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SECOND QUARTERLY REPORT – FY 2013

FEED THE FUTURE

INTEGRATING NUTRITION IN VALUE CHAINS PROJECT, MALAWI

COVERING PERIOD: 1ST JANUARY – 31ST MARCH 2013

FINAL

April 2013

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AUTHORITY/DISCLAIMER

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SECOND-QUARTERLY PROGRESS REPORT FY2013

COVERING THE PERIOD JANUARY 1ST THROUGH MARCH 31
2013

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ACRONYMS

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

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

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

MALAWI INVC ACTIVITY OVERVIEW AND RESULTS

This document presents the *Integrating Nutrition in Value Chains* (INVC) project's second quarterly progress report for fiscal year (FY) 2013. This quarterly report covers the period from 1st January to 31st March 2013.

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

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

These goals reinforce Malawi's Poverty Reduction Strategy and USAID/Malawi's Strategic objective of promoting economic growth and food security. 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.

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. As such, this group remains vulnerable to economic and climatic swings.

This population representing the target beneficiaries shares the following characteristics:

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

INVC Target Districts

The focus on diversification into legume production (groundnut and soy bean) and dairy for their income generation, soil fertility and moisture enhancement and nutritional benefits determine INVC's geographic scope as those areas of Malawi suitable for these agricultural activities. The seven districts, spanning two regions (Central and South) and affecting

275,000 households, with highest potential for increasing legume and dairy production are: Mchinji, Lilongwe, Dedza, Ntcheu, Balaka, Machinga and Mangochi (See Figure 1).

RESULTS FRAMEWORK

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

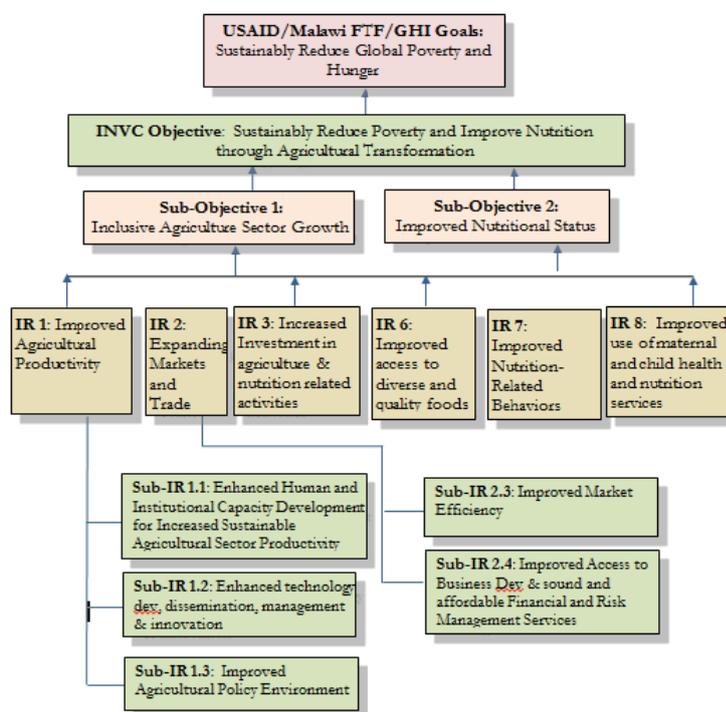
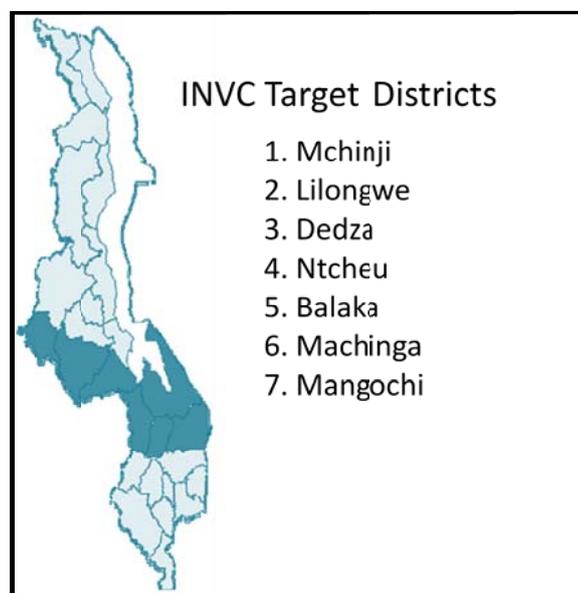
The five INVC components contain activities that are prioritized to achieve results in each IRs and Sub-IRs and maximize INVC contribution to the Mission objectives.

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:

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

All INVC activities will contribute toward achieving the following performance targets (see Table 3), 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 Feed the Future-INVC project team toward completing the tasks under the five components listed in Table 1. Highlights from the quarter include:

PROJECT MANAGEMENT:

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

1. A team of eight faculty and administration members from Michigan State University visited Malawi. Given that MSU is a partner (subcontractor) on the INVC project, the team spent considerable time at the office better understanding the project and progress made to date;
2. Field visits were made by USAID Malawi Mission to project sites in Mchinji, Dedza, Ntcheu, Balaka and Mangochi districts. The visit provided valuable feedback to the Feed the Future-INVC on project implementation especially on recommended agronomic practices;
3. Feed the Future-INVC in partnership with IITA held a field day at the Clinton Development Initiative site (Mpherero Farm) in Mchinji on 19th March, 2013. The field day provided the opportunity to showcase the new variety of soy bean called Tikolore, which is higher yielding with better storability. Tikolore has been identified as one of the best bet technologies in agriculture to be scaled up under INVC;
4. Compiled database of existing and potential beneficiaries (of partners such as a NASFAM, FUM, CADECOM and MMPA) by EPAs, group village headmen, and village headmen for the Feed the Future-INVC partners. Only those beneficiaries who are consistently farming on land size between 1-3 acres (0.5 to 1.2 ha) have been included in the database;
5. Baseline preparations for value chains commenced. Baseline tools were finalized, sampling frame developed and research assistants trained. The Baseline will be conducted by IFPRI in collaboration with Bunda College of Agriculture in the next quarter, after details are ironed out;
6. Four partners namely MMPA, CADECOM, IITA and FUM were awarded grants during the quarter;
7. One (1) INVC officer (The Agriculture Productivity Specialist) attended a Life of Project Environmental Compliance and Environmentally Sound Design Workshop at MIM from 11th to 15th March, 2013;
8. All Feed the Future-INVC partners participated in the five-day Financial Management training workshop which was organized by USAID Malawi Mission in Lilongwe from 25th to 28th March, 2013;
9. One (1) visit by ambassador Lane to Chiwamba Village in Lilongwe District on Feed the Future-INVC partner site in January, 2013;
10. Feed the Future-INVC participated in both the ASWAp and TSWAp meetings;
11. INVC staff attended the official launch of World Bank nutrition project where Her Excellence the President Dr. Joyce Banda presided over the function in Lilongwe;
12. Feed the Future-INVC attended in the USAID Malawi Mission synergy meeting;
13. INVC met with the team visiting Malawi to conduct the Belmont Analysis;
14. Feed the Future-INVC supported the launch of the African Women Entrepreneurs Program (AWEP) in January in support of women engaged in agribusiness and value chain development.

COMPONENT 1: ADVANCING VALUE CHAIN COMPETITIVENESS

Four tasks guide efforts to achieve results under Component 1. During the quarter, Malawi INVC program achieved the following:

1. Feed the Future-INVC conducted one (1) meeting on warehouse receipt system (WRS) which took place in Blantyre. The objective of the meeting was to make the business captains appreciate the importance of WRS and how they could use the system to advance their competitiveness while supporting the productive sectors;
2. The same meeting also provided opportunities for the various channel captains to meet with bankers and other players in the various value chains;
3. INVC also continued its efforts to support ACE to link the organization with banks and similar financial institutions to enable the sector to better utilize the WRS instrument. As such, meeting with Standard Bank as well as OIBM have advanced positively;
4. INVC further supported the participation of the Reserve Bank of Malawi in the Annual Conference of the Association of Futures Markets to enable Malawi to better engage and support trading of futures or forward contracts;
5. This Quarter also witnessed Charles Stewart (producers of day old chicks) procuring 160 MT of Maize utilizing warehouse receipts. This was after Feed the Future-INVC and ACE had addressed a group of business captains in Blantyre on the importance and advantages of warehouse receipts transactions, one of INVC's innovations.
6. Feed the Future-INVC shared with partners the groundnut balance sheet which was developed during the previous quarter.
7. Three (3) TOTs on groundnut harvesting and post-harvesting management were conducted in Mponela in Dowa district for NASFAM, Dedza for CADECOM and Nathenje in Lilongwe for FUM. A total of 117 field staff from partner organizations and AEDOs from MOAFS were trained who will in turn train lead farmers and farmers.

COMPONENT 2: IMPROVING PRODUCTIVITY

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

1. Production of best-bet technologies training manuals and flyers. The groundnut harvesting and post-harvest training manual and four flyers on harvesting, drying, storage and aflatoxin were finalized, produced and disseminated through partners. The soybean manual is being used in training in its draft form. The flyers and training materials were utilized during the TOT trainings led by INVC in partnership with various partners.
2. INVC actively engaged in the Training of trainers (TOTs) to impart technical skills and knowledge, and sharing of experiences, aimed at further training of Lead Farmers and farmers targeted by the project in year one. INVC partnered with the three implementing partners (NASFAM, FUM and CADECOM) to make the TOT training a reality for many participants so that they could quickly turnaround and utilize the information on the ground given that the messages and information had direct real-time value to farmers on the ground.
3. Several Field visits and field days were carried out. A number of field visits by INVC and partners were conducted to partner sites such as NASFAM, CADECOM and IITA crop fields. Several field visits and field days were conducted, some by

individual partners, to promote the best-bet technologies such as Tikolore soy bean, doubled-up legume, ridge spacing and planting station spacing.

COMPONENT 3: IMPROVING COMMUNITY CAPACITY TO PREVENT UNDER-NUTRITION

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

1. Development of the Behaviour Change Communication (BCC) Strategy finalized.
2. Proposals for Nkhoma Hospital and Pakachere Institute of Health and Development Communication finalized and submitted to USAID Malawi for review and consideration for funding.
3. Workshop for all partners to be involved in implementing nutrition and BCC activities held on 7th March 2013. The main objective of the workshop was to clarify the nature and scope of integrating nutrition in value chains and the care group model that will be used to deliver nutrition and BCC interventions. The outcome of the workshop was clear understanding, by partners, on their roles in the integration process. The care group model structures will be embedded in partner organizations whose core business is agricultural production namely: National Association of Smallholder Farmers of Malawi (NASFAM) and Farmers' Union of Malawi (FUM). Technical service providers, who have expertise in health and nutrition; and BCC namely, Nkhoma Hospital and Pakachere respectively have been linked with partners in agricultural production to deliver nutrition interventions and build their capacity in care group model in the process. In total, nine participants, four females and five males, from Nkhoma Hospital, Pakachere Institute for Health and Development communication, NASFAM and FUM attended the workshop. The participants comprised managers, monitoring and evaluation officers and field officers.
4. Different training materials/modules/guidelines (e.g. recipe book, backyard/kitchen, interpersonal communication, motivational interview) for capacity building of partners in nutrition and behavior change communication have been drafted. Consultations have been carried out between the Feed the Future Integrating Nutrition in Value Chains, Nkhoma Hospital and Pakachere Institute of Health and Development Communication to establish rollout plan for nutrition and BCC interventions.
5. Preparations for baseline of nutrition commenced. A list of EPAs, GVHs and villages where the evaluation is likely to be conducted has been produced.

COMPONENT 4: INVESTING IN INNOVATIONS

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

1. Four Grants were signed in the second quarter. The number of grants signed was higher than that in the first quarter of FY13.
2. Out of the total amount approved for partners in the second Quarter by USAID US\$ 545,000 was distributed to four grantees.
3. IITA, an INVC grantee contracted the production of Tikolore basic seed. The Tikolore breeder seed is showing good progress at Clinton Development Initiative site (Mpherero farm) in Mchinji.
4. Two partners leveraged their resources to participate in ACE supported Warehouse receipt program. A total of \$115,500 supporting ware house receipt program was injected into the system by Charles Stewart and OIBM.

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. Feed the Future-INVC facilitated TOT training workshops for 117 participants from partner organizations aimed at equipping them with knowledge and skills to pass on to lead farmers and farmers themselves to support value chain promotional initiatives.
2. Feed the Future-INVC facilitated the compilation of groundnuts production manuals, leaflets, fliers etc. These would act as quick reference and reminder during the training as well as during the actual field operations.
3. Management of aflatoxin was addressed through TOT training sessions. Partners were sensitized and equipped with knowledge and skills on how to reduce aflatoxin contamination. Partners are expected to impart such skills to lead farmers.
4. Capacity assessment of partners using USAID organizational capacity assessment tool (OCAT) was done to nine (9) institutions which are: ACE, Tradeline, CADECOM, MMPA, Nkhoma Hospital, MCCI, NASFAM, FUM and Pakachere Institute of Health and Development Communication.

