers, assistant lead farmers and motivated/model farmers. These front-line trainers/staff in turn were encouraged to extend messages and conduct activities on collective marketing to all registered and unregistered households across the ZOI. As a result, this quarter, particularly NASFAM and FUM saw large numbers of members and non-members alike participating in collective marketing through the village aggregation centers located in close to their communities.



Figure 4: Collective Marketing Training Participation

The implementing partners encouraged their associations and cooperatives to welcome non-members and members alike to participate in collective-marketing. The strategy driving the partners to offer non-members access to market-linkage support was to provide the opportunity for non-members to experience the benefits of becoming an association or cooperative member. Collective marketing therefore provided the associations and cooperatives the avenue to attract potential/new members to further bolster their organization, both from an economies-of-scale as well as bargaining perspective. Associations and cooperatives under NASFAM and FUM are beginning to understand their potential and are now eager to initiate their march toward operating more commercially, as true enterprises and profit centers rather than what they had been viewed (by their national offices) to date: as cost-centers.

To facilitate the marketing of soybean aggregated at the Village Aggregation centers, FtF-INVC implementing partners have also been successful in locating secure storage facilities to serve as “satellite bulking centers.” The effort, which started last quarter, has continued this quarter to deliver a total of 88 such satellite storages. Efforts are underway to link many of these to certified warehouses in order to gain from WRS, for particularly, maize and pigeon peas, when the grains especially maize are adequately dry with reasonable moisture content to store without damaging the volume. In-shell groundnuts are also being targeted as one such commodity for possible warehouse receipting.



Figure 5: Local farmer with his crop deposited into secure satellite storage/bulking center.

This quarter, smallholders in Dedza for example, benefited from the established certified warehouse facility managed by Dedza CADECOM for WRS by ACE. Farmers from Lifidzi and Dedza Associations deposited more than 20MT of maize during the quarter and 15 MT awaited transportation from Golomoti and Kanyama EPAs. Staff from ACE also continued to sensitize farmers through field visits regarding various market opportunities available such as WRS, BVO, OVO and forward contracts. Warehouse records show that farmers continued to visit both the warehouse itself as well as the Market Information Point (MIP). This latter facility has proved very useful to farmers because they have been able to access market information, such as prices, for various commodities at different markets around the country. Having access to this market information has helped them in deciding an appropriate price for their commodities in order to optimize their income. Experience in WRS from last year also provided a springboard for farmers to organize themselves for collective marketing coupled by the sensitization conducted by FtF INVC. Buyers were found for 180MT of pre-existing maize stocks in the warehouse at Dedza warehouse thereby creating more room for farmers who are now prepared to sell the next crop through WRS. Associations that have been empowered have commenced aggregating various commodities to be marketed collectively through the various market options which INVC has facilitated and promoted.

Dairy Value chain

Facilitate milk supply contract between MBG and processor

MMPA through CREMPA facilitated the linkage of Malawi Dairy Industries (MDI-milk processor) with dairy farmers in two MBGs. MDI which was out of business is back under new management and has had meetings with the dairy farmers. Processors increased milk price/litre from 1st June 2014 from MK110 to MK130. MDI has promised farmers that it will raise the price between MK135-140/litre by 1st August, 2014. The price increase by MDI is to bring competition between processors.

Table 9: Summary of MBGs and Processors

MBG	Processor	MK/ liter
Lumbadzi	Lilongwe Dairy Co. Ltd	130
Nkhweza	MDI	130
Machite	MDI	130
Magomero	Lilongwe Dairy Co. Ltd	130
Nathenje	None-Nathenje center residents*	180

Notes: *Dairy farmers bulk milk at the centre and sell to residents who come to buy milk. Farmers bulking milk get their proceeds at the end of the month.

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

This quarter too FtF-INVC continued its effort to raise awareness, increase learning, and improve marketing practices among farmer groups, clubs, GACs and associations/cooperatives at the village and EPA level. Several training courses were delivered by local consultants through implementing partners on such topics as business enterprise management, financial management, group marketing,

value chain concepts, value-chain actors, managing capital and assets, principles of good governance, board group dynamics, financial literacy, and mobile money.

Assessing Partners' Institutional Development needs and creating appropriate plans

Interventions to enable capacity improvement of the respective partners and farmer associations included:

- Gap assessment of the knowledge and skills amongst the smallholder farmers associations was conducted to identify priority areas for attention
- Training of associations in collective marketing enabling acquisition of skills to establish VACs and encourage households to participate in collective marketing for aggregations
- During FtF-INVC field visits, meetings were conducted with association leaderships to appreciate progress achieved, successes and challenges encountered, and further discussed the way forward.
- More support was provided to partners as well as smallholder associations to help achieve their objectives. One of such support was exchange visit to successful farmer groups at Bwanje that was conducted prior to Association capacity building training facilitated by consultants in cooperatives.

Clear evidence is available at the household level demonstrating the impact of the various FtF-INVC interventions. For example, the number of households that growing groundnuts as a result of their engagement with FtF-INVC is now increasing; many had never grown groundnuts before. Improvements were observed during recent field visits to compile crop yield estimates for groundnuts and the sentiments expressed by farmers were encouraging for the future. It is anticipated that in certain areas processing capacity will enhance increase market opportunities for local production.

Procurement of processing equipment to carry out mechanized shelling of groundnuts, groundnuts oil expulsion, production of groundnuts butter groundnuts, flour processing, and packaging was in its final stages. Both CADECOM and NASFAM were procuring processing equipment for groundnuts and soy beans to be used in the fourth quarter of the current FY 2014 marketing season.

Farmer Exchange Visits and Study Tours

As a practical learning exercise, this quarter, a group of 65 participants (46 male, 19 female) which included 48 association executive leaders from five associations, 14 extension workers and 3 interns from Dedza CADECOM association travelled to Bwanje Rice Cooperative on a study tour. The study

Figure 6: Association review meeting in Bembeke



Figure 7: Association Review meeting - Chalumba



tour provided the opportunity to the association leaders and other participants to appreciate the level of accomplishment an association/cooperative can experience when members work together with a single purpose: to operate profitably and as an enterprise on business principles. Bwanje Rice cooperative, regarded as a success story in the region, provided the participants with hope and motivation since the Bwanje cooperative members were observed to be no different than their own.

Another group of farmers from Lilongwe North visited Lilongwe-South farmers at Chitekwere GAC in Mpenu Association to learn more about current practices in collective marketing, seed recovery and

use of the warehouse receipt system. Farmers shared their experiences and how they managed the challenges faced in seed recovery and collective marketing. The visitors were informed by the ACE manager about the warehouse receipt system at the ACE warehouse: how it works and the advantages of using WRS. Total attendance was 107 (64 males and 43 females).

Strengthening the National Trade Associations

On the national front, trade associations such as SOYAMA and Groundnuts Platform (GP) progressed in their formalization and finalization of registration with the Registrar's Office. Once registered, SOYAMA and GP will become independent bodies, legitimately recognized by the laws of Malawi. CISANET continued to provide incubation support, facilitating the constitutional formulation process as well as serving as the secretariat for budding organizations. For example, constitutions for each of the organizations were formulated through a consultative process with members during second quarter of FY2014. This quarter, these were handed over to a reputable legal firm for finalization of the registration process at the Registrar's Office.

Dairy Value Chain

Business Development Service training

During the quarter, FTF INVC engaged Umodzi Consulting to train 239 dairy farmers (163 males and 76 females) in business development skills. The purpose of the training was to help farmers acquire business skill and have a business minded spirit. The training focused on Business opportunity identification, Record keeping, Costing and Pricing, Cash flow management, Profit and loss analysis, Profit utilization and business growth and business communication. Umodzi also facilitated the development of business plans for Magomero, Nkhweza, Lumbadzi and Machite MBGs which will be presented to the MBG members for feedback in the next reporting period.

Leadership training of MBG executives

MMPA trained 58 MBG executive members and AI technicians (42 males and 16 females) in finance and leadership skills. This training was conducted in an effort to help MBG executive members understand the financial requirements of MMPA-INVC and targeted INVC-MBGs members. Specifically the training explained to MBG executives and AI technicians how and when they are qualified to be paid DSA rates, types of DSAs and their difference to the rates given by other organizations in the target areas. Furthermore, importance of proper and original documentation, basic tools on dairy farm accounting practices and the relevance of accounting practices which would eventually enhance farmer's economic capacity.

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

Groundnut value chain

Aflatoxin management and mitigation continues to be at the heart of FtF-INVC's groundnut value chain quality improvement strategy since aflatoxin is the main threat to improvement and success of the value chain. As such, FtF-INVC has been continuously addressing aflatoxin issues at the field level, at the homestead level, and at warehouse level. This quarter, INVC focused on raising awareness at the homestead level, providing training on how to identify and manage aflatoxin contamination during post-harvest handling and home storage. Farmers were also sensitized to sell their groundnuts in shell to avoid aflatoxin contamination and attract groundnut buyers who prefer buying unshelled groundnuts. Handouts and training materials were shared across the districts in both English and Chichewa to reinforce the messages on aflatoxin control; a total of roughly 5,000 color printed handouts were distributed to all training participants.

CG 7 is the sole variety that FtF INVC Project is currently promoting in the groundnuts value chain. The growing of a consistent, singular, seed variety and quality is key to the achievement of high yield and attainment of quality standards since admixtures are avoided and grading difficulties minimized. The project does not support application of chemical pesticides but encourages use of organic methods of pest and disease control, including integrated pest management practices. Smallholder

was also made known particularly given that ACE is in the process of partnering with eight financial institutions to offer several financial avenues for financing smallholder farmers.

In addition to linking up with a total of 20 potential buyers of soybean and groundnut, FtF-INVC also initiated business linkages with pigeon pea processors/exporters to identify markets for smallholders that engaged in double-up legume particularly in Mangochi, Balaka and Machinga. Next quarter, smallholders producing pigeon peas as a secondary crop will be ready to offload their production.

This quarter, Auction Holdings was also introduced to smallholders in various districts in a bid to provide more sales options for farmers. As a result of this linkage, Auction Holdings have been active in making themselves known to smallholders and are also eager to offer services to smallholders.

TASK 2: INCREASE VALUE CHAIN EFFICIENCY AND VALUE ADDING OPTIONS

SUB-TASK 1: CONDUCT ASSESSMENTS OF VALUE ADDED SECTOR

During this quarter, farmer associations and cooperatives were supported to continue their effort to aggregate member-produce to shorten the supply chain and increase system efficiencies. Farmer organizations continue to be advised and supported to take over the role of aggregating vendors and traders, in order to establish a more direct link to buyers in a bid to increase supply chain efficiency while increasing service and value for its members.

This quarter, early assessments of in-shell marketing of groundnuts showed promise in terms of aflatoxin levels. Afrinut points out that aflatoxin levels were remarkably low in the early batches of groundnuts. FtF-INVC will continue to raise awareness about the benefits of in-shell marketing since smallholders are now moving to market groundnuts.

FtF-INVC also worked with Afrinut this quarter to assess how best to begin the process of marketing Afrinut's production of groundnut oil. While groundnut oil will be a secondary product line for Afrinut, it is potentially a profitable by-product given that groundnut oil, when processed using the right technology, can be aflatoxin free.

FtF-INVC visited Nkhoma CCAP Hospital's community based soy milk production facility in Nkhoma. While the production facility was still under construction, the concept driving the effort shows promise. Once completed, Nkhoma Hospital hopes to produce and distribute soy milk to primary school children in communities around the Nkhoma area to help improve nutrition. According to the Hospital administrator, after malaria and pneumonia, nutrition or lack thereof, is the biggest killer of children under five in the surrounding communities. Nkhoma Hospital has been linked with NASFAM farmer associations in the area for sourcing soybeans and also for possible expansion of soy milk processing options. NASFAM has already procured soybean milk machines, which are being installed in three IPCs to begin the soy milk production.

Figure 8: Soybean Processing Plant at Mwanje Vita Goat Cooperative



NASFAM and INVC conducted a joint visit this quarter to Mwanje Vita Goat Cooperative in Chiradzulu district to observe how the community was operating the soybean processing plant. With the plant, farmers are producing products including soy milk, yoghurt and tofu. For example, for milk alone, a 2kg batch of soybean, the cooperative is able to extract 15 litres of undiluted soy milk. The cooperative is made up from 10 clubs with a total of 500 farmers from T/A Mpama and T/A Kadewere in Chiradzulu. The processing machine was procured through donor assistance, who also

provided training for machine operation and maintenance. NASFAM is planning to take IPC members on exchange visit for educational/training purposes. These machines are illustrated above.