CHALLENGES EXPERIENCED THIS QUARTER

1. The key challenges experienced during the quarter primarily highlighted the limited technical capacity of field officers from both implementing partners and government (AEDOs). The technical officers, who are presumed to be knowledgeable on the application of recommended agronomic practices to farmers are not as well versed. Through field visits, Feed the Future-INVC observed that in EPAs and sections managed by agricultural extension and development officers (AEDOs) most farmers were planting a single line of (CG 7) or soy bean in ridges spaced at 90 cm or more, and in planting stations that are far apart than the recommended spacing. Most AEDOs could not even calculate plant densities to help farmers appreciate the potential yield loss due to low plant densities. The Feed the Future-INVC project is addressing this knowledge gap through training of AEDOs and field officers as trainers of lead farmers who will in turn train smallholder farmers.
2. Much effort was also put on briefing partners and stakeholders to better understand the various interactions existing amongst partners of the project i.e. DAES, agro-dealers, seed traders, researchers, implementing partners and Feed the Future-INVC.
3. The other key challenge is lack of practical orientation in the training of extension workers, lead farmers or farmers by some project partners. The training modules used by project partners were basically theoretical with almost no practical or demonstration modules. The Feed the Future-INVC project therefore reviewed a number of training manuals and developed training manuals on groundnut and soy bean harvesting and post-harvest management with more emphasis on demonstrations and practical work. This is in line with adult learning principles, indicating that adults learn better when they do or practice what they learn.
4. Another key challenge which was experienced during the quarter primarily focused in the long time it took to finalize the grant agreement between IITA and USAID/Feed the Future-INVC project. This affected commencement of project implementation such as construction of storage facilities which will start the next quarter.
5. The key challenge experienced during the quarter primarily focused on finalization of proposals for Nkhoma Hospital and Pakachere Institute of Health and Development

Communication grants. The major issues mainly had to do with costing of planned activities and prioritization of the activities in line with the project period. Feed the Future staff met with Nkhoma staff seven times and Pakachere Institute of Health and Development Communication more than 4 times to provide technical guidance on the proposals.

6. The quality of the original proposals submitted was poor and remains a significant challenge for most partners, but especially for the two nutrition-related FTF-INVC grantees. The Nkhoma proposal, in particular, is representative of the poor capability of partners to write well. Their inability to conceptualize and bring ideas to paper and build a plan for implementation has been very challenging.
7. On staffing, Feed the future-INVC's Capacity Development Specialist, Wilson Kumwenda, left the project to join another development project in South-Sudan.
8. The last challenge this quarter was the inability of partners to gear up in implementing project activities especially MMPA who received funding in January, 2013.

KEY RESULTS THIS QUARTER

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

Feed the Future-INVC estimates that during this quarter, it contributed the following outputs toward the achievement of the targets (See Table 3). As Feed the Future-INVC further establishes itself in the communities across the zone of influence (ZOI), we expect its contribution toward the impact indicators to increase as well.

Table 3: Key Results - This Quarter

Applicable Performance Indicator	Outputs As of Dec 31, 2012	Outputs This Quarter	Total Cumulative
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	17	22	39
Number of members of producer organizations and community based organizations receiving USG assistance	15,365	21,047	36,412
Number of individuals who have received USG supported short-term agricultural sector productivity or food security training	162	360	522
Number of rural households benefiting directly from USG interventions	15,365	21,047	36,412
Total increase in installed (certified) storage capacity (cubic m)	98,633	12,400	111,033
Number of MSMEs, including farmers, receiving USG assistance to access loans	0	0	0
Number of MSMEs, including farmers, receiving business development services from USG assisted sources	0	0	0
Number of public-private partnerships formed as a result of FTF assistance	1	0	1
Value of new private sector investment in the agriculture sector or food chain leveraged by FTF implementation	25,000	115,500	140,500
Number of people trained in child health and nutrition through USG-supported programs	0	20	20
Number of children under five reached by USG-supported nutrition programs	0	0	0
Number of malnourished children under 5 referred to higher level services	0	0	0
Number of children under 5 screened for malnutrition	0	0	0
Number of new technologies or management practices made available for transfer as a result of USG assistance	-	3	3
Number of INVC partner organizations that have received grants	4	2	6

PROGRAM MANAGEMENT AND MONITORING

This section of the report provides a concise overview of project management and monitoring efforts undertaken by the project team to contribute toward achieving the overall project objectives. The primary focus of the project team during the quarter was to (1) facilitate the process to complete the project staff hiring, and (2) assist local partners in their effort to submit grant proposals and get programs started in a timely manner. These activities are discussed under the two tasks detailed below.

TASK 1: KEY PROGRAM MANAGEMENT ACTIVITIES

SUB-TASK 1: PROJECT START-UP

Activities under this sub-task were successfully accomplished. No additional activities are envisaged under this sub-task.

SUB-TASK 2: PROJECT LAUNCH

Activities under this sub-task were successfully accomplished. No additional activities are envisaged under this sub-task.

SUB-TASK 3: PROJECT IMPLEMENTATION/MANAGEMENT ACTIVITIES

FY 2012 Performance Monitoring and Evaluation Plan (PMEP)

The second quarter of FY13 saw a revision of the PMEP project document after some indicators were dropped whilst others were added. Also the PMEP was critically analyzed taking into effect the USAID Performance Indicator Reference Sheet (PIRS) which contained indicators whose definitions had to be adjusted to reflect how the indicators were actually being used on the ground. Wherever possible, new indicators were adopted based on the USAID PIRS definitions.

Environmental Mitigation and Management Plan (EMMP)

The EMMP report is still in draft form and Feed the Future-INVC will endeavor to make sure that it is sent to USAID once finalized. The report raises some of the environmental concerns which partners must take into account when implementing Feed the Future-INVC projects. The delay in the finalization was primarily due to need to integrate the Mission's PERSUAP. However, there were several issues in the draft PERSUAP that pointed to the need to conduct additional analysis and address additional issues prior to successful integration in the Feed the Future-INVC project activities.

Project Staffing

This quarter, three long term technical positions (value chain competitiveness specialist, operations manager and groundnut value chain coordinator) were successfully filled. On the other hand the position of local development specialist became vacant after the project lost the officer. INVC has already identified qualified candidates to fill this position.

Consolidation of the VAT Claims

The INVC administration and Finance office successfully consolidated and submitted the first VAT claim to MRA. In addition to the regular day to day support, the administration team also has been keeping track of such important activities as VAT recording and tracking in order to better consolidate the VAT Claims, prepare submission of the same to USAID and then to MRA.

SUB-TASK 4: PROJECT SITE VISITS AND FIELD TRIPS

As USAID/Feed the Future's flagship project in Malawi, INVC is mindful of its role in sharing project performance information and showcasing project activities. In the second quarter INVC facilitated six (6) field visits to partner sites. These included a field visit at Tidi Village, Chiwamba in Lilongwe on 14th January 2013 where United States Ambassador to the United Nations Food and Agriculture Agencies in Rome, Dave Lane, US Ambassador to Malawi, Her Excellency Jeanine Jackson, and World Food Program Acting Country Director, Baton Osman toured Feed the Future-INVC activities under NASFAM. The other five (5) field visits involved USAID Malawi Mission at FUM and Clinton Foundation Initiative sites in Mchinji, NASFAM sites in Ntcheu (Nsipe EPA), Balaka (Bazale EPA), Mangochi (Namwera EPA) and a visit by Her Excellency the USA Ambassador to Malawi at Chitsanzo MBG at Chimbiya in Dedza district.

Also the highlight this quarter was the visit by MSU delegation to FtF-INVC partner's establishments. MSU delegation comprised of faculty and administration staff, appreciated progress FtF-INVC was making in the implementation of the project.

The last field visit in the second quarter was the one which FtF-INVC in collaboration with IITA organized to show case Tikolore high yielding soy bean which has proved to be one of the best bet technologies in agriculture value chains under FtF-INVC project. This field day was conducted at Clinton Development Initiative site (Mpherero Farm) in Mchinji on 19th March, 2013.

Table 4: Feed the Future - INVC Organized Field Visits

No.	Visiting Team	Dates	Project	Partner Site
1.	Ambassador David Lane, Amb. Jackson, WFP country director and USAID/Malawi staff	January 14, 2013	Tidi Village, Chiwamba, Lilongwe North	NASFAM
2.	John Edgar, Martin Banda USAID/Malawi	19 Feb,2013	-Market Info Point/Solar Unit in BUCOW and -Visit to Local Farmer Clubs in Mchinji	ACE FUM
3.	Martin Banda USAID Malawi	5-6 March,2013	Nsipe (Ntcheu), Bazale(Balaka) and Masuku (Namwera)	NASFAM
4.	Ambassador Jeanine Jackson	20 Feb,2013	Chitsanzo MBG(Dedza)	MMPA
5.	MSU Team	6 March,2013	(Nsipe)Ntcheu and (Linthipe)Dedza	Africa Rising
6.	John Edgar, Martin Banda and Phyllis Craun-Selka USAID/Malawi	19 March, 2013	Mpherero Farm at CDI in Mchinji	IITA/DARS

SUB-TASK 5: DONOR COORDINATION

To foster synergy, reduce duplication, increase coordination, and contribute to development, Feed the Future-INVC participated in several workshops and meetings organized by donors, NGOs, partner projects, and government ministries such as the official launch of the World Bank Nutrition project by Her Excellency the President of the Republic of Malawi Dr. Joyce Banda in Lilongwe on 28th February 2013. Feed the Future-INVC also held a joint meeting with USAID and Save the Children International to review progress of the project and share challenges encountered. Several In addition, FtF-INVC also participated and contributed to various donor groups including the Technology Generation and Dissemination working group of the ASWAP, and Oilseed Products Technical working group under the TSWAP. INVC

also attended the Rural Livelihoods and Economic Enhancement Program (RLEEP) value chain mapping and analysis validation workshop held in Lilongwe. INVC further supported the Ministry of Gender, Children and Community Development to help launch the African Women Entrepreneurship Program (AWEP).

TASK 2: KEY MONITORING AND REPORTING ACTIVITIES

SUB-TASK 1: MONITORING AND REPORTING SYSTEM

Project Documents and Report Submission

Per contract progress reporting requirements to USAID on quarterly basis, so far two quarterly reports have already been submitted with the last covering the period ending 31st December 2012. Quarterly reports are compiled with output data from partners on the selected indicators.

Feed the Future-INVC is also collecting progress reports from its implementing partners both at monthly and quarterly basis. There are two types of reports which partners send to Feed the Future-INVC: technical as well as financial. In the technical reports partners explain how they have accomplished the agreed deliverables, the challenges they have faced and also the lessons they have learned. They also submit a plan of action for the following quarters. NASFAM, MMPA, IITA and ACE have so far submitted their monthly reports for Quarter 2 of FY13.

Data Collection Tool Development

The INVC M&E team started the development of data collection tools in alignment with the revised indicators. The tools being developed will be used to collect data at partner level. After this exercise, Feed the Future-INVC M&E team will visit partners to orient them on the revised indicator definitions and which ones to collect data on. Once this is done the partners will be asked to design easy to use field data collection tools which will feed into Feed the Future-INVC already developed tools. The designing of field data collection tools will act as capacity building to partners so that they learn how to design forms to collect quality data.

SUB-TASK 2: STRENGTHENING GRANTEE M&E SYSTEMS

The visit of Feed the Future-INVC M&E staff to our partners institutions to collect data at EPA/GVH/VH/beneficiary level, helped Feed the Future-INVC to strengthen the M&E systems of partners. Feed the Future-INVC observed that before this exercise, partners did not have a comprehensive record of the data disaggregated by GVH/VH and let alone at beneficiary level. NASFAM had some sketchy data but was not comprehensive enough to help with project activities such as baseline study. It is, therefore, encouraging to note that this exercise has made partners to update the records of their beneficiaries which they were not compiling. It was noted that partners used to serve the communities without necessarily knowing the number and distribution of beneficiaries by geographical location.

Designing Performance Indicators for Tracking by Partners

To enhance the tracking of each performance indicator, the M&E team facilitated process of separating output and outcome indicators. Since it is not possible to report quarterly performance of outcome indicators, a dashboard has been created. This dashboard is a set of output indicators per each outcome indicator. These outcome indicators will be tracked on quarterly basis using data for the output indicators so that the sum total of data for all output indicators for all the quarters will be used to report on the achievement of outcome indicators.

Organizing the 2013 First Quarter Training Workshop

The INVC M&E Team began the process of organizing an M&E training workshop with the view of bringing together all the M&E staff from partners. The training workshop will be used as a conduit to help partners understand the definitions of the Feed the Future indicators and their roles in this project. Some of the critical roles partners are supposed to carry out are designing field data collection tools, conducting data quality assessment on their field data, safe keeping of data and also monthly and quarterly reporting to Feed the Future-INVC. At this training workshop, partners will learn which indicators they are sharing and the successes of data quality. At the same workshop, partners will have a chance to interact and learn from each other in terms of challenges encountered and ways of addressing such challenges.

SUB-TASK 3: PROJECT BASELINE AND PERFORMANCE UPDATE

Feed the Future facilitated one (1) consultative meeting between consultants from IFPRI, Bunda College of Agriculture and partners on baseline study preparation. During the meeting partners reviewed the baseline tool, agreed on the potential respondents and provided input on the methodology including sampling frame. A group of 19 enumerators were also trained by IFPRI/Bunda College on baseline survey taking over a five day training event. Among other things, the enumerators went over the questionnaire and helped tighten it as well. So far a lot of preparatory work is at an advanced stage e.g. questionnaire/tool for the baseline study has been finalized. Consultants will provide a list of actual study areas (EPAs, GVHs, villages and a list of households).

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

Feed the Future Monitoring System (FTFMS)

Another notable activity is the reporting of data through FTFMS. This was done in Q1 of FY13 but after some queries were raised on some entries, corrections were done in Q2 of FY13. The next opening of the database is scheduled in May 2013.

Ministry of Health/Clinton Health Access Initiative (MOH/CHAI), Resource Mapping USAID Microenterprise Results Reporting (MRR)

The Microenterprise Results Reporting (MRR) is USAID's official system for collecting and reporting to the U.S. Congress on Agency-wide funding and results in terms of economic development at the micro-level. As a USAID funded project, Feed the Future-INVC is mandated to report on the project progress annually. Feed the Future-INVC submitted its report in January, 2013.

COMPONENT 1 – ADVANCING VALUE CHAIN COMPETITIVENESS

The competitiveness of most agricultural value chains in Malawi continues to be negatively affected by a lack of knowledge amongst stakeholders along the value chain, capacity, access to finance, institutional deficiencies, policy and regulatory interventions that have distorted the business environment, together with a lack of ability to embrace change. This has been exacerbated by the continued decline in the value of the Malawi Kwacha against major currencies, which has in turn increased the cost of production inputs including fertilizer, herbicides and pesticides, tools, agricultural equipment and processing materials. The cost of fuel and energy continues to rise, as do those for transport, tractors and factory operations. The intermittent access to foreign currency continues to hamper the procurement of inputs for the sector causing unnecessary delays in procurement, the tie-up of cash flow and an increase in transaction risks. In addition, the Government of Malawi is soaking up private capital by offering Treasury Bills at risk-free effective rates of 40%, driving up bank loan rates to a similar level or higher for higher risk agricultural loans. Prices of raw agricultural commodities into the market have not kept pace, making smallholder farming more risky than ever before. It is anticipated that the desire to export agricultural commodities into more lucrative markets in the region and abroad will continue, which complements the National Export Strategy announced by the Government of Malawi in November 2012.

TASK 1: INCREASE ACCESS TO MARKETS

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

Activities under this sub-task were successfully accomplished. No additional activities were undertaken this quarter under this sub-task.

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

INVC worked closely with ACE during the quarter to help the organization step outside of its “box” and expand into other spheres to attract more partners in the Warehouse receipt program. As a result, ACE and INVC organized a workshop targeting the private sector and financial institutions in Blantyre to go over the ACE warehouse receipt program and the forward contracting option soon to be available to interested parties. A total of 6 banks and 11 private sector players were actively engaged (see table below). This workshop resulted in opening the eyes of the key players such that since then interest in participating in the WRS has increased significantly. Last quarter, for example, warehouse receipts for a total of 160 tons of maize were sold to a private company. Others such as Carlsberg, Universal Foods, Maldeco as well as Charles Stewart are preparing to participate in the ACE space.

Table 5: Workshop on Warehouse Receipt, Blantyre – by Organization

Banks	Business community	Others
NBS Bank	Rice Milling Company	Nation Newspaper
FMB Bank	Trans globe	IBC Media
National Bank of Malawi	Mpatsa Holdings	Information Department
Standard Bank	Road Transport Operators Association of Malawi	WALA project
CDH Bank	Universal Industries	
FDH Bank	SOYAMA	
	Combine Cargo	
	Imani Consultants	
	ICD	
	MCCCI	
	Carlsberg	

In addition to ACE, Feed the Future-INVC also met with the Freight Forwarders Association based in Blantyre to encourage them to increase their participation in value chain improvement events since many have direct payload implications when exports to regional markets increase. INVC also met with the Road Operators and Transporters Association (ROTA) to link them with ACE to help better improve access for traders in the various market points.

ACE is increasing its trader network across the seven INVC districts and as such will continue to increase the need to transport commodities from producers to ACE certified warehouses and collection points. ROTA's network of transporters can be linked to the various producers and aggregators to better improve product and trade flow. ROTA also participated in the warehouse receipt program workshop to better understand the WRS. They are keen to be linked with ACE and will soon start sharing website links with ACE through ACE's Market Information Point (MIP) webpage.

The continued and expanded use of warehouse receipts in Malawi is crucial in ensuring that the agricultural industry receives additional financial stimulation and can go a long way in ensuring national food security as well as improved nutritional benefit through the improved quality of commodities in safe storage. At present, most of the focus is on maize as the primary product on warehouse receipts, but Feed the Future-INVC has clearly seen the need to expand this into other commodities as well and soy beans will be one of the newly targeted crops in the 2013 marketing season. It is highly unlikely that groundnuts will become part of the warehouse receipt system yet due to the prevalence of aflatoxin in the groundnut crop in Malawi. Feed the Future-INVC will however with its partners, investigate the possibility of crushing the nuts for oil, which if done correctly can significantly reduce the level of aflatoxin. If successful, this opens up opportunities to sell this oil not only into the local market, but into niche markets in the region as well. Whilst it is unlikely that results will be known in the coming quarter, nevertheless, efforts will be made to identify suitable equipment for this purpose.

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

Assessing Partners' Institutional Needs and Developing Tools for Planning and Management

INVCs Capacity Building Specialist did intensive analysis of the first quarter pre-award surveys of the organizational capacity of implementing and technical partners in this quarter. These results were presented to USAID in the January monthly meeting. The OCAT (Organizational Capacity Assessment Tool) was applied to CADECOM, ACE, MMPA, and FUM. Capacity building focal points were identified among the surveyed organizations. Individual meetings with the partner organizations were held throughout the quarter to orient strengthening plans where weaknesses were identified, with monthly group meetings of the available focal points.

Combined technical and capacity building meetings were used with CADECOM, FUM, and MMPA to work through implementation progress and priorities were used to reinforce the organizational need to align operational priorities with strategic objectives. For example, with MMPA, review of the breeding strategy showed that the incentives for Artificial Insemination (A.I.) technicians were upside down. They were being rewarded for the number of frozen semen straws and breeding visits performed, rather than being rewarded for

successful pregnancies. MMPA and CREMPA subsequently modified the incentive system, but it still falls short of re-orienting incentives to improve breeding success.

The Capacity Building specialist provided training on the professional standards for taking of meeting minutes to improve the productivity of project and project partner meetings. While this seems like a basic skill, INVC observed this to be a general weakness in meetings in Malawi that leads to miscommunication and failure to build a meeting agenda that builds on priorities and commitments from prior meetings.

INVC staff also worked with each implementation partners and prospective technical and BDS partners on issues that related to their core service areas. Meetings were held in grantee applicant offices on improvements to their costing of service provision, identification of core skills and service capacity, buying-in of available non-core services rather than attempting to build them internally at high opportunity costs, identification of markets for their services beyond INVC or donor projects, and better definition of the value proposition that they offer to clients.

Strengthening the National Dairy Industry through a Unified Platform

The Dairy Industry Development Platform met twice during this quarter in late-January in Lilongwe and in mid-March in Blantyre. The government, dairy producer organizations, academics, service providers, and NGOs are represented at these meetings, there is lower than hoped for participation by dairy processors in these meetings. Part of the issue, when meetings are held in Lilongwe, is that the largest part of the dairy processing industry is located in Blantyre. The second issue is that the meeting organizer for DIDP is CISANET, which serves as the temporary secretariat. INVC and CISANET staff are working to increase dairy processor participation in these meetings to ensure that there is a greater discussion between producers and processors on the core issues facing the dairy industry: low producer productivity leading to a high cost of milk production leading to high consumer prices that constraint consumption; high foreign currency content of milk product processing and distribution that places processed products mainly in the reach of middle class and upper class consumers; poorly structured dairy development projects; and outdated government policies and regulations.

The DIDP meetings bracketed the Consultative Review Meeting of the Milk and Milk Product Act held in Salima from February 5-8. The DAHLD convened this meeting, and the process was telling, because the core department in the MoAFS concerned with livestock development, did not have contact points and email addresses for important stakeholders, such as Dairy Board, SunCrest Dairies, the National Resource College, Farmers Union of Malawi, among several others. The consultative review meeting was not organized in a consultative manner. The core documents were sent to participants primarily by relay through DIDP and projects only a week before the meetings, arriving at stakeholder locations a few days before the meeting. Few private sector processor representatives attended, after seeing that the draft legislation was mainly a compilation of past acts and modifications, and noting that the agenda was vague and unlikely to justify their opportunity cost for travel and an extended stay in Salima. The communications gulf between the Government and the dairy industry is troubling. It underlines the need for an effective DIDP, but also suggests that simple representation of the DAHLD at DIDP meetings does not empower that representative to engage the industry at the policy level.

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

Dairy Value Chain

Processes to procure modern equipment for improved milk testing at MBG's were initiated by MMPA. The supply of the initial four electronic milk testing machines to a milk bulking centre will greatly improve the quality of milk supplied to processors by eliminating testing errors generated by inefficiencies in current test methods, being used by both MBG's and processors. One (1) DIDP meeting was held on 29th January 2013 where partners agreed to mobilize the harmonization of food quality and safety standards and regulations being enforced by the Malawi Bureau of Standards (MBS), Department of Animal Health and Livestock Development, Ministry of Health and City Assemblies. Duplication of efforts by these regulatory institutions increases compliance costs arising from too many inspections and license or certificate applications. Additional work will be undertaken with a view to harmonizing/standardizing requirements in order to reduce unnecessary costs. DIDP plans to facilitate the completion of the development and adoption of the 2006 drafted MBS Standard for the Dairy Cattle Feeds Specification (DMS 416:2006) in quarter 3.

Groundnut value chain

Feed the Future-INVC partners helped in dissemination of the learning materials e.g. FUM reproduced 10 Groundnut training manuals, 180 flyers on four topics of g/nut harvesting (English and Chichewa), drying, storage and aflatoxin. NASFAM produced and distributed 6,000 pre and post handling bulletins for soy beans and another 6,000 for groundnuts in the vernacular (Chichewa).

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

With the support of Feed the Future-INVC, this quarter several successful partnerships and linkages were established. INVC played a crucial role in bringing Carlsberg, Malawi and the region's largest brewery, to the ACE space in order for the two organizations to begin collaboration and business partnership. As a result of this linkage, Carlbergs has agreed to procure its grain requirements from the Exchange. The details of this partnership and industry/business linkage will be ironed out next quarter.

In addition to Carlsberg, INVC also played a critical role in forging partnerships between ACE and Charles Stewart (day old chicks) and Universal Foods. These two organizations/businesses have already begun procuring warehouse receipts for maize this quarter, while making preparations for other commodities including soybean next quarter. Linkages between ACE and other key players such as transporters and freight forwarders were also forged during the quarter. As mentioned earlier, both the Freight Forwarders Association and the Road Operators and Transporters Association (ROTA) are now organizationally linked with ACE to help both sides better collaborate in moving the value chains improvement goals forward.

TASK 2: INCREASE VALUE CHAIN EFFICIENCY AND VALUE ADDING OPTIONS

SUB-TASK 1: CONDUCT ASSESSMENTS OF VALUE ADDED SECTOR

Dairy Value Chain End Market Analysis

The Dairy Value Chain Review findings disseminated to dairy value chain actors in the first Quarter were used by the industry in the review of the amended Milk and Milk Products Act.

The Act review process is on-going and the INVC findings provided insights on the industry performance trends. The industry is debating whether to legalize sale of raw milk in urban areas. The current Milk and Milk Products Act prohibits the sale of unprocessed milk in all urban areas. The regulation aims to promote milk processing in the major milk production sheds and at the same time safeguard public health in the densely populated urban areas. INVC participated in the validation of the mapping of the dairy value chain conducted by the government Rural Livelihood Economic Enhancement Program (RLEEP). The first national milk balance sheet developed by INVC was used by RLEEP to track milk production, marketing and consumption. The Dairy Value Chain Review findings will be correlated with benefit/cost analysis of production, aggregation, processing, and marketing choices to inform the industry development strategy formulation and to benchmark the financial sustainability of MBGs and other dairy enterprises in INVC Quarter 3.

Groundnut Value Chain Balance Sheet Analysis

The balance sheet for groundnut which was developed in the previous quarter was shared with partners and relevant stakeholders in the industry to help them better understand their value chain and the roles of the various players in the channel.

Soy Bean Value Chain Balance Sheet Analysis

The balance sheet for soy bean which was developed in the previous quarter was shared with partners and relevant stakeholders in the industry. The second quarter saw an update of soy bean balance sheet on soy bean meal and informal trade. The soy bean balance sheet was also presented to SOYAMA in Blantyre in a workshop which was organized early March, 2013.

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

Processing Technologies

After meeting with the U.S.-based Insta-Pro International Team last quarter in December 2012, INVCs COP and VC Competitiveness Specialist met in January with two processors of maize, soybeans, groundnuts, and potatoes to link them to Insta-Pro as the companies consider introducing new extrusion lines to meet international standards for traditional and new fortified foods and new products from groundnuts. Additional assistance was provided in one company's search for transportable starch processing equipment to provide intermediate raw materials for fortified food production. In February and March, the VC Competitiveness specialist consulted with groundnut processors on their search for industrial solutions to reduce aflatoxin levels in process products.

Animal Feed

In January and February the Dairy Value Chain Specialist and the VC Competitiveness Specialist were asked to assess a liquid dairy feed introduced to the industry through the DIDP. The assessment suggested that additional trials were needed to determine if there was a gross margin benefit from its use.

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

The extension of bondable warehouses into rural areas via the ACE grant continued to be the major focus of effort in this quarter. Two new sets of stresses required the COP and the VC Competitiveness Specialist to help ACE identify solutions. The first stress was a severe wind event that sheared off the roof of one important trading center warehouse. ACE managed the emergency transfer of stock, and INVC suggested alternatives to upgrade engineering

standards for the rural warehouses. The second stress was the huge spike in maize prices in February and early March, which led to very intense community pressure in one rural warehouse to break the warehouse receipt contract in order to sell maize directly to repay their loan. INVC worked with ACE to identify a remote surveillance system and stock control procedures to ensure that corrective actions could be taken and that ACE develop a system to track price triggers that might lead to similar price pressures in the future.

As is reported under Agricultural Productivity portion of this quarterly report, postharvest handling and storage training manuals were developed and used to train trainers, lead farmers, and farmers in improved post-harvest handling and storage options. The VC Competitiveness Specialist and the Agricultural Productivity Specialist found that essentially all available postharvest training and storage materials were inadequate to the task of transferring practical, hands-on, and financially viable alternatives to farmers. While good outlines for the topics existed, none of the existing materials provided good alternatives and practical demonstrations for crop maturity determination, threshing and drying options, moisture content determination, or storage practices. INVC encountered unexpected resistance to the incorporation of practical, hands-on demonstrations in the field of alternative techniques from expert trainers of trainers who are accustomed to only doing theoretical and paper based training. No extension training materials contained basic information on material lists, likely useful lifespans, or costs and benefits of the handling and storage options. While we were not able to fully bridge these gaps for this harvest and marketing season, we are working with grantees to collect the information to fill them for the 2014 harvest season.