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

Several key technology transfers were concluded this quarter. The highlight of this quarter under this sub-task was the successful installation and operationalization of the digital financial services at ACE. With three organizational agreements/contracts signed and sealed between ACE and the digital finance service providers (two MNOs and FMB for debit card), ACE is now ready to transfer payments electronically, either through mobile phone or smartcard. Prior to this assistance from INVC, ACE had not tested the system nor were they contractually linked with the MNOs to provide the facility as a service to its clients. As a result of this facility, farmers and traders will not need to travel to Kanengo to collect their payments thereby saving time, money and energy.

This quarter, several harvest and post-harvest technologies were transferred through farmer associations/IPC's to smallholders. Threshers and shellers have now been distributed to various IPC's and associations to improve efficiency and add value to the process. Dissemination modalities such as field days, learning tours, exchange visits were utilized to engage more smallholders and their association/cooperative leaders. Demonstration plots were also used to show smallholders on how to harvest and carry out post-harvest techniques and management methods, particularly for groundnuts.

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

Communication materials in the form of handouts were produced and over 10,000 were distributed to farmers during farmer training sessions. Over 5,000 handouts were on IPM, harvest, post-harvest, and storage. The materials were distributed in the first month of the quarter while another 5,000 handouts on aflatoxin control after harvest and storage were distributed in the quarter. Two radio broadcasting stations (MBC Radio 1 and Zodiak) continued to air PSAs on the same topics. Two new PSA on collective marketing and storage were also aired.

To increase the information dissemination from frontline extension staff and lead farmers, the efforts have doubled through the introduction of assistant lead farmers at Dedza CADECOM and FUM and associate AFOs at NASFAM. The implementation of this decision reduced the workload for lead farmers and assisted in sharing more widely the information to households earlier and faster.

Both FUM and CADECOM successfully carried out field days and demonstrations on post-harvest handling and storage. Topics primarily focused on maturity testing, harvesting, drying and storage. Roughly 3,000 participants participated in these events, with the expectation that they in turn would go out and share what was learned.

Strengthening Centralized Storage Capacity

A total of 343 VACs and 65 satellite storages/bulking facilities were in place to assist smallholders to collectively store their commodities securely. With access to increased and improved storage options, smallholders have the opportunity now to either sell to vendors, or sell collectively to keen established buyers such as processors, or engage forward contracts facilities with suitable buyers. This quarter, many smallholders opted to transact in the spot market given cash pressures. Next quarter, maize, groundnuts and pigeon peas take center stage. Every effort is being made to encourage smallholders to see the value of WRS and forward contracting. Farmers are also

Figure 9: Handouts for farmers



Figure 10: Soybean Seed and Grain Storage - Handout



continually being reminded of the advantages of aggregation, which includes, bargaining power to attract higher prices, collecting commercial volumes, and minimizing storage losses. The promotion of structured marketing will continue next quarter in order to encourage selling at more advantageous marketplaces than vendors. The limitation in this effort had been due to ACE only certifying warehouses at the IPC level and not deeper in the bush or closer to where the smallholders are.

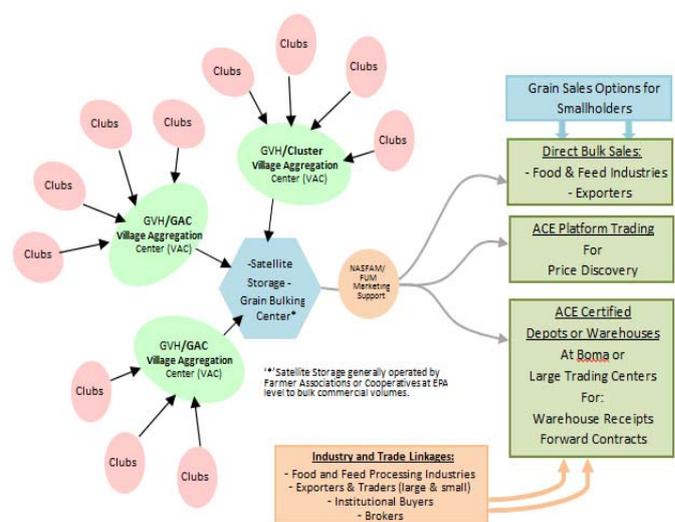
TASK 3: INCREASE ACCESS TO CREDIT AND FINANCE

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

This quarter, FtF-INVC rolled out its model for commercial integration of smallholder 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. The process that farmers are being encouraged to follow is illustrated in the Figure. At VACs, association leaders receive and conduct preliminary checks for quality while recording the volume delivered. Aggregated volume may be sold on the spot or moved to a more secure satellite storage facility for bulking into commercial volumes. Where desired, commodities could be transported to a certified warehouse for a receipt is issued that enables a farmer to access a loan from designated banks.

Training sessions that had been conducted in the previous quarter prepared and empowered the farmers and associations to identify VACs at the GAC level. Aggregation has since started and marketing clerks have been deployed to support coordination and documentation of volumes. At Dedza CADECOM, five ADMARC warehouses will act as satellite storage while NASFAM currently utilizes the six AMC that already have warehouse facilities. FUM has 12 such facilities in place.

Figure 11: Commercial Integration of Smallholders into Malawi's Grain Markets and Structured Trade Systems



FtF-INVC is also working closely with ACE to increase their effort in encouraging warehouse receipts, forward contracts, and other innovative models of trade. Another option being planned for launch next quarter is the idea of exercising the “offer volume only (OVO)” or auction option. OVOs offer the opportunity for price discovery in an open and transparent platform. This quarter, a total of 7,742 MT of commodity was facilitated, half of which was under a “bid volume only (BVO)” contract. Local processing companies are continuing to show interest in forward contracts and their interest to pick up 56,000 MT of soybeans, 46,000 MT of maize and 4,000 MT of groundnuts remains effective. The installation of Mobile Money at ACE and introduction of financial literacy to farmers should make structured trade more powerful.

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

FtF-INVC partner ACE continued to play a critical role in engaging lending institutions to come on board and finance smallholder farmers in production and marketing activities. So far eight lending institutions have assured ACE that adequate finances to support this cause have been budgeted. Discussions continued with OIBM on how best to integrate OIBM into the smallholder commercial integration framework, and leverage OIBM's microfinance roots, its existing basket of tools (digital payment systems using smartcard and phone, financial literacy training tools and financial services products such as commitment savings account, farm input lending), and its rural network. A key lesson emerging from the soybean marketing season is that smallholders are aggressive about

demanding cash payment, at least for the commodity that comes to market first given their dire cash needs. This year, the first commodity that hit the market was soybean. Vendors have advantage over even organizations such as NASFAM, given vendor agility and their ability to change price and pay cash on the spot. As a result, smallholders lost out opportunity to experience price rises seen since their sale to vendors. To address this challenge, next quarter, FtF-INVC will design a bridge financing mechanism/product to assist farmer associations in the conversion of crops to cash for smallholders who aggregate commodities through collective marketing Village Aggregation Centers and Bulking Centers. The objective of such a facility will enable smallholders to cede custody of their commodities pending their decision to enter into either a direct spot trade, auction sale, or other structured trade (e.g. warehouse receipt, forward purchase contract, etc.).

TASK 4: FOSTER BUSINESS ENABLING ENVIRONMENT

SUB-TASK 1: STRENGTHEN VERTICAL COORDINATION AND TRUST

FtF-INVC incorporated CISANET as a member of the TWG on marketing to ensure that policies are streamlined and promote the marketing of agricultural produce in terms of advocacy with government and policy makers. Additionally the TWG will promote coordination of activities amongst the implementing partners as it brings all of them to a round table discussion.

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

The TWG on Marketing introduced in the quarter, among other things look at policy advocacy and initiate dialogue with relevant authorities at the same time ensure that partners are well conversant with issues that would affect smallholder farmers. FtF-INVC working through CISANET is continuing to support the soybean value chain to firmly establish SOYAMA so that it can fully perform its role of leading the development of the soybean industry and advocacy in Malawi. SOYAMA along with the Groundnut Platform and DIDP legal registration has progressed and is awaiting the final approval from the Registrar's office.

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. Three policy analyses/studies were carried out: Groundnut Value Chain: Assessing capacity gaps in the effective control of aflatoxin in the groundnut value chain, Dairy Value Chain: Dairy farmers Climate change adaptation strategies, structural inefficiencies in addressing change in practices; and Soya bean Value Chain: Farmer perception and comparative preference on the Warehouse Receipt System (WRS) : The case of Soya bean trade in Malawi. All three analyses are awaiting finalization, after which policy briefs will be developed for wider circulation, discussion, and used in support of advocacy.

During the quarter, CISANET also took the initiative to submit newspaper articles highlighting issues affecting the development of dairy, soya and groundnuts value chains in Malawi. To date, a total of 5 newspaper articles have been printed in the daily newspapers and online. Publications highlight issues affecting the development of dairy, soya and groundnuts value chains in Malawi. This awareness approach/strategy will continue in the subsequent months as well. In addition to newspaper articles, CISANET also successfully recorded three (3) radio panel discussions highlighting policy issues on soybean, groundnut, and dairy value chains. The panel discussions were recorded by ZBS radio. Broadcasting will take place early next quarter after finalization of the editing process by the radio producers.

FtF-INVC also continued to contribute and participate in the WRS working group formed under the aegis of the Ministry of Industry and Trade (MOIT) and the World Bank Group. The working group chaired by ACE and Auction Holdings is in the process of framing a Warehouse Receipt Bill which addresses Warehouse Receipt (WR) as a document of title since the focus was on developing the base legislation for WR which will eventually allow the WRS, which already exist, to further develop.

COMPONENT 2: IMPROVING PRODUCTIVITY

This quarter, the FtF-INVC team continued to move full force ahead to ensure delivery of key productivity enhancing best bet technologies and practices. As a result, close to 33,000 participants received training on topics addressing harvest, post-harvest, and other critical crop conditioning practices; FtF-INVC continued to raise awareness of the negative impacts of aflatoxin as well, focusing this time on how to manage the disease at the homesteads. A significant achievement this quarter was the buy-in of the implementing partners to roll out the “surge support” to reinforce their service delivery mechanism which provides the channel for systematic dissemination of key messages. All key implementing partners increased the number of assistant lead farmers, lead farmers and AFOs to roughly 7,500 to ensure that extension messages and information actually do reach the farmers. Recruitment efforts are continuing so that next quarter, lead farmer to farmer ratio is improved from 1:75 to 1:15 due to the engagement of **assistant lead farmers** and additional AFOs.

Similar outreach was achieved within the dairy value chain with nearly 500 dairy farmers trained in post-harvest handling and feed preservation, 112 trained in AI techniques and 44 undergoing intensive training in Pregnancy Diagnosis. There was a significant increase in the volumes of milk bulked at the cooling centres – for example Machite showed 400% volume increase year-on-year: from 4,880 litres in Q3 FY13 to 21,600 for the same quarter in FY14.

Another highlight of the quarter was the successful production and harvesting of Tikolore basic seed. Under the FtF-INVC funded Tikolore seed multiplication program, a total of 12 hectares was planted to produce an estimated 17.1 MT of basic seed. This quarter, the two smallholder basic seed growers successfully increased production to 28.85 MT, which when replanted this season is projected to produce 1,004 MT of certified Tikolore seed. In addition to basic seed, this quarter, some partners opened the seed loan recovery program to begin the collection of first and second generation legume seed. While the effort is ongoing, a total of 250MT of soybean and 40 MT of groundnut have been recovered thus far. All recovered seeds will be subjected to germination tests before redistribution.

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

SUB-TASK 1: INCREASE/STRENGTHEN SEED SUPPLY

This quarter, the Tikolore seed multiplication program managed by IITA yielded positive results. The 8 hectares of soybeans in Mchinji (Sendamisale) and 4 hectares in Lilongwe (Khasu) under the FtF-INVC funded basic-seed multiplication program were projected to yield a total of 17.1 MT but instead yielded 28.85 MT. The crop performance of basic seed this season was quite satisfactory especially at Sindemisale, which recorded yields close to 2.94 MT per hectare. Khasu recorded a yield of 1.34 MT per hectare. The crops, which were planted around mid-December, attained physiological maturity almost mid-March. Harvest maturity for both locations was reached in the second week of April.