TASK 3: INCREASE ACCESS TO CREDIT AND FINANCE

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

During this quarter the VC Competitiveness Specialist met with South African Trade Hub staff to discuss how to access their assistance to address the professional liability insurance gap in Malawi that constrains both the expansion of the warehouse receipt program in Malawi and the use of warehouse receipts in regional trade.

Additionally, INVC supported the participation of the Director for Microfinance and Capital Markets of the Reserve Bank of Malawi (RBM) in the Conference for Association of Futures Markets (AFM) hosted by the Johannesburg Stock Exchange (JSE). The conference was held in Johannesburg from February 27 through March 1 of this year. The conference provided a strong grounding in commodity exchanges and futures markets. The event also provided the opportunity to hear from practitioners on their experiences vis-à-vis exchanges and structured trading. As a result of the participation, the participant has already made recommendations to the RBM that the Registrar of Financial Institutions take action in support of ACE efforts on the ground in Malawi. INVC plans to pursue this further next quarter.

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

Work was intensified in this quarter to mobilize loan funds from banks to support warehouse receipting and forward contracting for maize and soybeans. Working in concert and individually with ACE we met with MBS Bank, FMB Bank, the National Bank of Malawi, Standard Bank, CDH Bank, FDH Bank, and OIBM to assess market potential and risk for these instruments. In addition, we met with individual processing companies to discuss how they could link their plans for backwards integration of smallholders with third-party or owned warehouse facilities with inventories financed through warehouse receipts.

The COP and VC Competitiveness Specialist also met with a DCA consultant to discuss bank qualifications and experience with smallholder finance and warehouse receipts and explored a linkage with OPIC on financing of agricultural projects.

TASK 4: FOSTER BUSINESS ENABLING ENVIRONMENT

SUB-TASK 1: STRENGTHEN VERTICAL COORDINATION AND TRUST

Activities under this sub-task have begun in earnest. Several meetings were conducted with private players such as transporters, processors, banks, and similar business service providers all operating in isolation in the same space. FtF-INVC brought them together to help them learn to better communicate and collaborate given that growth in the soybean sector for example had the possibility of affecting growth of their individual business as well. As result of the meetings, many of the players have come out of their “cocoons” to collaborate with others. Already, SOYAMA is thinking about engaging Pakachere to help them market soy sales. Pakachere is a service provider specializing in consumer behavior change communication and is well poised to offer its services to commercial companies as a strategy to expand its business.

Another example put forward this quarter is the linkage between Nkhoma Hospital and NASFAM and FUM. The linkage supports the integration of the delivery of nutrition and health information and messages to beneficiaries at the community level. The linkages with partners such as NASFAM and FUM, who are farmer-member based organizations with reach to households, provide an efficient mechanism for Hospitals to deliver its technical information and messages. This has “saved” Nkhoma Hospital, for example, from expending precious resources and effort to mobilize, organize and prepare communities to receive health and nutrition related information and messages. FtF-INVC’s integration approach promotes not only collaboration and partnership but also strengthens opportunity to improve efficiency in delivery of technical support to households.

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

This quarter, activities under this sub-task mainly focused on addressing policy advocacy issues related to dairy. As such, two Dairy Industry Development Platform meetings were held on 29th January 2013 and 13th March 2013. MMPA was supported to host the first meeting while the second was held in Blantyre to facilitate participation of the value chain stakeholders based in the southern region. DIDP reviewed stakeholder feedback on the INVC Dairy Value Chain Review findings presented to the platform in December 2012. CISANET will work with DIDP technical working groups to be instituted to lobby government for the setting up of a Dairy Board as required by the Milk and Milk Products Act and abolishment of the 3% withholding tax on milk sales and import duty on semen. One of the major immediate tasks for the DIDP is to formulate a long term national dairy industry development strategy. In quarter 3, with INVC support DIDP will target achievement of regulatory changes, facilitate the review of breeding policy versus import of dairy stock, institutionalization of Dairy Board and actively participate in the review of the Milk and Milk Products Act.

COMPONENT 2: IMPROVING PRODUCTIVITY

This subsection of the quarterly report briefly summarizes progress made by the Feed the Future-INVC project team toward completing the tasks under the five components listed in Table 1. Highlights from the quarter include: Across the three Feed the Future-INVC value chains – soy bean, groundnuts and dairy – Malawi’s per unit productivity remains well below world levels. In each respective value chain, this low productivity is attributable to a number of factors. Productivity and profitability will be improved through increased availability of inputs, better crop management and expansion of extension support.

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

SUB-TASK 1: INCREASE/STRENGTHEN SEED SUPPLY

Much of this quarter’s effort on strengthening seed supply has focused on Tikolore soy bean variety seed production and showcasing the same to seed producing companies and seed traders. The USAID/Feed the Future-INVC project in partnership with CDI and IITA-Malawi organized a field day with the purpose of informing key stakeholders, i.e. seed producers, about this new superior soy bean variety known as Tikolore (See Figure 5 below). The field day was conducted on March 19, 2013 at Mpherero Anchor Farm in Mchinji. The field day showcased Tikolore seed production fields, provided opportunity for sharing experiences on best agronomic and crop husbandry practices and to share with Malawi’s seed producers the promise of this new superior performing promiscuous soy bean variety for the upcoming production season. Tikolore is early maturing (about 102 days), yields about 2.2 MT/ha which is 15% and 30% higher than Nasoko and Magoye soy varieties respectively. The field day also created opportunity for experience sharing among various key actors and stakeholders such as seed companies (Demeter Seed, Pannar Seed, Seed Co); farmers’ organizations (NASFAM, FUM, CADECOM); development partners (USAID); regulatory bodies (STAM); agro-dealers; Ex-agris Africa; officials from MoAFS—DARS and DAES; researchers from Chitedze Research Station and IITA; agro-dealers and lead farmers.

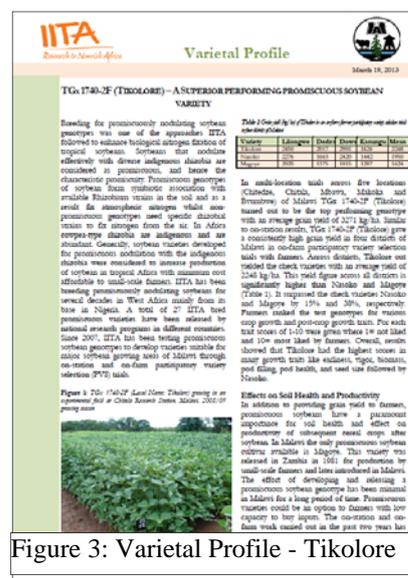


Figure 3: Varietal Profile - Tikolore

The IITA-Malawi produced and supplied 500kg of breeder seed of Tikolore (TGx 1740-2F) to Clinton Development Initiatives under contract farming. CDI planted the seed on 10 hectares of land and it is expected to harvest 20 MT of basic seed which will be supplied IITA-Malawi. IITA in turn will sell the basic seeds to private seed companies for further production of certified seed. This sale will kick-off the “soy seed revolving fund” managed by IITA and DARS. Already seed companies such as Funwe Farms have requested for basic seed for off-season production of Tikolore so that certified seed is available for smallholders for planting in November/December 2013.

NASFAM through the Improved Rural Livelihoods through Integrating Nutrition in Value Chains project distributed 147 MT of soy bean smallholder farmers in the six districts. The beneficiaries will pay back double the quantity of seed they received for passing on to the next cohort of beneficiaries under the seed pass-on scheme.

Soy Seed supply and multiplication

The project procured 285 MT of certified soy seed through its implementing partner, NASFAM (See Figure 6); 147 MT was distributed to its targeted beneficiaries. This represents a 45% achievement rate. Rains started earlier than anticipated in most INVC targeted districts and potential beneficiaries had already allocated land to different crop production varieties (maize, beans, tobacco). Therefore, most of the basic seed was distributed to farmer trainers and it is expected that a total of 99.75MT certified soy seed will be made available among INVC target areas in the 2013/2014 season. The total soy bean left over stock of 122.363MT will be fumigated and stored for use in the next growing season.



Figure 5: Certified Soy bean Seed Distributed by Agricultural Marketing Centers (AMCs)

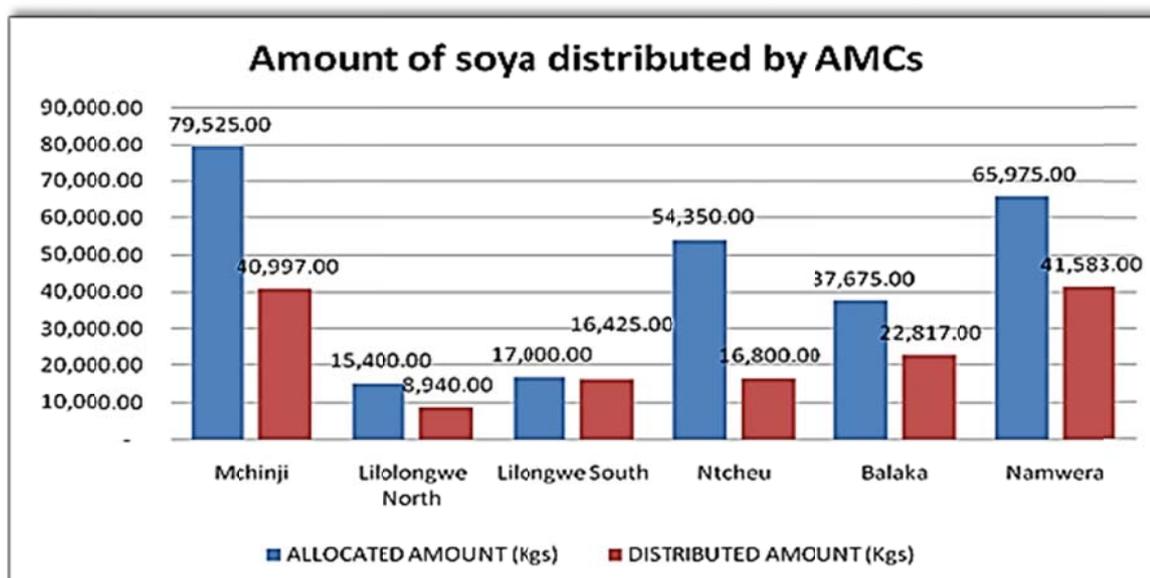


Table 6: Summary of NASFAM Quarter 2 Deliverables

INDICATOR TARGET	ACHIEVED	VARIANCE
10 000 farmers sensitized	21,270 minimum	11,270
32,600 beneficiaries	19,409	13,191
1,167 new clubs	1,574	(407)
Seed Operational guidelines developed	Done	Nil
285 MT soy seed procured	239.075MT	45.925MT
285MT Soy seed distributed	147.562MT	137.438MT

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

With support from the Feed the Future-INVC project the IITA established a cost centre (5516) for the project, which will be used to manage the revolving fund scheme and all other funds receivable under the project. The aim of establishing a cost centre for the seed revolving fund scheme is to sustain production of basic seed. Specifically, the fund will be for the purpose of buying back the contracted basic seed from individuals/entities on an annual basis. Proper management of the fund entails a sustainable availability of improved certified soy bean seed every growing season. Through the revolving scheme the INVC project envisages that by 2014, a total of 32,000 MT of Tikolore soy bean seed should be made available to targeted smallholder farmers.

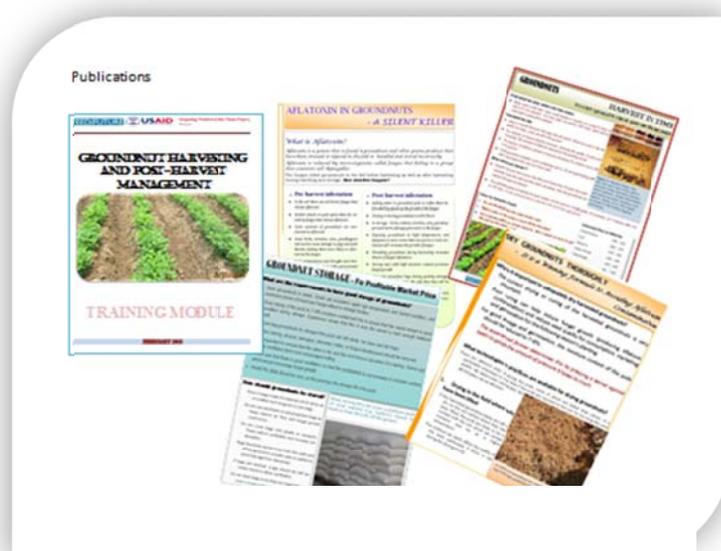
TASK 2: INCREASE ACCESS TO NEW TECHNOLOGY AND MANAGEMENT PRACTICES

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

In this quarter INVC supported the training of partner field officers and government extension workers (AEDOs) in the Ministry of Agriculture and Food Security in the INVC zone of influence districts of Mchinji, Lilongwe, Dedza, Balaka, Mangochi and Machinga. These extension workers were trained in groundnut and soy bean harvesting and post-harvest management. A total of 117 extension workers have been trained from NASFAM (41), CADECOM (41) and FUM (35). During the training, extension workers accessed information on best bet technologies to increase g/nut and soy bean productivity, contained in training manual and flyers.

Production of training manuals and flyers:

The INVC project has supported compilation and production of best-bet technologies training manuals and flyers. The groundnut harvesting and post-harvest training manual and four flyers on harvesting, drying, storage and aflatoxin were finalized, produced and disseminated through partners. The publications provide precise information that would guide the smallholder farmer to do the various harvesting and post-harvest operations in a more effective way to increase productivity and competitiveness. The picture in Figure 6 below shows these documents: Groundnut Harvesting and Postharvest Management - Training Module, Aflatoxin in groundnuts - A Silent Killer, Groundnut Storage - For Profitable Market Price, Groundnut - Harvesting in Time, and Dry Groundnut Thoroughly.



INVC partners helped in dissemination of the learning materials e.g. FUM reproduced 10 Groundnut training manuals, 180 flyers on four topics of g/nut harvesting (English and Chichewa), drying, storage and aflatoxin. NASFAM produced and distributed 6,000 pre and

post handling bulletins for soy beans and another 6,000 for groundnuts in the vernacular (Chichewa). And IITA produced and distributed Tikolore Variety Profile flyers.

Best-bet Technologies Promoted:

The INVC project promotes best-bet agronomic technologies in groundnut and soy bean value chains aimed at increasing productivity. Table 6 below summaries the technologies and practices promoted.

Table 7: Agronomic Technologies and Practices Promoted

	What message is given to smallholder farmers?	
Best-bet Technology	Groundnuts	Soy bean
Application of phosphorous fertilizer	Apply (micro-dose) for pod formation and nitrogen fixation	Apply (micro-dose) for pod formation and nitrogen fixation
Ridge/Row spacing	60 cm ridge spacing / 45 cm row spacing	60 cm ridge spacing / 10 - 15 cm row spacing
Double row per ridge	For increased plant density and yield	For increased plant density and yield
Planting station spacing	7.5 - 10 cm (bunchy type) 10 - 15 cm (semi-bunchy type)	2 - 5 cm between planting stations
Time of planting	Plant with first planting rains	Plant with first planting rains
Planting certified seed	Plant CG 7, Chalimbana, Nsinjiro	Plant Tikolore
Weed management	Ensure weed-free fields	Ensure weed-free fields
Seed treatment	Fungicide treatment of seed	Rhizobia inoculums
Doubled-up legume	Intercrop groundnut with pigeonpea	Intercrop soy bean with pigeonpea
Conservation agriculture	Intercropping and organic ground cover or cover crop	Intercropping and organic ground cover or cover crop

Feed the Future-INVC project will embark on documenting training materials on some of these technologies and practices during the next quarter, April - June 2013.

Soy Bean Harvesting and Post-Harvest Training Manual

INVC has developed a soy bean post-harvest training manual and flier to be used by the trainer of trainers (TOTs) during first and second tier training of its target beneficiaries to be reached through its implementing partners and government systems such as the AEDOs. The training materials capture the up to date best bet farming technologies used by farmers in order to boost soy bean productivity, value addition methods and further reduce post-harvest losses.

Soy Bean Harvesting And Post-Harvest Training

The project has trained 26 (8 females) association field officers , 15 (5 females) AEDOs and 675 (245 females) field trainers (FTs) in soy bean seed management including usage of inoculant through its implementing partner, NASFAM.



Members were trained on soy seed best bet agronomic technologies at pre-harvest and post-harvest stages. These members will further train farmer beneficiaries on these best bet agronomic practices. Farmer trainers remain in close contact with farmers and provide their support through on-farm demonstrations and field days which are organized jointly with association field officers (AFOs) and partners in the area. Training efforts on soy bean pre and post-harvest management for FUM members were in final stage to be reported in the next quarter.

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

MMPA conducted an assessment of its artificial insemination (AI) service in Bua, Magomero, Lumbadzi, Nathenje and Nkhweza MBGs and observed that 2 out of the 8 trained artificial insemination technicians had no artificial insemination (AI) kit and that government trained technicians services were not well linked to MBGs. MMPA will source additional AI kits, formalize government AI technician link to MBGs, conduct a refresher AI training and involve Department of Animal Health and Livestock(DAHLD), Mikolongwe Veterinary School to train additional AI technicians in Quarter 3. MMPA sourced a liquid nitrogen production plant and dedicated its 80% utilization to the program and with Feed the Future-INVC support started to provide liquid nitrogen for storage of semen to AI technicians at no cost, to ensure availability of an affordable AI service to farmers. With technical support from Feed the Future-INVC MMPA introduced changes on the AI technician bonus payment where a K250.00 bonus will be paid per successful conception. Previously the AI technicians were paid bonus for delivering the AI service regardless of the whether the animal conceives or not. Feed the Future-INVC noted that this was subject to abuse as payment was not linked to performance which greatly affected the farmers. Low conception rate greatly affects herd productivity and is associated with poor semen quality, a lack of AI equipment, an inadequate number of AI technicians, an irregular supply of semen and liquid nitrogen and lack of incentives for farmer AI technicians.

Seven (7) demonstration farms were established where dairy farmers will be learning proven management practices in dairy sector and seven (7) lead farmers were identified as facilitators on recommended dairy management practices. Five (5) campaign meetings with zebu owners were done in all five (5) MBGs in Bua, Magomero, Nkhweza, Nathenje and Lumbadzi. A total of 221 farmers participated (61 females and 161 males). The main objective of the meeting was to mobilize dairy farmers to participate in the project. MMPA held one (1) coordination meeting with the Department of Animal Health and Livestock Development at the Extension Planning Area (EPA). Eight (8) livestock extension officers from 5 EPAs participated in a meeting with MMPA whose main objective was to review and adopt the use of dairy management practices that have been proven to be effective.

SUB –TASK 3: ESTABLISHING DEMONSTRATION FARMS FOR HANDS-ON TRAINING

35 Lead farmers were identified in Bua, Lumbadzi, Magomero, Nathenje and Nkhweza MBGs and additional lead farmers will be identified in these MBGs. A ratio of one lead farmer to 25 farmers is being used in the selection of the lead farmers. Farm units of the identified lead farmers will be used as demonstration farms and where required improvements will be done to the identified animal housing and handling structures. Feed the Future-INVC will begin its training program for farmers by establishing these demonstration farms in each MBG under the project. Siting of the demonstration farms will be determined through the MBG itself, utilizing lead farmers as identified by MBG management in consultation with MMPA. INVC will train and assist the selected lead farmers to incorporate

new technologies into their production systems and improve their performance and efficiency.

The lead farmers units will then become hands-on training centers where other farmers from the same location will view new technologies in operation at first-hand, and, on similar environment from their own, underscoring that such improvements are attainable. This learning environment will also foster interaction and information exchange between members of the group and, create an atmosphere of mutual encouragement among members. MMPA partnership with Katete Dairy Farms where farmers are attached to the commercial for practical training is one example of a type of demonstration farm approach. Siting of demonstration farms at MBGs and close to the smallholder farmers will provide an advantage of reaching more smallholder farmers than the current arrangement with Katete Dairy Farm where only 6 farmers are trained in a month.

SUB - TASK 4: IMPROVE HERD GENETIC CHARACTERISTICS AND INCREASE NUMBER OF DAIRY ANIMALS TO INCREASE MILK AVAILABILITY

MMPA as a dairy implementing partner started the process of intensifying artificial insemination services and preparations for the establishment of cross breeding units. A total 545 zebu cattle being kept by 377 farmers were identified and registered to participate in the cross breeding program. The identified farmers include 135 non-MBG members and this provides opportunity for MBG membership expansion. Table 7 below shows a summary of number of farmers and animals identified in 5 MBGs.

Table 8: Number of Farmers and Zebu Animals Identified in 5 MBGs

MBG	Number of Farmers		Number of Zebu Animals¹	
	MBG Member	Non - members	MBG Member	Non - members
Lumbadzi	21	36	49	105
Magomero	34	19	35	25
Nkhweza	9	14	9	14
Nathenje	48	31	64	115
Bua	33	35	75	54
Total	145	135	232	313

Note 1 - Herd structure not yet established hence number of animals may include males. Cattle herds mostly comprise of females and about 9% are males.

Cross breeding program activity awareness was conducted in all the initial 5 MBGs and members participated in the meetings. Sites for establishment of cross breeding units in the five MBG were located. The initial five units will have facilities that will be used to house pure breed dairy bulls that will complement the artificial insemination service. Use of the bull will be effective in servicing newly identified zebu cattle. Katete Dairy Farm was identified to supply the required five pure breed bulls and animals. The procurement process of the bulls and their management will follow a stringent procedure to ensure purchase of good and healthy 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's effort focused on holding meetings with implementing partners and government officers during which partners were assisted to understand the linkages and roles of the various components and stakeholders of the FtF-INVC program.

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

Through a partnership with ACE, FtF-INVC has assisted in the increase in the use of ICT products by providing the necessary hardware to enable ACE to set up Market Information Points (MIP's) in areas where electricity is not available. Through its MIP, ACE provided access to additional information on such topics as good storage practices and what constitutes good storage. This work will continue and efforts are continuing to find ways to increase and improve the information available at these points to include not only price and market information, but to extend this to agronomic practices for planting and post-harvest handling techniques, to name just two. Over time, this could be expanded further to incorporate new developments from IITA, NASFAM, FUM, CADECOM and others for example.

TASK 4: PROMOTE RISK MITIGATION EFFORTS

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

The INVC Agricultural Productivity Specialist was involved in a training workshop on Life-of-Project Environmental Compliance and Environmentally Sound Design and Management (ESDM) of Projects organized and financed by USAID at the Malawi Institute of Management. The overall goal was to strengthen environmentally sound design and management of USAID funded activities in Malawi by assuring that participants have the motivation, knowledge and skills necessary to (1) achieve environmental compliance over life-of-project, and (2) integrate environmental considerations in activity design and management to improve overall project acceptance and sustainability. During the next quarter the INVC project will orient partners on ESDM to ensure that project implementation complies with the requirements and regulations as provided for in the USAID Policy on Environmental Compliance.

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

INVC initiated the design of a detailed Environmental Management and Monitoring Plan which is now finalized. The report is still in draft form awaiting internal review before it is sent to USAID.

In addition, the INVC environmental officer also participated in USAID's Environmental Compliance and Environmentally Sound Design and Management (ESDM) Training held at the Malawi Institute of Management (MIM). The training was week long and covered such topics as environmental compliance, best practices for key issues of concern to USAID/Malawi, and the process of ESDM and compliance over the life of the project.

COMPONENT 3: IMPROVING COMMUNITY CAPACITY TO PREVENT UNDER-NUTRITION

The key challenges and constraints to improving community capacity to prevent under-nutrition, specifically chronic malnutrition in children leading to stunting, and anemia in women, will be addressed through Feed the Future Integrating Nutrition in Value Chains interventions resulting in:

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

Feed the Future Integrating Nutrition in Value Chains interventions are aligned to the national programs i.e. the special 1000 days and Scaling Up Nutrition (SUN) policies and programs.

In keeping with the overall Feed the Future Integrating Nutrition in Value Chains implementation framework, all interventions in the target districts focusing on improving community capacity to prevent under-nutrition will be channeled through Feed the Future Integrating Nutrition in Value Chains implementing partners. These partners are NASFAM, FUM, Pakachere Institute of Health and Development Communication and Nkhoma Hospital. Below, we present Feed the Future Integrating Nutrition in Value Chains' nutrition program elements, which will be introduced. Feed the Future Integrating Nutrition in Value Chains will ensure that all implementing partners understand that Feed the Future Integrating Nutrition in Value Chains' nutrition programs are to be delivered to all members of a community in each target district. Details for each activity under the five components and project management including proposal review processes have been explained in subsequent chapters.

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

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

Processes for conducting baseline evaluation on nutrition and also determine factors that influence nutrition and feeding practices have commenced. During the quarter Feed the Future Integrating Nutrition in Value Chains compiled a list of BCC and nutrition partners including a list of group village headmen which will be used as a sampling frame for the baseline. Feed the Future Integrating Nutrition in Value Chains also developed a scope of work (SOW) on BCC backstopping. The main aim is to support organizations on the production and management of new and evidence-based BCC packages on nutrition which have proven to be effective elsewhere. The SOW has been submitted to Save the Children International for identification of the potential international consultant.

SUB-TASK 2: DEVELOP BCC STRATEGY

Development of Behaviour Change Communication Strategy has been finalized. 2 Draft Behaviour Change Communication (BCC) guidelines (i.e. interpersonal communication and motivational interview) have been drafted.

SUB-TASK 3: FACILITATE IMPLEMENTATION OF BCC STRATEGY

Standard package including costing for rolling out Care Group Model that will be used to implement BCC Strategy on nutrition has been developed. The package spells out a set of cost and evidence-based activities which Nkhoma Hospital in collaboration with Pakachere Institute of Health and Development Communication will follow when implementing BCC strategy. 2 Consultative meetings on BCC with Pakachere were done. During the quarter, one (1) communication flyer on groundnut harvesting and post-harvest management was translated into Chichewa. The flyer is being used as one of the training tools under legume value chains.

One (1) field trip was conducted involving four journalists from Malawi Broadcasting Corporation (radio), Television Malawi and Zodiak Broadcasting Station and a team of experts from Michigan State University (one of the partners in the Feed the Future Integrating Nutrition in Chain Project). The journalists visited Nsipe Agriculture Project in Ntcheu district managed by the university.

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

SUB-TASK 1: CREATE ENABLING ENVIRONMENT FOR IMPLEMENTATION OF NUTRITION ACTIVITIES

Mapping of nongovernment organizations (NGOs)/key players in the Extension Planning Areas (EPAs) and number of government Agriculture Extension Development Officers (AEDOs) where Feed the Future Integrating Nutrition in Value Chains is working has been done for Lilongwe district (See Table 7). This activity will also be done in EPAs in Mchinji district to reflect players and staffing under agriculture sector. On the other hand mapping of health centres and staffing for health sector has been done for Mchinji district but not Lilongwe district (See Table 8 below). Mapping of key players is meant to identify leverage points and avoid duplication of efforts. A list of EPAs and Traditional Authorities (TAs) where Feed the Future Integrating Nutrition in Value Chains is working in Lilongwe is given in Table 7 below.