The two basic seed producers started harvesting and post-harvest processing of the basic seed immediately after receiving SSU authorization. These tasks involved threshing, cleaning, sorting, grading, which were all carried out manually at both sites. Grading was being given special attention because the variety showed the presence of both black and brown hilum. This required rigorous grading out of Tikolore with black hilum which took a lot of time since the preferred Tikolore is the one with brown hilum. As a result, Khasu production in particular re-graded the whole lot affecting seed yield. The total graded tonnage achieved this season from the two locations was 28.85 MT. The finished product, which were all bagged in new polythene sacks supplied by IITA, were further inspected by the SSU inspector. SSU was invited to collect samples from both Khasu and Sindemisale to test for seed quality. As soon as SSU issued a certificate of seed compliance to the ISTA quality standards, the seed lot was transported to the new IITA basic seed storage facility.

Of the 28.85 tons of basic seed, none have been sold yet to seed producers. The tonnage when planted in 2014/15 by the seed producers is expected to produce 1,004 tons of certified seed for the 2015/16 main season. As reported last quarter, 5.4 MT of Tikolore basic seed which was sold to Care Malawi

and Presidential Initiative have yet to provide their final production of certified seed. While the Presidential Initiative reports that they have collected 50 MT thus far, Care Malawi is yet to provide the total tonnage achieved. If their production attains the expected volume then almost 216 tons of certified Tikolore seed can be expected to enter the seed system this 2014/15 planting season.



Figure 15: The traditional way of threshing soybean



Figure 14: Tikolore basic seeds being cleaned



Figure 13: Fig. 9: DARS SSU inspector collecting samples for quality tests from a stack in a temporary seed storage facility at Sindemisale



Figure 12: Fresh certified basic seed deposited in the new IITA basic seed storage facility

Malawi was experiencing a shortage of quality certified soybean seed. The injection of Tikolore basic seed should contribute to increasing the availability of soybean certified seed and further strengthen the certified seed supply system in the country. This season, the sale of the 28.85 MT basic seed should boost the Soybean seed revolving fund being managed by IITA.

Table 10: Basic Seed Production

2013 (Irrigation/offseason)	2013/14 (Rain fed/main season)			
	Breeder to Basic		Basic to Certified	
Breeder seed production	Breeder seed	Basic seed	Basic seed	Certified seed
427.5 kg (DARS & IITA)	427.5 kg (DARS & IITA)	28.85 tons (IITA)	5.4 tons	216 tons

Tikolore Seed Crop Conditioning Training

Smallholders generally pay scant attention to loss of income due to poor crop conditioning. Yet, post-harvest and storage losses in this country remain fairly high. This is true for both seed and grain. To address this challenge and improve producer practices, this quarter, IITA focused on providing on-site seed conditioning training to the two seed producers, both smallholders.

The seed conditioning training focused on transferring best practices in seed cleaning and grading, managing seed moisture level, bagging and packaging, weighing and storage. Since the soybean crops in the two sites were for production of basic seed, the Seed Services Unit (SSU) of Chitedze inspected the fields as well as the harvested and graded seed lots in collaboration with IITA. SSU drew samples for final assessment of the seed lots for issuing certification. Some of these processes are illustrated in the figures below.

Figure 18: Sorting the seed



Figure 17: Hand inspection of seeds



Figure 16: Drawing of samples by SSU for Final Assessment and Certification



Joint Supervisory Missions to Observe Crop Conditioning Sites

As with joint visits conducted during crop production, SSU as well as donors conducted joint supervisory visits during the post-harvest period to observe the process in action. USAID/Malawi conducted a joint site visit in May to monitor the status of FtF-INVC/IITA basic seed production and processing. The issue of genetic impurity was discussed during the visit since both farmers reported that Tikolore production required a lot of rogueing to remove off-types to ensure pure basic seed production. The high presence of Tikolore with black hilum required Khasu in particular to re-grade their seed lot.

SSU from Chitedze Research Station was also requested to visit the basic seed production sites during the production period as well as during the cleaning and grading phase. SSU was also invited back to the production sites to take samples for seed testing at the SSU laboratory. Figure above illustrates the sample collection process. Based on the samples and site visits, SSU has issued IITA with a certificate for both basic seed lots. All basic seed are now in storage at Chitedze in the IITA basic storage site ready for sale to seed companies.

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

Seed Recoveries under Partners Seed Revolving Schemes

Early in FY2014, both NASFAM and CADECOM had distributed groundnut and soybean seeds to smallholder farmer members across their respective associations to increase access to clean planting material. The tables below illustrate the volumes distributed, in terms of both soybean and groundnut seed, by NASFAM and CADECOM; FUM's farmer support model does not include seed distribution subsidy. FUM's model espouses a different approach where it emphasizes supporting farm demonstration plots to showcase the benefits of certified seed. FUM funds for seed used in various demonstration plots. The following tables illustrate the distribution by IPC for NASFAM and by EPA for CADECOM.

Table 11: Summary of seed distribution by IPC - NASFAM

LEGUME CROP DISTRIBUTED	VOLUMES OF SEED DISTRIBUTED PER IPC(Kgs)						TOTAL (Kgs)
	Lilongwe North	Lilongwe South	Namwera	Balaka	Mchinji	Ntcheu	
Soy bean	5,700	24,327	61,863	49,013.9	76,666.91	25,974	243,545
G/nut	129,450	119,670	0	6998	0	40,050	296,168

Table 12: Summary of seed distribution by EPA - CADECOM

LEGUME CROP DISTRIBUTED	VOLUMES OF SEED DISTRIBUTED PER EPA (Kgs)					TOTAL (Kgs)
	Chafumbwa	Bembeke	Golomoti	Mtakataka	Kanyama	
G/nut	30,000	28,000	28,000	30,000	28,000	144,000

All the smallholder farmer-members who received seed are required to return 2 Kgs for every 1 Kg of seed given to them the past planting season. Both NASFAM and CADECOM have begun the process of recovering first and second generation seeds from their members. Since soybean is the first legume crop to mature, the recovery figures for soy are larger this quarter. Under NASFAM, soybean seed recovery took place in full force across all 6 IPCs and the process is ongoing given that different agro-ecological zones have different harvest periods. Groundnut seed recovery will be reported in more detail next quarter as will pigeon pea figures since pigeon pea is also a secondary crop under FtF-INVC given that it is being promoted under the double-up legume agronomic practice. Table below illustrates the recovery figures. Groundnut recovery is only just beginning for both NASFAM and CADECOM, as such the numbers reported are still low. For example, CADECOM has recovered about 12 MT, while NASFAM shows below that they have taken possession of 28.7 MT of groundnuts. All recovered seed will be cleaned, sorted, graded and stored for redistribution this coming planting season after the stored seeds undergo a germination test. Those seeds that show vigor will be redistributed as quality assured seed, and those that do not pass the germination test will be sold in the market as grain. The proceeds will be utilized to purchase certified seed to redistribute to the farmers. The same approach will be applied this season for pigeon peas as well, where NASFAM plans to recover pigeon pea seeds which will all be marketed as grain, and the proceeds will be applied toward the purchase of certified and uniform variety for distribution to farmers to promote the double-up legume practice.

Table 13: Summary of seed recoveries by IPC - NASFAM

LEGUME CROP DISTRIBUTED	VOLUMES OF SEED RECOVERIES PER IPC(Kgs)						TOTAL (Kgs)
	Lilongwe North	Lilongwe South	Ntcheu	Balaka	Namwera	Mchinji	
Soy bean	6,157	35,819	22,063	34,494	64,823	86,417	249,773
G/nut	6,504	16,148	6,071	-	-	-	28,723

TASK 2: INCREASE ACCESS TO NEW TECHNOLOGY AND MANAGEMENT PRACTICES

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

Utilizing expert consultants, the FtF INVC through its implementing partners continued to disseminate information on the various improved technologies and best bet management practices promoted by the project. Commencing with improved certified seed in the first quarter, the third quarter saw the promotion of the remaining technologies and management practices selected for improving productivity in the groundnuts and soybeans. The consultant-led training targeted training-of-trainers (TOT), primarily AFOs, lead farmers, assistant lead farmers, motivated farmers, frontline extension staff from both grantee organizations and government staff at the EPA level. Transfer of improved technologies this quarter focused on harvest, post-harvest, pest and disease management (IPM), aflatoxin control and storage management practices. The objective driving the crop conditioning training was to help smallholders reduce post-harvest and storage losses, which are high in Malawi. Smallholders rarely quantify lost income from such losses yet, efforts to reduce post-harvest and storage losses alone could add 20-30% to food security and income potential. To contribute to lower such losses, this quarter, FtF-INVC through its partners successfully trained close to 33,000 participants. Crop conditioning training will continue next quarter given that groundnuts are still being harvested and dried in many districts.

This quarter, FtF-INVC continued to raise awareness about the negative impact of aflatoxin among smallholders. Aflatoxin control training continued in full force to ensure farmers applied preventive and corrective procedures to reduce incidences of aflatoxin in groundnuts. Training focused on harvesting, grading as well as proper storage especially since lack of moisture management can lead to creating the perfect environment for aflatoxin proliferation. A range of training materials/handouts with clear and reader targeted messages on groundnuts were distributed to roughly 40,000 farmers and leader farmers. Close to 17,000 data-rich handouts on soybean related topics were also distributed through lead farmers, assistant lead farmers and AFOs to smallholders.

Figure 19: Targeted handouts on Selected Agronomy Topics



Establishing Demonstration Farms for Hands-On Training

Field days were conducted at the EPA level where various demonstrations were showcased. For example, in Dedza, under CADECOM, these demonstrations included but were not limited to crop management practices such as weeding, maturity testing, harvesting, drying, crop conditioning and storage at the household level. A total of 1,804 farmers (household beneficiaries) attended such field demonstrations.

Table 14: Analysis of participants in field days in Dedza by gender / location

Name of EPA	Attendance		Totals
	Male	Female	
Chafumbwa	206	146	352
Bembeke	200	300	500
Mtakataka	125	105	230
Kanyama	185	257	442
Golomoti	136	144	280
TOTALS	852	952	1,804

Dissemination of scalable technologies for greater farm and marketing efficiency

During the quarter under review, various improved scalable technologies and best bet practices were disseminated. Dedza CADECOM extension workers, AEDOs and AFOs from NASFAM monitored and supervised lead farmers on the application of improved technologies and the best bet practices following the training sessions done. To consolidate various pieces of extension messages amongst the farmers on the improved technologies and best bet practices, all implementing partners conducted a total of 2,980 field visits (by AFOs, IPCs, ABMs, and other extension workers) to ensure the information were disseminated. Additionally, 655 club meetings, 60 GAC meetings, association meetings and program review meetings with field staff were also actively facilitated to discuss production and harvesting progress being made in the field. This quarter, many of meetings with clubs, GACs and Associations dealt primarily with harvesting and post-harvest management, seed recovery and marketing issues.