Table 9: INVC Project EPAs and T/As

EPA	NGOs currently working in the EPAs in Lilongwe District
Ukwe	Concern Worldwide, Canadian Physians for Aid and Relief (CPAR), NASFAM,
Mpingu	Henwood Foundation, Noor, Trust for Agricultural Production Promotion (TAPP), NASFAM, Somebody Cares
Mlomba	FUM,NASFAM, Central Region Milk Producers Association (CREMPA), Red Cross, Good Neighbors, Japanese Tobacco International (JTI), INTER-AID Glow, Total Land Care (TLC)
Mitundu	TLC, Warcad, Farmers Union of Malawi (FUM)
Malingunde	Self Help Africa, Farmer Income Diversification Program (FIDP)
Nyanja	Care International, NASFAM
Mpenu	Care International, INTER-AID
Mkwinda	TLC, Good neighbors, Tiwalere, INTER-AID, Hope Mission, Foundation for Irrigation and Sustainable Development (FISD)
Chiwamba	Good neighbors, TAPP, TLC,
Chitekwere	World Vision International (WVI), FIDP, Nkhoma Orphan
Chigonthi	TLC, Concern worldwide, Save the Children Project Malawi

Mchinji mapping of agriculture sector staffing and key players and Lilongwe mapping of health sector staffing and players in Feed the Future impact areas will be done in the next quarter and the list of players will be updated as needed in the subsequent quarters. Below is a list of Mchinji district mapping of health centers, Traditional Authorities where they are located and staffing.

Table 8 Mchinji Health Office statistics

Key Characteristics by district	Mchinji	Lilongwe
Total number of Health facilities	17	47
HSAs	342	1,120
EHO/AEHO	3/9	9/15
Total population	530,218	2,225,089
Under one	25,785	111,254
Under five	90,137	378,265
Women of child bearing age	121,950	511,770
Stunting in under five	52%	42%
Underweight in under five	33%	48.9%

Source: District Health Offices – Lilongwe and Mchinji, 2013.

The project also participated in questionnaire survey on nutrition financing assessment in Malawi. The assessment was coordinated by the Department of Nutrition, HIV and AIDS (DNHA) with financial support from the World Bank in order to develop oversight and tracking tool for financial resources flow in the nutrition "sector". Questionnaire was completed and submitted to World Bank detailing the amount of resources FtF-INVC had disbursed, committed and forecast to support nutrition activities as outlined in Table 9 below:

Table 9 Resource allocation according to supported nutrition under Feed the Future Integrating Nutrition in Value Chains

Activity supported	Resources allocated and period				
	Transferred		Commitment	Forecast	
	Year 2012	Year 2013	Year 2013	Year 2014	Year 2015
Dietary/ crops diversification program	400,000	0	1,933,205	1,645,260	1,834,428
Behavior Change Interventions on essential nutrition actions, child health days and sanitation and hygiene	0	0	246,000	543,179	0

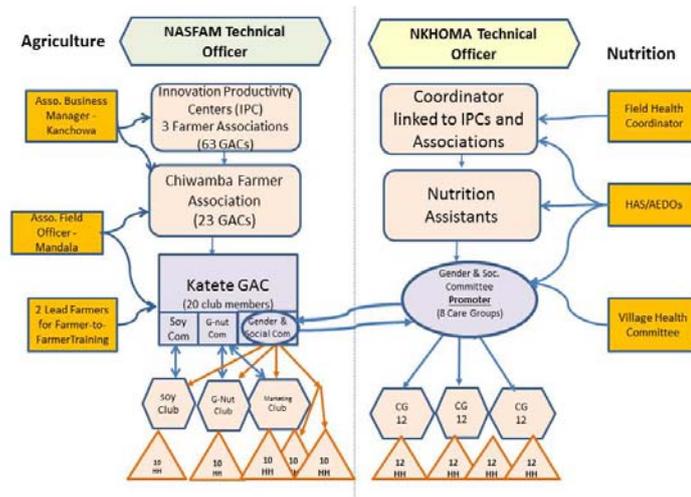
Feed the Future Integrating Nutrition in Value Chains also organized a workshop for nutrition partners on 7th March 2013. In total, nine participants from partner institutions, four females and five males, Nkhoma Hospital, Pakachere Institute for Health and Development communication, NASFAM and FUM attended the workshop. The participants comprised managers, monitoring and evaluation officers and field officers. The aims of the workshop was to build partner consensus on nutrition integration in value chains process and orient managerial level and monitoring and staff in partner organizations in order to support it. Care group model was presented to partners in order to orient partners on the model and help them identify their roles in model implementation. NASFAM and FUM presented their organizational structures from national to grassroots levels. For sustainability, participants agreed that care group model structures will be embedded in partner organizations whose core business is agricultural production namely: National Association of Smallholder Farmers of Malawi (NASFAM) and Farmers' Union of Malawi (FUM).

The entry point for establishment of care group model structures in NASFAM and FUM will be the gender and social committee at Group Action Committee and zone/cluster levels respectively (See Figure 8 above). The gender and social committees in NASFAM and FUM

structures deal with cross cutting issues affecting their members and therefore present a unique opportunity for establishment of care group structures in order to deliver nutrition interventions. Technical service providers, who have expertise in health and nutrition and Behaviour Change Communication (BCC) namely, Nkhoma Hospital and Pakachere respectively will be linked with partners in agricultural production to deliver nutrition interventions and build their capacity in care group model in the process. Nutrition activity will not be restricted to members of NASFAM and FUM but reach all members of the community where Feed the Future Integrating Nutrition in Value Chains agriculture interventions are being implemented. The entry pathways are presented in figure 8 below.

Feed the future team also visited Mchinji district to introduce the project to major stakeholders and partners of our partners in nutrition ahead of District Executive Committee meeting (DEC). Major stakeholders met were District Agriculture Development Office (DADO), District Health Office (DHO), Mai Mwana, and NASAFAM. The other purpose was to understand the scope of their nutrition interventions and identify leverage points for the Feed the Future Integrating Nutrition in Value Chains project. As part of enabling environment, INVC team has been attending meetings with various stakeholders.

Figure 7: Feed the Future-INVC project Agriculture-Nutrition Entry Pathway



SUB-TASK 2: FACILITATE AND PROMOTE CULTIVATION OF NUTRITIOUS CROPS

Organizations that were identified to facilitate and promote cultivation of nutritious crops: (groundnuts and soy beans) and those that enhance increased access to diversified and quality foods were funded. The organizations are CADECOM, FUM, IITA and NASFAM. Feed the Future Integrating Nutrition in Value Chains has finalized training module that will be used to enhance production of nutritious indigenous crops by target households in backyard/kitchen gardens. The module is expected to be shared with and used by Nkhoma Hospital to promote home gardens through care groups once Nkhoma Hospital's grant is approved.

SUB-TASK 3: FACILITATE FOOD PROCESSING

Food processing activities did not commence. These will be promoted by Nkhoma Hospital through care group volunteers once Nkhoma grant is approved. However, Feed the Future Integrating Nutrition in Value Chains has been working on improving draft of a seasonally adjusted recipe book that will be used by care group volunteers for training communities in food processing of the value chain commodities. The recipe book has been compiled after evaluating a number of recipe books whose use would be in adequate in fulfilling the objectives of Feed the Future Integrating Nutrition in Value Chains because they lacked emphasis on the value chain commodities.

SUB-TASK 4: FACILITATE FOOD FORTIFICATION

Consultations have been held with the Department of Nutrition, HIV and AIDS in the Office of the President and Cabinet (OPC) and USAID to establish policy and supply chain gaps to enhance home food fortification using multiple micronutrient powders/sprinkles in Malawi. To this end, Feed the Future Integrating Nutrition in Value Chains has developed a scope of work (SOW) to support policy environment assessment and supply chains. This activity will be completed next quarter through a workshop to disseminate the results of the assessment.

Lilongwe Dairy (2001) Limited, a dairy processor, has plans to fortify flavored milk with vitamins and minerals. The company has already identified supplier of the fortificant who would be visiting Lilongwe Dairy in April 2013. At the time of the discussions, the Managing Director of Lilongwe Dairy did not know the exact vitamins and minerals they would use to fortify the flavored milk. Feed the Future will be exploring possibilities of supporting the company's fortification efforts.

Commercial processing of soy is still being considered with Universal Industries Limited, a food manufacturing company. The company has launched a nutritious instant porridge locally known as *Nutri Gluco Phala*. Feed the Future Integrating Nutrition in Value Chains team was part of the launching of the *Nutri Gluco Phala*. The porridge is made from maize, wheat and soy flour. The porridge uses 30% soy flour and therefore provides an opportunity for uptake and steady market for soy beans being produced by smallholder farmers. In the next quarter, Feed the Future Integrating Nutrition in Value Chains will be looking at possibilities of supporting the company.

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

SUB-TASK 1: FACILITATE PROMOTION OF DIETARY DIVERSIFICATION

Nkhoma Hospital and Pakachere Institute of Health and Development Communication have been identified as partners that will promote dietary diversification. The grant proposals for the two organizations have been submitted for funding. Promotion of dietary diversification will be through use of care groups, conducting cooking demonstrations, district annual nutrition events, drama performances, airing of radio programmes and jingles in order to increase consumption of value chain commodities. Seasonally adjusted recipe book is being finalized and will be shared with Nkhoma Hospital for training of care group volunteers in food processing, preparation and storage. The recipe book has 78 recipes to provide a wide range of food choices and combinations for pregnant and lactating women as well as under-five children.

In order to adequately guide promotion of dietary diversification, Feed the Future Integrating Nutrition in Value Chains sourced food availability calendars for six districts from the Department of Nutrition, HIV and AIDS in the Office of the President and Cabinet (OPC). The five districts are Balaka, Dowa, Kasungu, Lilongwe, Mchinji and Mangochi although the calendar for Lilongwe was for one Extension Planning Area (EPA) only. These calendars have been evaluated by Feed the Future Integrating Nutrition in Value Chains nutrition team and determined that they are outdated. The team has developed a template that will be used to compile food availability calendar in conjunction with partners in the subsequent quarters.

SUB-TASK 2: PROMOTE MANAGEMENT OF ACUTE MALNUTRITION

Promotion of management of acute malnutrition did not start in this quarter. The activity is dependent on funding of Nkhoma Hospital grant. Once funded, Nkhoma Hospital will strengthen community screening for acute malnutrition and make referrals to government recognized health facilities for management of acute malnutrition. Nkhoma Hospital will also promote community management of uncomplicated cases of acute malnutrition using community complementary feeding and learning session. In these sessions, malnourished children will be managed at community level using locally available foods.

SUB-TASK 3: PROMOTE HYGIENE AND SANITATION

This activity did not commence in this quarter. It is contingent on Nkhoma Hospital and Pakachere Institute of Health and Development Communication grant approval by USAID. Once the grants are approved Nkhoma Hospital and Pakachere Institute of Health and Development Communication through care group volunteers, will work with community level workers in the Ministry of Health to promote hygiene and sanitation in Mchinji and Lilongwe districts.

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

This activity did not commence in this quarter. Nkhoma Hospital and Pakachere Institute of Health and Development Communication have been identified to conduct this activity. Nkhoma Hospital will train care group volunteers who will work hand in hand with HSAs in the Ministry of Health at community level to promote growth monitoring. Growth monitoring will be at two levels: one that assesses the growth of the individual child where each care giver will be trained to follow and interpret the growth of child; and the other that assesses the growth performance of the community as a whole. The latter will utilize community growth chart where members of the community will have the weights of their children plotted on the community growth chart. Feedback is then given to community members on growth performance of the children in that community. The idea being to make malnutrition visible in the community and use the growth monitoring sessions as a community mobilization tool to take action to reduce risk factors for stunting in children at community level. Growth monitoring sessions will also be an opportunity for volunteers to deliver nutrition education to the community members.

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

Proposals for Nkhoma Hospital and Pakachere Institute of Health and Development Communication, organizations that will promote vitamin A supplementation and de-worming have been submitted to USAID for review and consideration. The activity will commence once Nkhoma Hospital and Pakachere Institute of Health and Development Communication grants are approved. Vitamin A supplementation and de-worming will mainly be shared during Child Health Days and other community based campaigns.

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

This activity is expected to start in the next quarter once Nkhoma Hospital grant is approved and funded. The activity will be on-going in all the remaining quarters.

COMPONENT 4: INVESTING IN INNOVATION

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

Good progress was made in this quarter pertaining to this component. Four (4) grants were signed while US\$ 0.5 million was disbursed to grantees for their FtF-INVC activities. Grantee implementation has begun in earnest. The IITA breeder seed field at the Clinton Development Initiative site in Kasungu has shown very positive results as was evident during a field day jointly hosted by IITA and FtF-INVC.

In compliance with ADS 312 an application was made to USAID for procurement of seed for CADECOM. Approval for this was received in this quarter. Although CADECOM is unable to procure the seed as it is too late for planting, they will utilize it for the 2013/14 planting season.

TASK 1: FUND DESIGN

The basic DAI Grants Manual was adapted to INVC needs and submitted to USAID in last quarter of FY2012. As such this task has been accomplished, and no design modifications were found to be necessary during the second quarter of FY2013.

TASK 2: OPERATIONALIZE FUNDING MECHANISM

SUB-TASK 1: ESTABLISH GRANT REVIEW AND MANAGEMENT PROCESS

Table below shows the cumulative progress to date in INVC grant review, USAID concurrence and signature.

Table 10: Cumulative Progress on Grants Review

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

Grant preparation and signing

Four grants were prepared for approval and signature by the Chief of Party during this quarter. These grants were those that were concurred with by USAID in the previous quarter and are listed below:

- Malawi Milk Producers Association (MMPA),
- International Institute for Tropical Agriculture (IITA),
- Farmers Union of Malawi (FUM), and
- Catholic Development Commission of Malawi (CADECOM).

FtF-INVC obtained 3 references for each of the above grantees, prior to signing the grant. The contact details of the referees were obtained from the grantees and were independently contacted by the project to obtain their references. These references provide the project independent confirmation that the grantees are capable of handling a grant of the magnitude envisaged by the project and that there has not been any ‘mishandling’ of grants provided by other donors, previously. None of the references contained any negative comments on the grantee concerned. Pre-Award surveys were carried out for each of the grantees in the previous quarter. These surveys obtained information from the grantees pertaining to their organizations structure, staffing, financial systems, conflict of interest procedures and internal controls, among others.

Financial capability questionnaires answering key questions on their financial systems were obtained from each of the grantees. Such questionnaires provide the project a clear understanding of the grantees’ financial and accounting systems. The project was not unduly perturbed by what was contained in any of the questionnaires.

After USAID concurrence was obtained last quarter, FtF-INVC worked closely with grantees on their final grant budgets. Such work consisted of discussing and aligning grantee cost share contributions and alignment of budget line items with the time period available for the grant activity. Several meetings and communications took place with grantees to finalize the budget. Overall, grantees responded well to providing a budget that represented their activities and costs that were reasonable, allowable and allocable. The above steps culminated in the compilation of a Negotiation Memorandum for each grant for the attention of the Chief of Party, as part of the grant preparation process. This document summarized, among others, the basis of costs in the budget, their reasonableness including a comment on any overhead costs and how they had been arrived at. The grant was then submitted to DAI Headquarters for review by the DAI Contracts staff, documents were printed and the grant was signed jointly by the grantee and FtF-INVC.

The above mentioned 4 organizations have already begun implementation of their respective FtF-INVC programs. The highlight was a field visit to the IITA breeder seed field at the Clinton Development Initiative site in Kasungu on 20th March 2013. As at the end of this quarter, 22% of grant funds had been disbursed.

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

Requests for advances

Requests for advances from ACE, NASFAM, MMPA, FUM and CADECOM were received during the quarter. These advances are for a period of 2 months and grantees are expected to submit expense reports along with supporting documentation to liquidate their advances and

obtain new ones. Advances were paid in to grantee accounts that are specifically for FtF-INVC funds. These are summarized in Table 10 below:

Table 11: Value of Grants Disbursed during this Quarter

Grantee	Grant Value (US\$)	Grant funds disbursed this quarter (US\$)
NASFAM	1,126,694	467,883
MMPA	336,091	33,366
FUM	218,438	23,141
CADECOM	116,615	20,718
TOTAL	1,797,838	545,108

Approval for Restricted Commodities

Some of the advances requested included items that are denominated as Restricted Commodities and were therefore reduced from the amount requested when disbursing funds. ADS 312, section 312.3.3, specifies that motor vehicles are among 7 items denominated as Restricted Commodities. Section 312.3.3.2 details the procedures required to obtain USAID COR approval. The project accordingly obtained quotations from National Smallholder Farmers Association of Malawi (NASFAM) and Farmers Union of Malawi (FUM) for two field vehicles and 1 field vehicle, and 6 motor cycles and 3 motor cycles, respectively, along with the relevant procurement decision matrices. These were sent to DAI's Senior Contracts Administrator to obtain USAID COR approval in the required format. Once approval is obtained, the funds will be released to grantees for procurement of such items.

On 20th December 2012 the project requested USAID approval to procure 145.2 MT amounting to US\$ 286,125 of groundnut seed for CADECOM. The Restricted Commodities provision of ADS 312 lists agricultural commodities as a restricted item, procurement of which requires USAID approval. The Contracting Officer's approval was therefore sought to purchase groundnut seed (agricultural commodities), which are classified as restricted commodities, by AIDAR 752.225-70. This approval was obtained on 22nd February 2013.

Proposals sent to USAID

Three proposals were sent to USAID seeking its concurrence during this quarter. They were those of:

- IFPRI/DAAE
- Nkhoma Hospital and
- Pakachere Institute of Health and Development Communication (IHDC)

All three proposals have been commented on by USAID and the applicants will provide feedback and amended proposals, through FTF-INVC, in the next quarter.

Financial Capability Questionnaires were sent to the above three institutions. The feedback received gives FTF-INVC the confidence that it can rely on the financial systems of those organizations. Furthermore, references were also received for Nkhoma Hospital and Pakachere IHDC. FtF-INVC is working closely with IFPRI, Nkhoma Hospital and Pakachere IHDC to prepare and substantiate the logic of their budgets in an INVC formatted Excel®

spreadsheet. This is in anticipation of USAID ‘concurrence’. The project has also requested quotations and/or financial justifications for each budget line item.

Potential grant modifications

There are two potential grant modifications that are impending. FtF-INVC, has concluded that MMPA's modality of setting up community dairy animal breeding programs is not the most effective way forward and have requested them to review their modus operandi regarding the breeding program. The project has offered MMPA a 2-pronged solution:

- a) Vigorous expansion of MMPA's Artificial Insemination program to inseminate Malawi-Zebus with pure-bred semen.
- b) Provide support at the community level to generate, organically, their own community dairy animal breeding program through retention of bulls born under the pass-on program. This could be further enhanced by introducing pure bred bulls, one in each community, to serve as the breeding bull.

MMPA has been requested by FtF-INVC to amend its plan of action and budget and are in the process of addressing these two issues. FUM has realized that it lacks specific budget line items to carry out Trainer of Trainer training assignments and is expected to submit an amended budget to the project to accommodate such assignments.

Communication of INVC approved allowances

FTF-INVC grantees were informed of allowances that can be paid using FTF-INVC funds. In these times of almost daily cost escalation, the project thought it best to inform grantees of approved allowances that can be paid utilizing project grant funds. This is mainly because grantees have approved their own allowances (much more than FTF-INVC) for its staff and the project did not want them to think that they can pay the same using project grant funds.

TASK 3: DEVELOP SUSTAINABILITY MECHANISMS FOR FUNDS

SUB-TASK 1: CONDUCT ORGANIZATIONAL CAPACITY ASSESSMENTS

FTF-INVC carried out Pre-Award Surveys of selected applicants who appeared likely to qualify for a grant from the project. The organization with whom a Pre-Award Survey was completed in this quarter was Tradeline Consult. As mentioned in the previous quarter, the Pre-Award Survey revealed that the following areas were found to have weaknesses with regard to the following policies and procedures:

- Code of Ethics
- Procurement procedures
- Knowledge of USAID regulations and requirements, and
- Conflict of interest policies.

Filled up Financial Capability Questionnaires were obtained from:

- IFPRI
- Pakachere IHDC, and
- Nkhoma Hospital

SUB-TASK 2: DEVELOP INDUSTRY BUSINESS PLANS

FtF-INVC has evaluated 3 Business Service Providers (BSP). They are:

- Malawi Institute of Management (MIM),
- Umodzi Consulting, and

- Tradeline Consult.

Considerable work was done with the 3 BSPs in refining their proposals and budgets to suit the implementation strategy of FtF-INVC. The quality of the proposals was much better than those of the IPs and TSPs. Nevertheless, a number of meetings were held with them to explain the concept of FtF-INVC and what was expected of them as a contribution to implementing project strategy and activities successfully. The project plans to contract BSPs to prepare strategic and business plans for IPs, TSPs and other value chain actors. MIM is also expected to carry out strategic management courses for IPs and other selected TSPs. Specific activities pertaining to this sub-task will be carried out in the next quarter.

SUB-TASK 3: SURVEY AND ASSESS THIRD-PARTY FUND MANAGERS, DONORS AND INVESTORS' INTEREST

As mentioned in sub-task 2, BSPs are expected to produce business plans for selected FtF-INVC stakeholders during the next quarter. These will then be utilized by them to explore investor interest. The project aims to engage the interest of investors to make value chains more competitive. Due to non-completion of the industry business plans (see sub task 2 above), this task was pushed into the next quarter.

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

Due to the challenges FTF-INVC faced and highlighted in Task 2 above, this sub-task, which is particularly applicable to the Innovation Fund, may be expanded beyond the current 2 proposals, in the next quarter. We have received 2 proposals that fit in with the objectives of the Innovation Fund. One such proposal (ACE) has been given a grant and is operational.

During the quarter, the FTF-INVC Interim Value Chain Specialist and Mr. Moller of ACE met a group of businessmen from the private sector that included commodity trading organisations and also, bankers. The idea was to sensitize them on the advantages of utilizing warehouse receipts facilities in their respective industries. Consequent to that meeting, Charles Stewart (producers of day old chicks) procured 160 MT of Maize utilizing warehouse receipts and has confirmed plans to contract 350MT of Maize per month from April to September 2013. Universal Industries has also confirmed its participation in forward contracting for its maize and soya requirements between April and September 2013. Another private sector organization that has also confirmed participation is Central Poultry. Universal Industries is expected to launch its 'Gluko Phala pompo pompo' nutrition bar in April. Universal Industries has other products that are in the pipeline, destined for the Malawi and regional markets. Some of these products will have soy bean derivatives as an ingredient. FtF-INVC is taking steps to link them up with enterprise financiers outside Malawi.

SUB-TASK 2: INVESTMENT PROMOTION TARGETING INVC VALUE CHAINS

Business service providers will be also requested to do business plans for key value chain processes or activities. FtF-INVC will then attempt to attract investment interest in the more valuable business propositions. This task is expected to take place within the next 2 quarters.

INVC INNOVATIONS

Soy Bean Seed – Tikolore

The 2 legume value chains that INVC is focusing on are Groundnuts and soy bean. Groundnut and soy bean yields have fallen drastically in Malawi since the 1980s. Groundnut yields currently are approximately 0.58 MT /ha while soy bean are 0.98 MT/ha. While there are quite a few factors that affect the low yields of both these legumes, the low utilization of certified seed is a key factor. INVC decided to invest its grant funds in a Soy bean seed. This was mainly because industry seed experts felt that of the 2 legumes, there was a significant shortage of soy bean certified seed. In discussion with the International Institute for Tropical Agriculture (IITA), INVC decided to invest in Tikolore breeder seed. Some of its key characteristics are compared with 2 other varieties in Table 12 below:

Table 12: Comparison of Soy Bean Varieties

Seed Characteristic	Tikolore	Nasoko	Magoye
Fodder yield (kg/ha)	5,347	5,184	4,569
Average maturity(days)	102	111	112
Pods per plant	37	29	41
100 Seed weight	14	19	12
Harvest index	0.36	0.36	0.35

A field day hosted by Clinton Development Initiative on 19 March 2013 has shown a promising stand. Feed the Future-INVC plans to engage soy bean value chain stakeholders through the Soya Association of Malawi (SOYAMA) and Soy bean Trade Association, to finance this initiative in order to ensure its sustainability. INVC plans to do so when IITA provides it with the product characteristics. These will be discussed with processors and financing institutions in July, 2013, when varietal analyses will be provided by IITA.

Soy bean Seed Revolving Fund

Feed the Future-INVC will contribute US\$80,000 to establish a Soy bean Seed Revolving Fund to sustain production of basic seed. The fund, which will be administered by IITA, will be utilized to buy back contracted basic seed from those growing it. This is the only soy bean seed revolving fund that exists in Malawi, to the knowledge of INVC. ICRISAT is known to manage a ground nut seed revolving fund. Both the Tikolore seed and the revolving fund are expected to improve soy bean crop yields and quality.

Promoting Warehouse Receipts

Warehouse Receipts are a fairly recent concept in Malawi. The Agricultural Commodity Exchange for Africa (ACE) has already had some experience in facilitating business transactions in warehouse receipts. However the number of such facilitations has been small. Feed the Future-INVC is working very closely with ACE to set the ground work for more such business transactions. ACE has located 10 warehouses that can serve as ACE certified warehouses and, at the moment, is assessing the state of those warehouses and the need for rehabilitation to reach the required standard. INVC and ACE have introduced the warehouse receipts concept to the Bankers Association of Malawi (twice) and private sector in Blantyre. Indications are that they are very receptive to the idea. Charles Stewart has already procured 160 MT through warehouse receipts and has placed a forward contract for 360 MT of maize from September 2013 to April 2014. It is expected that Universal Industries will place a forward contract for 200 MT of Maize per month from September 2013 to April 2014.

Maldeco Fisheries officials have also met with ACE to secure supplies through warehouse receipts.

INVC's Strategic Approach

INVC decided to categorize its grantees into 3 basic categories. They are:

1. Implementing Partners
2. Technical Service Providers, and
3. Business Service Providers

Implementing partners are those grantees who will mobilize and manage the INVC field activities involving the farmer households, under 5 children and both expectant and lactating mothers. They will be Feed the Future-INVC's front line in achieving program targets. Examples of such implementing partners are NASFAM, FUM, CADECOM and MMPA. Technical service providers are those grantees who will provide the technical input to the target farmer populations through the existing field structures of the implementing partners. Examples are ACE, IITA, Nkhoma and Pakachere (the latter two when concurred by USAID). Business service providers are those grantees who have the technology to assess, recommend and build capacity, especially accepted business practices and tools, with regard to the implementing partners, technical service providers and other valuable links in the three value chains focused on by Feed the Future-INVC. No business service provider proposals have been forwarded to USAID Malawi as yet, for its concurrence.