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

Post-harvest handling and feed preservation

INVC through MMPA trained 483 dairy farmers (184 females and 299 males) in post-harvest handling and feed preservation. Three male facilitators (1 technical officer, 1 MBG facilitator and 1 AVO) participated in the trainings as TOTs. The training aimed at helping farmers to preserve feed during the dry season. The training focussed on integrated pest management in soy bean and g/nut

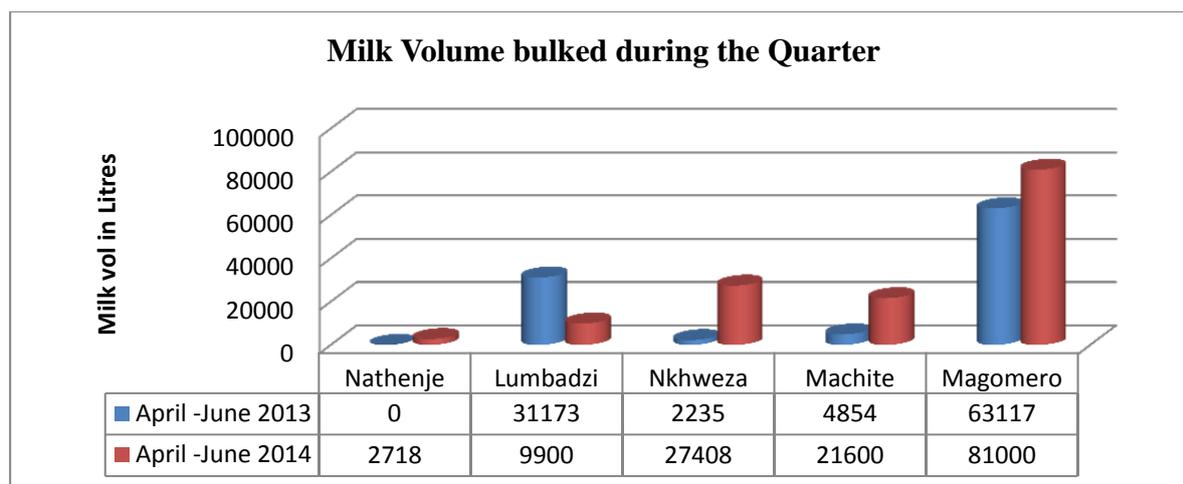
production through the use of a range of tools and control techniques to manage pests and diseases so that their population is kept below where they would cause unacceptable loss in marketable yield. Post handling of soy and g/nuts, post handling of milk and milk products at farm level, preservation of animal feed (such as hay, crop residues), practical session in pasture preservation and crop residues, and administration of grand supplement. The training was a result of the post-harvest handling TOT coordinated by INVC in FY2013 of which MMPA technical officers attended.

Monitor uptake of technologies and management practices

During the quarter, field monitoring visits were undertaken in the five MBGs for the purposes of monitoring the uptake of technologies by the farmers. The project promoted mineral block making, feed preservation, crop residue utilisation, dip making, AI and pregnancy diagnosis, feed chopping, grand supplement and use of milk analyser. Farmers have continued using the gruel-rooted additive nutrient drops (GRAND) supplement on lactating dairy animals. 306 farmers (218 females and 88 males) benefited from the grand supplement. The supplement improves milk production in low yielding cows. Farmers have continued expressing the successes of the grand supplement.

Comparing the milk volumes bulked at the cooling centres for the third quarter FY13 and FY14, shows an increase in the quantity bulked. Note that Nathenje MBG has not been bulking milk until last quarter when the cooling plant became functional following power reconnection by the Electricity Supply Cooperation of Malawi (ESCOM). MMPA has been supportive ensuring that the cooling plants are functional in all the five MBGs despite the break downs.

Figure 20: Changes in volumes of Milk bulked



Lumbadzi has registered a decline in milk bulked because of cooling machine breakdown in the month of June consequently farmers stopped bulking milk. The milk price/litre by processor has also hiked from MK110 to Mk130/litre while vendors are still offering a competitive price ranging from MK180 to MK200/litre. It is a known fact that some farmers are selling milk to vendors though it is not allowed by law. Informal sales happen in both times when the cooling plant is functional and when it is broken down.

Link feed suppliers to MBGs

MMPA pursued the linkage of feed supplier with dairy farmers. During the quarter Proto Feed Company provided Machite, Nkhweza, Magomero, Nathenje, and Lumbadzi MBG with feed for trials to a farmer who got 400kg each for 2 months. The purpose of the trial was to assess the quality of proto dairy feed, by measuring milk production and fat content as well as the profitability of dairy production in using proto dairy feed. A total of 3 feed suppliers (Ndatani Feeds, ASUM and Proto Feed) have now been linked to farmers with the intent of improving animal feeding which is the greatest challenge for dairy farmers. However, dairy mash is deemed expensive by most farmers as it

costs (MK5000/50kg or more) therefore MMPA has continued training farmers in feed preservation and good feeding regimes.

MMPA is following up on the repayment of the feed loan (dairy mash) which was given out to dairy farmers in the 5 MBGs. MK3, 224,500 is expected once all farmers have repaid the feed loan. The repaid amount will be used for ordering grand supplement which will be sold to farmers at MK20/sachet of 10ml. So far an approximate of MK2, 000,000 has been mobilised in the MBGs in readiness for repayment to MMPA. The collection of the funds will be done in the next quarter.

Table 15: Analysis of AI training participants

MBG	F	M	Σ
Machite	3	20	23
Nathenje	7	10	17
Magomero	17	15	32
Nkhweza	2	2	4
Lumbadzi	15	21	36
Total	44	68	112

Promotion of Artificial Insemination (AI) and Pregnancy Diagnosis

During the quarter, AI technicians continued with the provision of AI service across the five MBGs. 112 farmers (44 females and 21males) had 112 animals were serviced through AI. Since this is the period outside the AI campaign period, farmers were paying MK3500/animal as a service charge. AI technicians in Machite MBG registered a higher number of animals (23) inseminated in June alone because they are now regarding AI service as a viable business.

Conduct pregnancy diagnosis (PD)

Pregnancy diagnosis was conducted by AI technicians 3 months from the date of insemination. Results showed that AI service is efficient, with 86% conception rate (38 out of 44 cows).

Table 16: Analysis of farmers who benefited from PD training

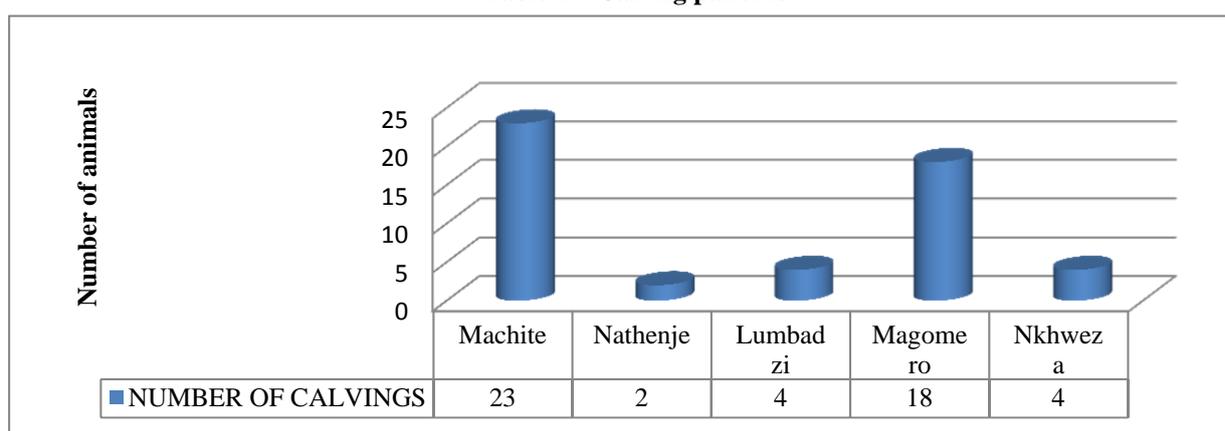
MBG	s	Result	Farmers	F	M
Nkhweza	2	All Positive	2	1	1
Lumbadzi	9	All Positive	9	3	6
Nathenje	5	All Positive	5	3	2
Magomero	28	22 Positive, 6 negative	28	7	21
Total	44	38 positive, 6 negative	44	14	30

However, there is need to encourage the technicians to conduct more PDs in order to confirm pregnancy. Table [L] analyses the farmers who benefited.

Calvings

51 calvings have taken place in this quarter as a result of the AI campaign that was implemented last financial year. More calvings are expected in the next quarter as more animals are yet to finish their gestation period.

Table 17: Calving patterns



Distribution of Record Books

Two hundred and fifty six (256) record books have been delivered to the 5 MBGs targeting 256 farmers (106 females & 150 males). Record books are being given to farmers with lactating animals so that they capture production data. These beneficiaries of the record books have been trained in filling of the record book. MMPA targeted 100 farmers in each MBG to receive the record books where one farmer is receiving one book. INVC visited some of the farmers in order to check use of

the books. It was encouraging that all the farmers visited were indeed capturing the required data especially those that had lactating animals.

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

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

This quarter too, FtF-INVC partnered with crop specialists from ICRISAT, IITA and DARS to provide advisory extension services on various topics. The members belonging to the INVC “Production Agriculture Technical Working Group” collaborated to facilitate training on harvest, post-harvest, aflatoxin control and storage management to improve agricultural production and reduce post-harvest losses. The trainings targeted lead farmers, motivated farmers, association field officers and government extension staff.

At CADECOM the trainings were conducted during the first week of April 2014. A total of 360 lead farmers and motivated farmers (185 male, 175 female) were trained in harvesting, post-harvest, drying, grading, storage and aflatoxin management. While NASFAM trained close to 12,000 AFOs, lead farmers, assistant lead farmers and motivated farmers. Trainings covered both groundnuts and soybeans crops and included such topics as importance of growing soybeans and groundnuts, determining the maturity to optimize yield, best time to harvest groundnuts and soybeans, best ways of harvesting (harvesting methods), best ways of drying (drying methods), crop conditioning that addressed grading/sorting, packaging and storage conditions, aflatoxin management, as well as marketing principles and Collective marketing.

Surge Capacity to Strengthen Service Delivery Mechanism of Partner Institutions

To ensure that all extension messages reach smallholders directly, FtF-INVC launched its “surge support” to all three partner organizations. The surge support requires all partners to recruit assistant lead farmers at each club, to support the existing lead farmers who at present are overworked given that each lead farmer covers at least 40 to 75 farmers. To lower the burden on lead farmers and to ensure better service quality, a lead farmer will now be relieved, with coverage over only 15 farmers and supervisory/monitoring responsibility for 4 additional assistant lead farmers, each linking with 15 farmers. At the AFO level, partners will now place one AFO for each EPA; an EPA with larger number of members will be supported with additional AFOs to ensure that each smallholder producer receives quality and timely agricultural extension service, information, and support. Strengthening partner capacity and support structure in the field at the community level is beginning to show progress. Already 7,500 lead farmers and assistant lead farmers have been recruited to provide service across NASFAM, FUM and CADECOM. This level of “closeness” with smallholders at the community level provides the opportunity to channel technologies and practices that could help farmers move forward faster.

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

Since the establishment of the ACE Certified warehouse at Dedza-CADECOM, farmers have continued to access market information such as commodity prices at the various markets in Malawi through the MIP facility that is attached to the warehouse. In addition, the Ministry of Agriculture and Food Security has started disseminating 2014 minimum prices for various agricultural commodities beginning June 2014. The price messages were disseminated through SMS texts on mobile phones to various stakeholders including AEDCs and AEDOs at the EPAs. The information was passed on to the farmers through extension workers and lead farmers in the sections and GACs during various meetings.

Public Service Announcements (PSAs) that were produced in the previous quarter continued to be aired on MBC Radio 1 and Zodiak Broadcasting Station. The messages were on harvesting, post-harvest, aflatoxin control and storage management.

TASK 4: PROMOTE RISK MITIGATION EFFORTS

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

During the quarter activities aimed at promoting conservation agriculture included doubled up legume. Doubled up legume is the cropping practice that involves intercropping two legumes that have different growth patterns. It is an approach that takes advantage of beneficial interactions between the two legume crops. Successful doubled-up legume intercropping systems mostly involve pigeon peas. Various areas under FtF INVC in the zone of influence particularly under NASFAM practiced double-up legume applying pigeon peas with either groundnuts or soybeans. The aim of doubled up legume is to get more crops if land is limited and further when some crops are considered too minor to occupy land on their own. The key benefit is that it enables farmers to diversify income sources on the farms.

During the quarter, farmers who grew the doubled up legume were harvesting, drying, and crop conditioning for storage the soybeans and/or groundnuts. The pigeon peas were observed to be in their flowering and early pod stages



Figure 21: Pigeon peas double-cropped with groundnuts

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

Work under this sub-task was undertaken in FY2013 and reported at that time. FtF-INVC will submit a monitoring log and provide information next quarter on any pesticides being applied by smallholders.

COMPONENT 3: IMPROVING COMMUNITY CAPACITY TO PREVENT UNDER NUTRITION

During the quarter, nearly 42,000 households continued to be supported through the care groups. This quarter, the team added **9,871** households, which were grouped into **822 clusters** of pregnant and lactating mothers with children under three years old. This brings the total number of clusters close to 3,500, which operate at the community level. A total of **115 promoters** continued to successfully provide guidance to the 3,500 lead mothers in order to improve community capacity to prevent under-nutrition. To support the promoters and lead mothers in their effort to encourage community level adoption, radio jingles were aired **200 times** during the quarter. **149** Drama performances were conducted in various communities in Lilongwe and Mchinji reaching 18,000 community members. The **interactive theatre** performances aim at improving awareness and understanding of key messages among community members so that they change their behaviors on health and nutrition.

FtF-INVC also expanded nutrition interventions in Balaka, Machinga and Mangochi Districts where **224,916 children under 3 years live**. This creates a huge potential to make a difference through the Nutrition programs. **157 more promoters were recruited and 186 VHC members** trained to support the work of the CGV at Village level. As part of the existing programs, **1,133 female care group volunteers** (CGV) have been trained in food processing and utilization and **888** of them have also been trained in the use of fuel-efficient stoves. **1,250 MUAC kits** were distributed to CGV in support of work to optimize the management of potentially malnourished children. **18,258 households** have successfully established their kitchen gardens

In support of the Government of Malawi's *Child Health Day* campaigns, this quarter, FtF-INVC contributed to district council budgets to enable them to reach as many under five children as possible. As a result, **over 170,000 children were given Vitamin A** supplements and around **150,000 were dewormed**. This Child Health Day was used to test the feasibility of using **gender dis-aggregated tally-sheets** to record female from male children that receive the nutrition related treatments.

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

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

In the quarter, tools for Nutrition Baseline Study to be conducted in the new districts of Balaka, Machinga and Mangochi were finalized. The study will collect qualitative information on food and nutrition situation, challenges 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 the 3 districts. Specifically, the study will explore maternal and child health care and nutrition practices and other general issues that affect the health and nutrition status of pregnant, lactating women and children up to 2 years. The nutrition baseline survey will be conducted by Bunda College of Agriculture and will start in the next quarter.

SUB-TASK 2: DEVELOP BCC STRATEGY

The BCC Strategy as a living document, continued to be revised during the quarter based on the 15 prioritized behaviors as documented in the previous quarter. For example, 21 radio program matrices have been developed and finalized by Pakachere Institute of Health and Development Commination. In addition, storylines for theatre performances were also developed by Pakachere Travelling Theatre and all 17 Community-based Theatre Groups.

SUB-TASK 3: FACILITATE IMPLEMENTATION OF BCC STRATEGY

Drama performances

A total of 146 performances were done by the Pakachere Travelling Theatre and 17 Community-based Theatre Groups (CBTG).

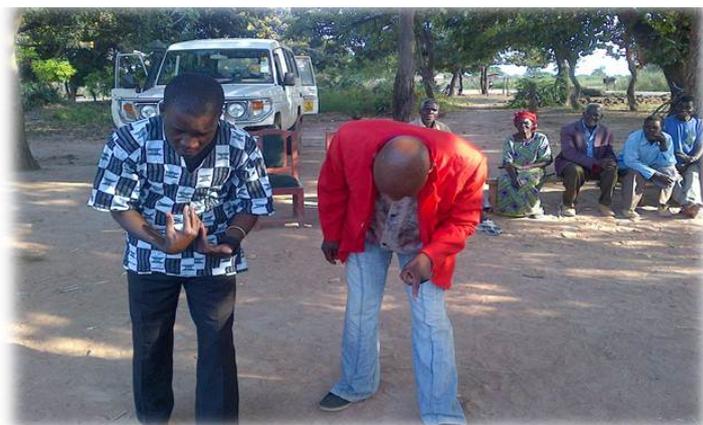
- 90 performances in Lilongwe
 - 66 by CBTG
 - 24 by Pakachere.
- 56 performances in Mchinji
 - 36 by CBTG
 - 20 by Pakachere.

Approximately 18, 000 people (60% female and 40% male) attended the performances.

- c.11,000 community members were reached by the Pakachere Travelling Theatre
- c.7,000 people by the community-based Theatre Groups.

Note: in coming months, more people are expected to be reached through Community groups than through Pakachere itself.

Figure 22: Theatre group captured in street performance



Theatre Training/refresher

Two theatre training (refresher) sessions were conducted where 85 CBTG members (47% male and 53% female) participated.

1. Mponela in Dowa district from 14th to 15th April 2014
2. Joe's Hotel in Mchinji from 16th to 17th April 2014.

The training focused on orientating participants on the 15 prioritized nutrition behaviors, consolidation of performance plans for each group and financial reporting. It also focused on theatre concepts namely: storyline development, casting, consuming, acting, and on how to evaluate and report on a performance at each venue. The sessions were facilitated by three experts from Pakachere with some support on nutrition from Nkhoma Hospital team

All five theatre group members from each of the 17 EPAs attended. Other participants were three District Nutrition Coordinators and six Nutrition Assistants from Nkhoma Hospital; two FtF-INVC District Field Coordinators and five members of Pakachere Travelling Theatre. The INVC Deputy Chief of Party, Finance and Administration Manager and Nutrition Specialist attended the Lilongwe Training session where Finance and Administration Manager addressed Pakachere officers and some theatre leaders on compliance issues regarding finance and procurement.

Airing of radio jingles

Broadcast of two specialized radio jingles on optimal breastfeeding continued during the quarter and were aired 87 times on MBC Radio 1: 48 times in April; 23 times in May; 6 times in June.

There was reduced number of jingles aired as Mudziwathu community Radio Station following the expiry of contract between Pakachere and the radio. Zodiak also did not air any jingles (due to a pre-occupation with Malawi's Tripartite General Elections) and so they will resume this quarter as a pay-back for the missed schedules. The station was the only official radio station to cover the election-related events, during and post elections. Most jingles on MBC Radio 1 were aired during prime time, thus attaining high reach in terms of listenership. This means that most community members were exposed to the FtF-INVC nutrition messages, including those outside the ZOI. Foot Prints (research and monitoring consultants) monitored the jingles on MBC Radio.

Airing of public service announcements (PSAs)

Eight PSAs on Agriculture Value chains (pre and post-harvest, storage and marketing) produced last quarter were aired 126 times (60 times on Mudziwathu Community Radio Station, 52 times on Zodiak Broadcasting Station, 9 times MBC Radio 1 and once MBC Radio 2).

Production of radio programs of 15 to 30 minutes

During the quarter, Pakachere radio production team collected footage (materials for production for 21 radio programs of 15 to 30 minutes each on nutrition) in Lilongwe and Mchinji. The main interviewees (those featured in the programs) are mainly care group promoters, lead mothers, volunteers, pregnant women and lactating mothers, local leaders and some extension workers. The programs will start being aired in the next quarter.

Production of posters

One poster concept on exclusive breastfeeding was developed and pretested. Once finalized, 100 copies will be printed and distributed to care members for use during care group session as a reference.

STTA for rollout BCC Interventions

In the quarter, two international consultants (from DAI and SCI) remotely provided input and directions in the production of 21 radio programs. Draft radio program matrices were revised based on their input.

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

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

Major activity under this task was the continued promotion of the cultivation of high nutritive value indigenous crops by target households in backyard/kitchen gardens. At the close of this quarter, **18,258** households had established home/backyard/kitchen gardens in Lilongwe. FtF- INVC through Nkhoma Hospital, NASFAM and FUM continued to work collaboratively with Ministry of Agriculture for promoters to continue receiving technical information from AEDOs.

Figure 24: Newly established home garden



Figure 23: Same home garden has vegetables in May 2014 (3 months after image on left)



In conjunction with Nkhoma Hospital, AEDOs continued to provide training to households on construction of vegetable beds suitable for rainy *and* dry seasons. Nkhoma Hospital continued to encourage households to optimize water management during the dry season. Households that established home gardens in the second quarter started consuming amaranthus leaves and other indigenous vegetables in the third quarter. Home gardens established by promoters and care group volunteers continued to serve as models in the communities.

SUB-TASK 2: FACILITATE FOOD PROCESSING

Household food processing activities are designed to promote dietary diversity for children and women through access to quality complementary foods at household level. The activities continued to be carried out via the care group structure. During this quarter, **1,113** (all female) care group volunteers were trained in food processing and utilization. As some of the food processing activities

entail high fuel energy requirements, **888** care group volunteers were trained in importance, construction and use of muddy energy saving stoves

SUB-TASK 3: FACILITATE FOOD FORTIFICATION

This task was not pursued in this quarter. Efforts were directed to preparatory activities for expansion of nutrition activities in Balaka, Mangochi and Machinga.

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

SUB-TASK 1: FACILITATE PROMOTION OF DIETARY DIVERSIFICATION

Promotion of dietary diversification continued in this quarter through two major channels: community drama performances facilitated by care groups trained through Nkhoma Hospital and Pakachere Institute of Health and Development Communication. Through Nkhoma Hospital, **1,113** (all female) care group volunteers received training on importance of dietary diversity through food processing and produce from home/backyard gardens care givers of 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

Promotion of management of acute malnutrition involved supporting care group volunteers to identify children suspected to be acutely malnourished and refer them to health care workers or facilities. During this quarter, 1250 mid-upper arm circumference (MUAC) tapes, collected from Lilongwe District Health Office (DHO), were distributed to care group volunteers to support screening for acute malnutrition

SUB-TASK 3: PROMOTE HYGIENE AND SANITATION

Promotion of sanitation and hygiene continued in this quarter through care groups trained and supported by Nkhoma Hospital and during *Child Health Day* campaigns. Efforts on this activity resulted in training **1,113** care group volunteers in infant and young child feeding (IYCF) related sanitation and hygiene. In order to make IYCF related sanitation and hygiene practically feasible, FtF – INVC through Nkhoma Hospital facilitated the establishment of **431** sanitation facilities in Lilongwe and Mchinji.

Hygiene was also promoted during the *Child Health Day* campaigns, also at some sites in Lilongwe where adherence to the hygiene messages was lacking. Communities were advised to provide water for hand washing as they gave vitamin A and deworming tablets to their children. .

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

Community growth monitoring and promotion using community growth chart is part of the community mobilization tool to help communities recognize malnutrition and take collective action in addressing causes of malnutrition. Promotion of monthly GMP continued as part of care group activities and volunteer household visits. Through household visits, the **1,113** trained volunteers continued to encourage care givers to patronize regular monthly growth monitoring and promotion. In addition, Nkhoma Hospital worked closely with HSAs and promoters to identify **8** additional villages where community growth monitoring and promotion using community growth chart will be implemented. As at the end of the quarter, **37** of the **54** villages had been identified

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

Primarily conducted through the child health days, FtF – INVC supported promotion of vitamin A and deworming during the first round of 2014 *Child Health Day* (CHD) campaigns in Balaka, Lilongwe, Machinga, Mangochi, Mchinji. The campaign is coordinated by Malawi Government through

Ministry of Health. Since other USAID projects, such as SSDI, supported implementation of this activity FtF – INVC ensured coordination to have distinct geographical coverage of the support and avoid double counting the children as both, FtF – INVC and SSDI report to USAID. Thus numbers reported below are from areas where there was no overlap with SSDI in four districts, except Mchinji because there are no SSDI activities there. In total, **170,846** children were reached, with Mchinji having the highest number of children reached (see Table below). Mchinji has the highest numbers because there are no overlaps with SSDI and therefore data are reported for all health facilities in the district.

In general, CHD campaign went well, although some district health offices (DHOs), Machinga and Lilongwe in particular, delayed implementation of the activity due to lack of preparedness. Some of the sites in Lilongwe and Machinga (Mlomba) did not have adequate supplies of vitamin A and deworming tablets (Mebendazole) and stationery for data collection. During campaign supervision, FtF – INVC helped to deliver vitamin A and deworming tablets at Mlomba health center in Machinga.

Table 18: Children under 5y/o reached during Child Health Day campaigns

<i>District</i>	Number of Children reached	
	Vitamin A	Deworming
<i>Balaka</i>	20,419	17,962
<i>Lilongwe</i>	_____	_____
<i>Machinga</i>	21,151	21,306
<i>Mangochi</i>	35,325	29,696
<i>Mchinji</i>	93,951	82,271
Total	170,846	151,235

During this period, FtF – INVC also piloted the collection of gender disaggregated data on number of children reached during CHD campaigns in randomly selected sites. REACH Trust was hired to pilot collection of gender disaggregated data in 10 sites per district. REACH Trust employs mixed research methods to conduct equity analyses and promote equitable access to health interventions. The organization has existed in Malawi since 1999. At each of the ten sites an enumerator from REACH Trust was paired with Health Surveillance Assistant (HSA) to tally male and female children receiving vitamin A supplementation and deworming tablets. The test was aimed at determining feasibility of collecting gender disaggregated data. Except for the gender disaggregation, the instrument used to collect data was similar to the one used by HSAs. FtF – INVC trained REACH Trust enumerators on completing the data collection tool.

Table 19: Gender disaggregated number of children reached during Child Health Day campaign from 10 randomly selected sites per district

District	Number of under-five children reached					
	Vitamin A			Deworming		
	Male	Female	Total	Male	Female	Total
Balaka	1656	1639	3295	1459	1421	2880
Lilongwe	2312	2339	4651	1915	2157	4072
Machinga	2011	2240	4251	1720	1917	3637
Mangochi	2933	3018	5951	2664	2533	5197
Mchinji	1403	1538	2941	1176	1281	2457
Total	10315	10774	21089	8934	9309	18243

Field experience shows that collection of gender disaggregated data went well although delays in implementation of the CHD campaign activities by some districts affected smooth operations for data collection. Gender disaggregated data show a general pattern that relatively more female children (51%) participated in the campaign in the randomly selected sites.

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

In strengthening the community system for referral, FtF – INVC efforts through Nkhoma Hospital continued sustaining and establishing care group structures where care group volunteers discuss indicative conditions for referral of children to health facilities. In addition to making care groups functional, **186 (128 female, 58 male)** village health committees (VHC) members (from 12 committees) were trained in essential nutrition actions to ensure the work of the care group volunteers is supported in the community.

In this quarter, FtF-INVC was expected to discuss scope of the referral system being implemented under SSDI but these were not pursued because of the need to concentrate on startup activities in three districts where nutrition activities are being expanded.

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 20: List of meetings attended from April to June 2014

Meeting/Contact category	Organizer	No. of meetings /sessions	Issues discussed/tackled	Stakeholders
Filed visits and mentoring and coaching	FtF – INVC	4	Implementation progress at grassroots Mentoring and coaching partner staff	FtF – INVC, FUM, Nkhoma Hospital and Pakachere
Coordination meetings with partners	FtF – INVC	9	Joint implementation progress review and planning	Nkhoma Hospital, Pakachere, ACE, MMPA, FUM, NASFAM
District council and local authority meetings	FtF – INVC and Nkhoma Hospital	7	Providing implementation progress update to district executive committees, district planning for the child health days	District Health Offices, District Agriculture offices in Balaka, Machinga, Mangochi, Lilongwe and Mchinji.
National level policy and strategy meetings	Ministry of Health	2	National taskforce planning for the child health days	FtF – INVC, DNHA, Feed the Children, MoH , World Vision

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

A number of mentoring, coaching and monitoring sessions were conducted during the quarter. Pakachere technical team in collaboration with Nkhoma Hospital and FtF-INVC field staff conducted 14 mentoring coaching and monitoring sessions with Community-based Theatre Groups. Eight sessions were done in the following EPAs in Lilongwe: Chiwamba, Mngwangwa, Ukwe Mlomba, Nyanja Mpenu, Chitsime and Thawale. In Mchinji, the sessions were done in Chioshya, Kalulu, Mlonyeni, Msitu, Mkanda, and Mikundi. The exercise involved assessing drama message content, clarity, consistency and the quality of performances by community-based groups. Drama group

performance reporting sheets were distributed where each group is expected to fill in and report to Pakachere/FtF-INVC. In addition, workplans developed by each group were also corrected.

USAID Malawi Mission also conducted two project site visits in Lilongwe at Chizululu and Misale in Kambirimbiri GAC, Chigonthi EPA to monitor implementation of the child health days campaign; and Mankhwa GAC in Chiwamba EPA to monitor implementation of nutrition through care groups and foster accountability for how USAID resources are being utilized. As part of mentorship and to reinforce proper hygiene practices, USAID mission representatives recommended provision of water for hand washing after they observed some care givers providing deworming drugs to under-five children without washing hands.

Figure 25: USAID Malawi Mission observes a care group session at Mankhwa GAC



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

FtF-INVC has expanded the nutrition component in three more districts of Balaka, Machinga and Mangochi through direct implementation but applying NASFAM’s farmer structures (GACs). The three districts have currently 169 GACs across 18 EPAs, and we anticipate to achieve substantial impact in reducing stunting over time given the large number of children <3 in these three districts. The total number is estimated at 224, 916 and is broken down as shown in the Table below.

Table 21: Estimated number of under-3 children in Balaka, Machinga and Mangochi

AGE	MANGOCHI			MACHINGA			BALAKA		
	Total	MALE	FEMALE	Total	MALE	FEMALE	Total	MALE	FEMALE
<5	181,172	92,083	89,089	110,076	56,211	53,865	70,148	35,719	34,429
<3	112,908	57,661	55,247	67,962	34,952	33,010	44,046	22,561	21,485
0	39,269	19,936	19,333	23,527	11,971	11,556	15,393	7,849	7,544
1	37,469	19,278	18,192	22,474	11,703	10,771	14,674	7,569	7,104
2	36,170	18,447	17,722	21,961	11,278	10,683	13,979	7,142	6,837
3	34,813	17,615	17,198	21,375	10,845	10,530	13,342	6,754	6,588
4	33,451	16,807	16,644	20,739	10,414	10,326	12,761	6,405	6,356

Source: National Statistics Office, SO 2013

Meetings with NASFAM

Nutrition integration sensitization meetings (for expansion districts) were held with NASFAM Head Office representatives and front line staff explaining the importance and benefits of integrating nutrition within the Association, GACs, and Clubs. Through NASFAM, FtF-INVC initiated the process of informing GAC members especially those from Gender and Social Committee, on promoter recruitment for the establishment of the care groups. Initially, FtF-INVC in collaboration with NASFAM identified first 50 GACs, from most vulnerable TAs, to launch the integration of

nutrition in value chains in the three districts. Later the decision was to rollout to all GACs which are well established. NASFAM was requested to assist in setting up meetings with District Councils' technical committees to get their buy-in, after which we were to brief local leaders.

Briefings with District Councils

During the quarter, FtF-INVC conducted three meetings with Balaka, Machinga and Mangochi District Councils to brief members of DAEC and DHMT on the expansion of FtF-INVC project in the districts. A total of 50 members from the councils, NASFAM and other partners working in the districts attended (75% male and 25 female). All Assemblies pledged to support the project.

Community mobilization for establishment of Care group in Balaka, Machinga and Mangochi

A total of 19 sensitization meetings (7 in Mangochi, 6 in Balaka and 6 in Machinga) were held in 18 EPAs in the 3 districts. The main objectives of the meetings were to verify existence of GACs in all 18 EPAs under NASFAM in the 3 districts before establishing care groups; and secondly to sensitize GAC leaders, GVHs, HSAs and AEDCs on expansion of nutrition component of the project in the districts. A total of 738 community members (413 male and 139 female) were sensitized on the project. All GAC leaders, GVHs, HSAs and AEDCs welcomed the project and pledged their support to mobilize members to apply to work as promoters.

Figure 26: GAC members at sensitization session at Chikweo EPA, Mangochi



Recruitment of promoters

After series of district briefings, community mobilization sessions and shortlisting of candidates to work as promoters, a total of 799 applications from GAC members were received (201 in Balaka, 2011 in Machinga and 387 in Mangochi). Of the 799 people who had applied, 448 were male and 351 female. After the interviews, 157 people were recruited as promoters (87Male and 70 Female). These promoters are expected to work with at least 507 care groups through 6,084 lead mothers/fathers also known as care group volunteers.

Recruitment of project staff and engagement of SBCC partner

During the quarter, FtF-INVC recruited one Nutrition Specialist (as overall manager), three Nutrition Field Coordinators and 14 Nutrition Assistants. The officers are expected to report for duties early next quarter. Related to project staff, FtF-INVC also engaged The Story Workshop (one of the renowned SBCC organizations in Malawi) to lead and provide technical services on SBCC in the 3 districts. The Story Workshop has submitted a detailed proposal which is being reviewed.

Procurement of equipment and materials for the expanded districts

Processes for procurement of 17 motorbikes (14 for Nutrition Assistants and 3 for Nutrition Field Coordinators), 7,500 Counseling cards (copies), 250 Recipe books, 250 Care group manuals, 250 SUN manual, 14,500 Feed the Future branded cloth (2 metres for each volunteer), 7,500 Carriers bags (Sachels), 250 Golf-shirts (for promoters), 7,500 t-shirts (for care group volunteers/lead mothers) commenced. Under each item, technical specifications were drawn and submitted to the FtF-INVC Procurement Team for action.

Collaboration

Eight joint monitoring sessions were conducted by 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 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.

COMPONENT 4: INVESTING IN INNOVATION

This Quarter, funds amounting to **US\$ 758,789** were distributed to nine grantees. **Grantee expenses of US\$ 586,514** were liquidated and cumulative expenses cleared by FtF-INVC are now 79% of total funds disbursed to grantees. **104 grantee field staff from all 9 partner organizations were trained** on expense documentation. Nine active grants will operate until 31 December 2014. Three grant modifications were formalized during this quarter.

Table 22: Grant Modifications in Q3 2014

Grantee	Initial Grant(US\$)	Amended Grant(US\$)
ACE	437,755	867,882
NASFAM	1,945,999	3,072,693
NKHOMA	313,415	643,279
Totals	2,697,169	4,583,854
Increase	US\$ 1,886,685	

During the quarter, FtF-INVC engaged in nine coaching sessions with grantees. Furthermore, the Financial Management expert engaged by the project assisted in assessing grantee financial systems and began the process of accelerating procurements budgeted for in grantee activities. DAI technical staff from the Head Office also carried out training of grantee field staff on expense documentation issues; 104 staff attended (62 males, 42 females). Three business service providers continued to work with grantee operating units in documenting their business plans and building capacity.

With effect from 1 June 2014, FtF-INVC began engaging directly with Dedza CADECOM instead of implementing project transactions through the CADECOM Secretariat in Lilongwe. An addendum to the grant was signed to document this change of engagement.

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 Initiative.

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.

There is a possibility that increases in the value of the grant for at least 2 Implementing Partners as part of FtF-INVC’s ‘surge’ tactic. Any potential new grantee and one of the two existing grantees referred to above will need additional financial resources that will, in turn, need concurrence from USAID. This request, if and when required, will be forwarded to USAID.

Grant preparation and signing

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

Grant Modifications

During this quarter, three grants (ACE, NASFAM, Nkhoma) were extended up to December 2014. The 9 active grants will now be operative until 31 December 2014. The grant modifications resulted in an increased grant value and extended period of performance, involved documenting a new Activity Reporting Schedule and a related Monitoring and Reporting Plan, and checking and incorporating an updated budget. These were completed by the Monitoring and Evaluation (M&E) staff and Grants Manager, and included in the respective grant modifications. Incorporating the budget also involved obtaining justifications from grantees of the budget line items related to activities. We also decided to include the new DSA rates that were made available to us in November 2013 as agreed by the Government of Malawi and development partners, in the grant modifications. A summary of the grants signed is as follows:

Table 23: Summary of Grants signed

Grantee	Grant modifications signed this quarter (US\$)	Total Signed Grants Value (US\$)
ACE	437,755	867,882
NASFAM	1,945,999	3,072,693
MMPA		336,091
IITA		591,610
FUM		565,798
CADECOM		634,399
PAKACHERE		331,149
NKHOMA	313,415	643,279
MIM		77,480
CISANET		159,499
TOTAL	2,697,169	7,279,880

Proposals submitted to USAID

During this quarter, no proposals were submitted to USAID. All active grants have been concurred with by USAID and have been extended up to 31 December 2014, the one exception being MMPA. We have been informed by USAID that it will not approve MMPA's phase 2 proposal and budget. MMPA was informed of this development. Since there are unspent funds from MMPA's phase 1 budget, a budget re-alignment request was submitted to DAI Washington so that MMPA can complete its activities for the existing five Milk Bulking Groups by close of fiscal year 2014 ending, on September 30, 2014.

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 following month. During this quarter, only ACE managed to do so on time, although NASFAM should also be able to do so by July 2014 (for June expense report). Many of the others sent in their expense reports before the end of the following month. During this quarter the expense reports for almost all grantees for the months of March, April and May 2014 were reviewed and expenses booked after we were satisfied that the documentations were compliant with DAI and USAID requirements. The only exceptions were IITA, Nkhoma and CADECOM. In the case of IITA, their January – March 2014 expense report were reviewed during this quarter. IITA as a PIO is the only grantee allowed to submit quarterly expense reports; others do so monthly. Nkhoma has had a change of personnel resulting in the delay. Its program coordinator has been replaced and their expense reports are yet to be submitted. CADECOM submitted its March and April expense reports this quarter.

IITA has completed construction of a seed storage facility at its premises in Chitedze. Similar, though smaller in capacity, storage premises were to be constructed at the Department of Agriculture Research Services (DARS) at Chitedze. However, despite informing both IITA and DARS that the construction needed to be completed by June 2014, neither party submitted any credible plans until 20 June 2014. Since no effort was demonstrated by either DARS or IITA to initiate the construction, FtF-

INVC has duly thanked them for their submission but informed them that we could not finance such construction, as it was too late to do so based on IITA's own experience with the basic seed storage construction. Approval for construction at this late juncture was not provided given that it was feared construction and finalization of the storage could stretch past December 2014. FtF-INVC had previously informed IITA that the premises needed to be ready for storage of soya seed by May/June 2014, as the seed crop would be ready by then. It is highly doubtful that DARS would have completed construction by December, if we had accepted their plans and given IITA the green light to proceed. It must be noted that the IITA grant would be operative only up to 31 December 2014.

For some time now, FtF-INVC has noted delays in reporting by CADECOM. CADECOM's grant, although administered by the CADECOM Secretariat in Lilongwe, is meant for CADECOM Dedza whose offices oversee the 5 marketing associations under which its 30,000 FtF-INVC beneficiaries are linked. The project has noted that the financial and technical reporting is slow at best. Therefore permission was requested to deal directly with CADECOM Dedza. Expense and technical reporting would be their responsibility while CADECOM Secretariat would be responsible for financial reporting and supervision of operations. Funds would be sent directly to Dedza when requested. An addendum to the grant was signed in May and the new arrangement came into effect in June.

Table 24: 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	91,566	448,239
NASFAM	172,345	705,303
MMPA	38,044	197,166
IITA	49,718	79,580
FUM	35,235	217,379
CADECOM	92,468	373,940
PAKACHERE	73,717	115,612
NKHOMA	7,564	239,326
MIM	-	54,926
CISANET	25,857	25,857
TOTAL	586,514	2,457,328

FtF-INVC has realized that it can make significant impact on the project's Key Result Indicators if it is able to make Implementing Partners such as NASFAM, FUM and CADECOM work even closer and more frequently with project beneficiaries. With that aim in mind, it urged the Implementing Partners to increase their member outreach by recruiting more Lead Farmers and Assistant Lead Farmers. Thus a Lead Farmer would be able to deal directly through Assistant Lead Farmers at each farmer club per cooperative. These assistants will be agriculture-technique skilled volunteers who would not be paid a stipend but would receive branded items such as cloths, bags, boots and protective wear which would give them recognition for the volunteer work they do. NASFAM and FUM's supplementary budgets for this exercise have been submitted, reviewed, and approved to implement. CADECOM has been advised to use their underutilized budget lines to achieve the same.

After the bad experience with seed suppliers in 2013/14, FtF-INVC requested NASFAM, the only grantee to receive funding for certified seed in 2014/15, to submit its seed requirements by 15 June 2014. The final submission was received in the first week of July 2014 and is under consideration. Once approved, FtF-INVC will seek a waiver from USAID for the certified soya seed to be procured.

FtF-INVC once more informed grantees that they must strictly follow the Branding and Marking guidelines of the project as stated in the grant and the advisory sheet provided. It was noted during the quarter that at least one grantee, ACE, had flouted the guidelines. A meeting was held with ACE where they were reminded of their obligations by the Chief of Party.

After conclusion of 3 investigations into the impact (germination) of the certified CG7 Groundnut seed procured by CADECOM in December 2013, Ananchuma Holdings Ltd, one of the seed

suppliers, received a payment of US\$ 70,457, during this quarter, against a total billed amount of US\$ 93,866. The shortfall of US\$ 23,409 was withheld by CADECOM due to the poor quality seed supplied on the basis of a fake seed certificate. Ananchuma agreed to forego the shortfall in discussions held between its lawyers and those of CADECOM.

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. There are only two grantees who have not completed their Financial Reports as yet. Nkhoma is yet to finalize its December 2013 report while IITA's Financial Report is not always properly documented.

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 25: Summary of funds disbursed

Grantee	Funds disbursed by DAI this quarter (US\$)	Funds disbursed by DAI (US\$) – Cumulative to date
ACE	121,040	512,667
NASFAM	302,946	803,164
MMPA	48,529	249,464
IITA	54,050	175,761
FUM	72,632	344,591
CADECOM	70,457	420,409
PAKACHERE	35,951	175,880
NKHOMA	14,665	311,544
MIM	-	54,926
CISANET	38,519	53,444
TOTAL	758,789	3,101,850

Grantee Training on Grants/Finance/Reporting Issues

FtF-INVC continues to engage with grantee staff in improving their understanding of the need for quality and reliable documentation when presenting their expense reports. However it must be said that grantees now have a greater understanding and appreciation of the need to present documents that tell the 'full story' on why the reported expenditure was incurred.

Some grantees continue to submit timesheets without proper signatures of the employee and/or supervisor. These are returned for signature to the grantee. It has also been noted that signatures on attendance sheets are sometimes provided by one person on behalf of the attendee(s). This has been brought to the attention of grantees such as MMPA and CISANET for correction.

DAI Administrative Associate visited Malawi as part of FtF-INVC's efforts in improving the appreciation of the need for accurate and clear document presentation by grantee head office and field staff. While on assignment she provided financial management and compliance guidelines to key FtF – INVC grantees. Specifically, she assisted FtF-INVC by reinforcing and training grantee head office and field staff on USAID rules and regulations, improving financial record tracking, invoicing and expense reconciliation. 104 grantee staff attended out of whom 62 were males and 42 females. She visited the following locations during her visit to FtF-INVC: NASFAM Head Office and Lilongwe South, Lilongwe North, Mchinji, Ntcheu and Namwera; FUM Head Office – field staff also attended the training; Nkhoma CCAP Hospital – field staff also attended the training; MMPA Head Office.

During the quarter, FtF-INVC also engaged a Financial and Management consultant to guide and mentor FtF-INVC and grantee procurement staff on USAID approved procurement processes and practices. He also visited grantees and carried out Rapid Financial Assessments. Nkhoma CCAP Hospital's expense documentation received close scrutiny and it was observed that, in practice, its procedures are not strictly followed when raising requisitions and approving payments. They are

expected to appoint a consultant to review their procedures in July. The consultant and FtF-INVC's Operations Manager also brought together FtF-INVC and grantee procurement staff to tutor them on the procurement process. Thereafter, both of them worked closely with grantees in ascertaining their procurement needs, drafted appropriate advertisements and assisted grantees in the process of evaluating the bids received. In July, grantees will procure these items resulting in 'higher than normal' expense claims. The Financial and Management expert also availed himself to grantee staff on Saturday mornings from 9 am to 1pm, during his period of consultancy at FtF-INVC. He was available to answer any questions they had in addition to providing training in excel spreadsheets. Unfortunately none of the grantees made use of that opportunity made available to them.

FtF-INVC plans to commence its nutrition-related activities directly in the districts of Balaka, Machinga and Mangochi. It expects to contract The Story Workshop to carry out its Behavioral Change Communication (SBCC) interventions in those districts. During the quarter the Grants Manager led the effort to provide pre-contract training to 4 members of staff of The Story Workshop (2 male and 2 female) at FtF-INVC offices in Lilongwe. During the period, we received a proposal and budget from The Story Workshop for the implementation of SBCC in the expanded districts. The proposal and the budget are currently being reviewed.

Interaction with Grantees

FtF-INVC continued to engage grantees on issues related to grantee expense documentation. During the Quarter, 35 meetings and 9 coaching sessions were held with a total of 105 staff (88 male and 17 female) from grantees and non-grantee technical and business service providers. The topics covered included expense documentation issues, financial and expense report and budgetary issues.

Approval for Restricted Commodities

ADS 312, Section 312.3.3, specifies that motor vehicles are among 7 items denominated as Restricted Commodities. Motor cycles also fall into this category. Section 312.3.3.2 details the procedures required to obtain USAID COR approval. While FtF-INVC was mentoring grantees in procurement, FtF-INVC obtained estimated costs of 1 double cab pick-up and 42 motor cycles for NASFAM and 7 motor cycles for Farmers Union of Malawi (FUM). With this information FtF-INVC requested USAID COR approval. Approval was received in June from USAID.

Grantee Engagement

As in the previous quarter, a grantee review meeting was held in June where FtF-INVC staff interacted with grantee staff and reviewed progress since March 2014 when the first such meeting was held. During this meeting important issues that hampered progress were selected and grantee and FtF-INVC views were sought on what the current status was. We were all glad to note that both grantees and FtF-INVC were of the view that significant improvements had been made. Our Grants Accountants continue to proactively engage with grantee staff to clear their expense claims. FtF-INVC will continue with this approach for the rest of the year.

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. That said, during the quarter, the Financial and Management Consultant did conduct a financial governance and management systems review of ACE, NASFAM, FUM and MMPA. DAI's internal audit specialist from the home office also provided his service to conduct a quick check of key partners' (NASFAM for example) internal audit system.

SUB-TASK 2: DEVELOP INDUSTRY BUSINESS PLANS

During the quarter, FtF-INVC contracted three Business Service Providers (BSP) Umodzi Consulting, Tradeline Consult and Target Consulting to document Business Plans for best performing milk bulking groups, associations and cooperatives identified by the Implementing Partners (IP) and also

carry out Corporate Governance training and capacity building. After internal approval, Implementing Partners contracted the relevant BSP. FUM requested FtF-INVC to sign the contract on its behalf, while NASFAM directly contracted Tradeline Consult and Target Consulting.

Umodzi Consulting have already engaged with four Milk Bulking Groups (Machite, Lumbadzi, Magomero and Nkhweza) and three FUM cooperatives Tithese, Umphawi, Nambuma, and Mtapo. in documenting 3-year business plans, training in entrepreneurship and business plan development, organisational development, leadership, business and entrepreneurial skills development and record keeping. Umodzi Consulting has already submitted draft business plans for all seven entities. The Capacity Development Specialist and Grants Manager have already completed reviewing the 5 business plans. In June, the Grants Manager visited Mtapo Cooperative along with the Capacity Development Specialist, where Umodzi Consulting was conducting its training and observed the interactive nature of the training provided by Umodzi.

Tradeline Consult has been contracted by NASFAM to develop 3-year business plans for three of its Association Management Centres (AMC) (Lilongwe North, Namwera and Mchinji) and have begun their assignments. They will also train the AMCs in entrepreneurship and business plan development. Target Consulting will also ascertain organisational capacity gaps of three NASFAM AMCs (Ntcheu, Balaka, and Lilongwe South) and train to strengthen the performance of such entities.

Target Consulting will also do the same for 5 CADECOM associations: Lifidzi Smallholder Association, Ulimi ndi Chuma Smallholders Association, Dedza Smallholder Farmers Association, Golomoti Association, and Bembeke Association. This work is now underway.

SUB-TASK 3: SURVEY AND ASSESS INVESTORS' INTEREST

Two BSPs, Umodzi Consulting and Tradeline Consult, will also survey and assess investor interest in commercial activities of those entities for whom business plans will be documented.

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

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

This quarter saw very low deposits for Warehouse Receipts (WRS) supervised by ACE. A total of 160.28 metric tons of maize grain was deposited in two certified warehouses across the country. The main contributing factor for low commodity deposits during the quarter under review is that the key commodity, maize, is yet to come to market. In addition, expected collateral financing had not yet been signed up causing the slow issuance of WRs. Only First Merchant Bank (FMB) has signed an agreement with ACE for collateral financing for WRS. Four other banks, while they have shown interest, are yet to sign agreements. ACE with support from the FtF-INVC Secretariat managed to establish two regional storage facilities in Harare, Zimbabwe and is currently working hard to establish additional regional facilities in Mozambique. ACE facilitated a long awaited export trade during the quarter. A total of 1,080 metric tons of soya meal was exported to Zimbabwe and ACE has so far managed to receive part payment for the initial export of 210 metric tons. After conducting a series of trainings of brokers with intensive examinations, 24 participants emerged successful. Before the official kick off of their broker services, ACE organized an official certificate award ceremony for the successful brokers. This took place on 10th June. The event attracted participation of a cross section of stakeholders which included large buyers/processors, banks, government officials and representatives from other non- governmental organizations.

SUB-TASK 2: INVESTMENT PROMOTION TARGETING FTF-INVC VALUE CHAINS

BSPs have also been requested to do business plans for key value chain processes or activities. Along with FtF-INVC they will then attempt to attract investment interest in the more valuable business propositions.

COMPONENT 5: DEVELOPING LOCAL CAPACITY

During Quarter 3 a major organizational change program started at NASFAM. FtF-INVC provided professional human resource expertise to NASFAM on **the change management process** to build on the results of OCA. A number of organization development (OD) and capacity building tools were deployed, including setting up some of the critical OD events. NASFAM's first ever **Town Hall workshop** was attended by more than 100 NASFAM employees and succeeded in gaining support and enthusiasm from the staff for the change process. The **Core Corporate Identity workshop** engaged 20 staff who volunteered to champion the process of change in NASFAM. Most importantly, the NASFAM CEO enthusiastically embraced the Change Process and has volunteered to actively lead the changes within NASFAM. Earlier deployment of the Organizational Capacity Assessment was followed by more specific **financial capacity assessment in 8 organizations**, subsequently FtF-INVC engaged STTA expertise to provide hands-on guidance and **training on procurement management** and compliance to all the 8 partners.

In addition to the national level change events, similar efforts were also initiated at the district and EPA levels. Professional business plans for Farmers Associations were initiated during the quarter to begin the process of enabling farmer associations and cooperatives to take up their responsibility of becoming a true member-based organization.

TASK 1: DEVELOP MALAWI'S CAPACITY GOING FORWARD

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

During the quarter, FtF-INVC continued mentoring partners on grant management and financial reporting through meetings and individual coaching. The two FtF-INVC Grants Accounts regularly visited grantees to supervise and give timely advice on financial documentation and reporting procedures. In order to strengthen the financial documentation process, starting from field staff level, FtF-INVC trained 93 field level staff from all the 8 partners in field level financial management and documentation compliance. FtF-INVC also created an enabling partner interaction space for knowledge sharing by facilitating the formation of three Technical Working Groups (TWGs) for M&E; Marketing; and Agriculture Production. The Technical Working Groups comprise technical representatives from 8 partners who meet monthly to discuss, share and harmonize technical practices.

The project also held a consultative meeting with representatives from all partners including Chief Executive Officers, Program Managers, and M&E Officers. All eight partner organizations were represented and the objectives of the meeting were to:

1. Share progress on the resolutions made in the last consultative meeting;
2. Discuss experiences and progress in the collective marketing;
3. Share progress on nutrition program expansion to districts of Mangochi, Machinga and Balaka;
4. Discuss the 2015 FtF-INVC work plan development process

The meeting agreed that there have been significant improvements since the last consultative meeting in terms of communication between FtF-INVC and partners, and submission of technical and financial reports (quality and timing). The development of the 2014/15 work plan will adopt a consultative approach with all partners participating in the workshop, planned to take place in July.

SUB-TASK 2: BUILD ORGANIZATIONAL CAPACITY

FtF-INVC conducted a rapid financial capacity assessment of eight organizations as a follow-on to Organizational Capacity Assessment which was concluded in January and February 2014. The financial assessment looked at the organizations' financial procedures, financial controls, financial documentation, and financial reporting. Financial appraisal reports for individual organizations were produced highlighting financial management action plans to address the identified gaps. FtF-INVC team provides back-up support and coaching to partners in the implementation of the action plans. To strengthen the capacity in financial documentation procedures, around 93 partner field staff were trained in supportive documentation and compliance in financial reporting.

FtF-INVC monitored and facilitated implementation of capacity building action plans of its partners to address the organizational capacity gaps identified during OCAT. Almost all the partners started implementing the action plans on their respective domains in areas of governance, financial management; administration; program management; as well as leadership and team dynamics. In some cases, technical assistance was rendered to partners to support implementation of action plans.

Professional support for NASFAM has facilitated major organizational changes

FtF-INVC provided professional human resource expertise to NASFAM on the change management process using further capacity building tools to build on the results of OCA. For example, the Corporate Development Framework (CDF) tool was used for a holistic analysis of the Foundational, Directional and Operational issues of NASFAM as an organization. Thereafter, a series of workshops followed involving all staff levels representing various sections of NASFAM to discuss Change Management issues for NASFAM. These workshops included:

- **Town Hall workshop**
 - This workshop was attended by more than 100 NASFAM staff from both field and home office.
 - Among others, the workshop discussed “Why the need for change at NASFAM”; the processes to be used for change; and agreeing on mutual support from staff for NASFAM’s change.
- **Core Corporate Identity workshop**
 - This was participated by 20 staff who volunteered to champion the process of change in NASFAM.
 - The workshop discussed the concept of Core identity and the components that make it i.e. Vision, Mission, Culture, Core Values, and Strategic Intent. They started with participants defining characteristics of NASFAM that would help in describing its strategic intent.

The Chief Executive Officer (CEO) has enthusiastically embraced the Change Process; hence he has volunteered to actively “lead” the changes that NASFAM needs to undergo. This is an encouraging step forward towards attaining sustainability in driving change within NASFAM. FtF-INVC also supported a 3-day training course in Corporate Governance of the nine-person NASFAM Board of Directors. The training was done through the services of Malawi Institute of Management. The course covered: roles and responsibilities of board and executive management staff, role of board leadership; transacting board business and roles of board sub-committees.

FtF-INVC engaged another short term technical assistance to provide hands-on training and guidance on procurement management and compliance to all the 8 partners.

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

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

Two Technical Working Group meetings were held involving M&E Coordinators from NASFAM, MMPA, Nkhoma, FUM and ACE. During these meetings, M&E Coordinators and FtF-INVC M&E team discussed and harmonized data collection tools and approaches to be used. The FtF-INVC team made visits to individual FtF-INVC partners to conduct Data Quality Assessments (DQAs) at both national office and field level related to data collection and management. The Marketing Working Group represented by partners’ Program Managers and Marketing Officers also met twice where they discussed progress and mapped out areas for improvement in collective marketing.

FtF-INVC worked with ACE to enable it to offer multiple digital payment systems options to farmers and traders in settling contracts with ACE. ACE has now installed the digital payment systems and is the final testing with TNM's Mpamba, FMB's Makwacha card, and Airtel Money.

With this new capability, farmers and traders will now have the option to receive financing or final settlement of contracts from ACE via digital payments to either their phone or a bank debit card, eliminating the long and expensive trip to Lilongwe to pick up their money. At the next stage, ACE will then need to integrate this digital payment option with its field operations in coordination with its certified warehouses and partners such as Rab Processors' Kulima Gold outlets. This integration will require sensitizing farmers and traders on digital payment systems and money matters.

FtF-INVC is collaborating with the USAID's Mobile Money Acceleration Program (MMAP) to provide financial literacy training in partnership with ACE to selected field sites under NASFAM, FUM and CADECOM. FtF-INVC therefore organized a one day orientation training on Mobile Money and Financial Literacy training programme that MMAP will be conducting in partnership with ACE. Institutions like ACE, NASFAM, FUM and CADECOM attended this orientation training.

Realizing that most of the challenges in financial liquidation have been emanating from the field, FtF-INVC conducted financial management and documentation compliance training for field workers from all partners. In total 93 field staff were trained. The topics covered during this training include review of the expense report cycle; basic payment documentation; workshop/meetings documentation; documentation of salaries and vehicle hires; and authorized DSA rates.

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

FtF-INVC conducted a series of collective marketing awareness and training for farmers, lead farmers and association executive members in NASFAM, FUM and CADECOM target sites. This activity was done through engagement of STTAs in order to be within the market season schedule. FtF-INVC trained 1550 farmers in five farmers associations under Dedza CADECOM in aflatoxin Management. The objective of the aflatoxin training was to equip farmers with knowledge on the threats aflatoxin has on health and trade of groundnuts and how it can be controlled throughout the post-harvest handling ie maturity, harvesting, drying, stripping, storage, shelling, grading and sorting.

FtF-INVC supported an exchange visit of 50 Dedza CADECOM association executives to Bwanje Rice Farmer Cooperative in Ntcheu. The objective of the trip was to expose and enable Dedza farmer association executive committee members interact with counterparts on issues like: governance, cooperative management, business management, collective marketing, and crop production management, etc.

SUB-TASK 3: FACILITATE POLICY REVIEW AND ADVOCACY SUPPORT

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

1. Groundnuts Value Chain: *Assessing capacity gaps in the effective control of aflatoxin in the groundnut value chain.*
2. Dairy Value Chain: *Dairy farmers' climate change adaptation strategies, structural inefficiencies in addressing change in practices.*
3. Soya bean Value Chain: *Farmer perceptions and comparative preference on the Warehouse Receipt System (WRS): The case of soya bean trade in Malawi.*

Data analysis on the three policy studies and report writing are in progress.

CISANET with support from FtF-INVC also facilitated the constitutional formulation process for SOYAMA, DIDP and Groundnuts platform. The draft constitutions have been sent to a reputable legal firm for its input and finalization of the registration process at the Registrar's Office. This is one of the strategies for strengthening the capacity of these trade associations.

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

FtF-INVC conducted 19 sensitization meetings (7 in Mangochi, 6 in Balaka and 6 in Machinga) whose main objectives were to verify existence of group action committees (GACs)/chapters in all 18

EPAs under NASFAM in the three districts; and secondly to sensitize GAC members, GVHs, HSAs and AEDCs on the expansion of nutrition component of FtF-INVC project in the districts. A total of 738 community members (413 male and 139 female) attended. FtF-INVC conducted two training sessions for enumerators drawn from Reach Trust who were assigned to collect gender disaggregated data for June 2014 Child Health Days Campaign in Balaka, Machinga and Mangochi. A total of 34 enumerators were trained in how to capture CDH data using gender disaggregated forms.

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

FtF-INVC continued engaging Umodzi Consulting and Tradeline Consulting as Business Development Service (BDS) Providers to farmer associations and Milk Bulking Groups (MBGs). Umodzi Consulting trained members from 5 farmer cooperatives under Farmers Union and 5 MBGs under MMPA in corporate governance and business management skills. In total, around 200 executive members from these organizations were trained. Umodzi also facilitated the development of six Business Plans namely: Tidziwane and Nambuma Cooperatives (Lilongwe); Mtapo Cooperative (Mchinji); Magomero, Lumbadzi and Nkhweza MBGs in Lilongwe.

FtF-INVC signed an agreement with another Business Development Service Provider, Target Consulting, to provide training to CADECOM farmer associations’ leaders in Corporate Governance and Agribusiness. There are 150 executive members that have been trained from all the 5 Dedza CADECOM farmers associations namely Chafumbwa, Golomoti, Bembeke, Kanyama, and Ntakataka. Some of the topics covered during the training included: Governance and group dynamics; financial management; marketing; collective marketing; operations management and developing of Business Plan. Target Consulting is conducting a similar training to NASFAM’s Association Management Centres (AMCs) in Ntcheu, Balaka and Lilongwe South. The needs assessments carried out prior to the training revealed that the executive members had low knowledge and understanding of their roles and responsibilities in guiding associations to be business entities.

A third Business Development Service Provider is Tradeline which is providing Business Plans development and coaching, including institutional development training to Association Management Centres (AMCs) in Namwera (Mangochi), Mchinji, Machinga and Lilongwe North. See table 1 below on training summary.

Figure 27: Sessions in progress for Mtapo farmers’ Cooperative executive in Mchinji facilitated by Umodzi Consulting