CISANET

CI SANET has almost from its inception been an entity that involves itself on agriculture and trade policy issues. However Feed the Future-INVC has noted another business opportunity that is worth pursuing. INVC is promoting CISANET to assist launching the Dairy Industry Development Platform (DIDP). It is expected that this entity will become a trade association that will further the interests and business aspects of the dairy industry. Feed the Future-INVC is also promoting CISANET to assist SOYAMA, an emerging trade association of the Soy bean industry, set up its secretariat. At the moment all the SOYAMA secretariat work is done by Charles Stewart in Blantyre, a company that is a major player in the poultry industry. Releasing Charles Stewart from the time consuming activities of a secretariat will enable the company concentrate on its business aspects of Charles Stewart. It will also enable SOYAMA to be more effective in pursuing its mandate as a trade association. Feed the Future-INVC is thus guiding CISANET in promoting itself as an entity that can assist in trade association formation and set up. INVC expects CISANET to offer such services to other potential trade associations. CISANET will also be able to carry out its policy initiatives even better as it will have first-hand information about the respective value chains.

Youth Enterprises

INVC has received a proposal from Farmers Forum for Trade and Social Justice (FAFOTRAJ) to involve 40,000 youth in agribusiness development. The program entitled "Malawi Agribusiness Youth Program" entails motivating, attracting and training youth who have completed their secondary school education. INVC will consider this proposal for funding in Year 2.

COMPONENT 5: DEVELOPING LOCAL CAPACITY

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

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

TASK 1: DEVELOP MALAWI'S CAPACITY GOING FORWARD

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

During the reporting period, five organizations received funding from INVC namely; CADECOM, ACE, NASFAM, FUM and MMPA. The organizations were funded based on a rigorous INVC exercise which aimed at building the capacity of the organizations in developing USAID funded projects. It is anticipated that more organizations will be funded in the next quarter including business service providers such as MIM, Tradeline and Umodzi Consulting Group whose proposals are in their final phase.

SUB-TASK 2: BUILD ORGANIZATIONAL CAPACITY

During the reporting period, capacity assessments were carried out involving four INVC implementing partners namely; CADECOM, MMPA, TRADELINE, ACE. This is in addition to the five set of organizations that were assessed in the last quarter which included; FUM, Pakachere, NASFAM, Nkhoma, MCCCCI. The new set of assessments were based on the revised organization capacity assessment tool (OCAT) tool which focused on understanding the capacity gaps in areas of governance, administration, human resources management, financial management, organizational management, program management, project performance management, leadership and team dynamics, service delivery, sustainability and various cross cutting issues. In general, the assessments revealed limited capacity of organizations in areas of cross cutting issues, service delivery, sustainability, program/project management, human resources and financial management. The assessments indicated adequate capacity in governance area. A draft response capacity building program has been developed based on the identified gaps. It is anticipated that organizational institutional assessments will continue in the next reporting period covering farmer associations, milk bulking groups and traders. Six members of staff recruited under CADECOM (5 groundnut extension workers and one driver).

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

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

Warehouse Receipt Workshop

Agriculture Commodity Exchange (ACE) for Africa in partnership with Malawi Confederation of Chamber of Commerce and Industry (MCCCCI) organized a half day Warehouse Receipt workshop in Blantyre on 14th February, 2014. The workshop aimed at:

- 1) Strengthening linkages among grain legume members to improve the participation of banks, transporters, and processors in warehouse receipt for the 2013 marketing seasons.
- 2) Discuss soy bean seed issues with SOYAMA chairperson and members. The workshop was attended by 40 participants comprising 13 females and 27 males. The participants

were drawn from banks and private sector companies which included; New Building Society Bank (NBS) Bank, First Merchant Bank (FMB), National Bank of Malawi, Continental Discount House Bank, First Discount House (FDH) Bank, Standard Bank, SOYAMA, IBC Media, Combine Cargo, Carlsberg, Imani Consulting, ICD, Mpatsa Holdings, Road Transport Operators Association of Malawi (ROTOA), Universal Industries, WALA program, Rice Milling Company, Transglobe, ACE, MCCI.

Significant contributions were made during the workshop that included: 1) swapping of receipt commodities, 2) understanding types of commodities covered by warehouse receipt, 3) forward contracting, 4) geographic locations of warehouse facility 5) regional exports and warehouse receipt, 6) countries where ACE operates, and 7) readiness of ACE to operate cross-border swaps. In summary participants indicated that the workshop was valuable and that ACE has demonstrated a business mindset envisaged by its concept and connections with the private sector.

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

Training of Trainers With NASFAM

Feed the Future-INVC in collaboration with NASFAM organized a ToT training for government extension workers and NASFAM staff. The training was attended by 41 participants (9 females and 32 males). The objective of the training was to impart technical knowledge and skill on groundnuts harvesting and post harvesting practices. The training was also aimed at imparting skills on delivery of extension methodologies. It is anticipated that the participants will in turn train about 358 lead farmers who will reach out to 100,000 households within NASFAM catchment area.

Training of Trainers with CADECOM

CADECOM organized a two day Training of Trainers (ToT) workshop involving government and CADECOM agriculture extension staff. A total of 41 extension workers (8 from CADECOM and 33 from government MoAFS) (14 females and 27 males) attended the workshop from 12th to 13th March 2013 at Dedza Boma. Of the total eight (8) were from CADECOM and 33 from MoAFS. The training was on groundnuts harvesting and post-harvest management practices. The training prepared extension workers to train over 400 lead farmers in groundnut harvesting and post-harvest management. In turn the lead farmers will train a total of 30,000 smallholder farmers during the life span of Feed the Future-INVC project (15,000 farmers in 2013 season and 15,000 farmers in 2014 season).

The TOT emphasized on the importance of demonstrations that enhance farmer participation and understanding of lessons. For this reason, the participants were involved in field demonstrations with a particular interest of exposing the trainees to harvesting and post harvesting management practices on groundnuts. In particular trainees were exposed to three practices namely; (1) lifting of groundnuts by hand or by hoe), (2) estimating maturity of nuts by scrapping outer layer of pods to check the color of mesophyll layer, and shelling pods to check for dark-brown to black colored spots) and (3) grading of shelled nuts.

Key lessons from the demonstration exercises revealed that a hand hoe is more used in clay soils than hand lifting, and that maturity could be determined by scrapping the outer pod layer to check the color of the pod mesophyll and later confirming by a second method of shelling the pods to check the inside color.

The training was successful. A few observations, however, were noted as follows:

(a) the manual is good especially on practicals and demonstrations imbedded within it; (b) most AEDOs specialize in nutrition, irrigation technology and animal science in their studies as such most of them have limited knowledge on groundnut production; (c) most extension workers are not conversant with adult learning techniques. The current manual reinforces these techniques and future ones will follow a similar approach.

The lesson on aflatoxin management was a huge success in terms of arousing interest and active participation among participants. It was observed that some members were learning about aflatoxin for the first time. The value chain approach to aflatoxin management rather than a stand-alone subject was appreciated and Feed the Future-INVC will continue to enhance it.

SUB-TASK 3: FACILITATE POLICY REVIEW AND ADVOCACY SUPPORT

This quarter, INVC continued to play a significant role by supporting DIDP and CISANET to pursue the implications of the various changes that were being enacted by the Department of Animal health. This effort continues and will require INVC's active participation.

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

Feed the Future-INVC organized a one day workshop on implementation of nutrition activities with its partners. The workshop took place on 7th March, 2013 at INVC offices and in attendance were 21 participants (8 females and 13 males). The participants were drawn from CADECOM, NASFAM, FUM, Nkhoma, Pakachere, Save the Children and INVC. The workshop was aimed at enhancing partner interaction, defining nutrition implementation mechanisms, identifying key synergy areas and introducing the Care Group Model (CGM). The CGM is one of the key strategies that INVC will use in delivery of the nutrition interventions. The CGM model will be integrated in the existing delivery structures of NASFAM, CADECOM and FUM at the club level which is the second tier from the bottom.

It is anticipated that the CGM will bring together a pool of community volunteers who will support community undertaking critical activities such as; carrying out health and nutrition education at households' level, identification of cases and making referrals, conducting cooking demonstrations for households, community mobilization and household follow ups.

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

Work under this sub-task continued during the quarter with Feed the Future-INVC linking both the technical and business service providers such as Pakachere, Nkhoma Hospital, TradeLine, Umodzi and Malawi Institute of Management (MIM) to the implementing partners such as NASFAM, MMPA, CADECOM and FUM. INVC has also linked the service providers to private sector players such as SOYAMA and MMPA. Such effort will continue next quarter as well as part of INVC's private sector strengthening objectives.

This quarter, INVC also worked closely with CISANET to help the organization better articulate its sustainability strategy by focusing on improved service provision to its members. A concept under consideration is one of CISANET serving as an "incubation unit" for its new members to jump-start formation by offering "interim secretariat" services for a fee until such time when the organizations are ready to stand on their own feet. INVC and CISANET are continuing to iron out the details on this idea.

PARTNER ACTIVITY SUMMARY REPORT

Below are some of the activity highlights done by the INVC project partners: NASFAM, FUM, ACE, CADECOM, MMPA, and IITA.

NATIONAL ASSOCIATION OF SMALLHOLDER FARMERS OF MALAWI (NASFAM)

During the quarter, NASFAM continued to monitor and supervise members in the management of legumes it provided under the pass-on initiative. NASFAM also produced and distributed training materials to its field workers and also facilitated field days.

Mobilization, Registration and Club formation

NASFAM carried out these activities in all six districts and the details are presented in Figure 9 and Table 11 below.

Figure 8: Statistics on Mobilization, Registration and Club Formation in the Six Districts

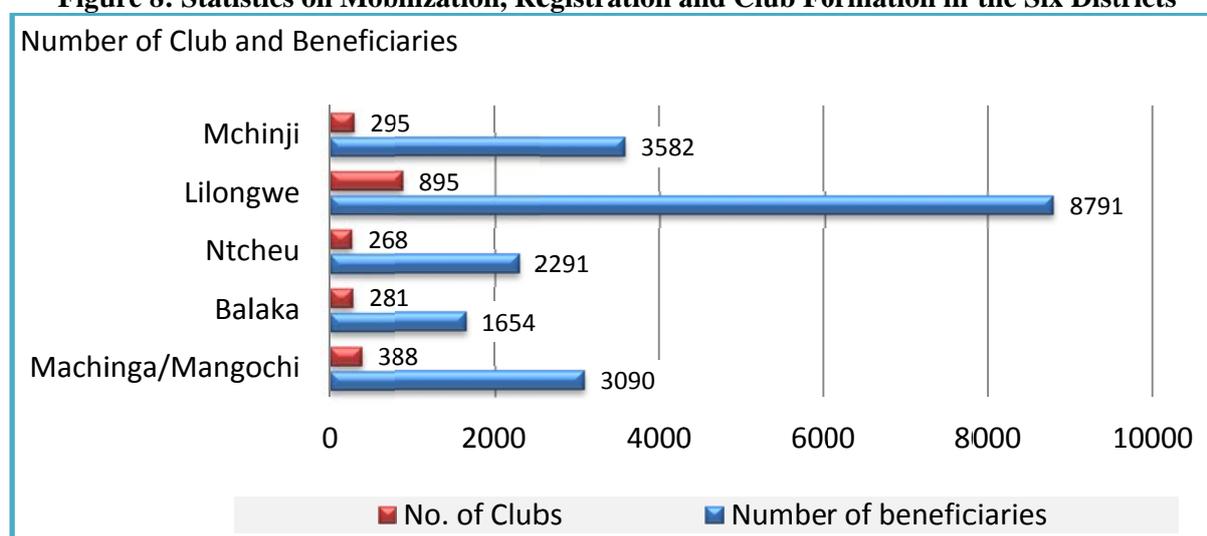


Table 13: Achievements During This Quarter

INDICATOR TARGET	ACHIEVED	VARIANCE	REASON FOR NOT ACHIEVING TARGET
10 000 farmers sensitized	21,270 (212.7%)	11,270 Need to highlight positive	
32,600 beneficiaries and growers registered	19,409 (59.54%)	13,191	Late start of the project gave limited time for mobilization and registration
1,167 new clubs registered	1,574 (134.88%)	407 Need to highlight positive	
Seed Operational guidelines developed for seed revolving fund	Done (100%)		
285 MT soya procured	239.075MT (83.88%)	45.925MT	
131 MT groundnuts procured	120MT (91.6%)	11MT	
285MT Soya distributed	147.562MT (51.78%)	137.438MT	Late start of the project Farmers had planted most of their land by the time they received soybean seed
131MT G/nuts distributed	120MT (91.6%)	11MT	

During the period, NASFAM produced and aired eight (8) radio programmes. The programmes addressed agronomic practices in groundnuts and soy beans, aflatoxin management in groundnuts and promotion of nutritional behaviors among smallholder farming households. The programmes continue to be aired on Zodiak Broadcasting Station every Thursday from 17:05 to 17:35 hours.

Challenges

A couple of challenges were experienced in the second quarter, namely;

- Delayed funding from Feed the Future -INVC which impeded the accomplishment of various activities such as procurement and distribution of soy bean and ground nut seeds.
- Engagement in new EPAs under INVC project required recruitment of new NASFAM field officers for effective execution and coordination of project activities.

Planned Activities for the next quarter

Below is a tentative plan for the next quarter.

Table 14: NASFAM Planned Activities for Quarter 3, FY 2013

Planned Activities for the next quarter	April	May	June
Conduct GAC training			
Conduct GAC Committee Strengthening Training			
Conduct Farm Business Training			
Conduct Induction of new farmer trainers			
Conduct Radio Production Training			
Conduct Quality & Aflatoxin training			
Identification of additional Farmer Trainers			
Identification of additional AFOS			
Conduct AFOs/AEDO training on pre and post-harvest management of soya and groundnuts			
Conduct Monitoring project activities implementation			
Advertising for the post of Programs Manger			
Conduct Project audit, data collection and consolidation			

FARMERS' UNION OF MALAWI (FUM)

A number of activities were achieved by FUM during the quarter most of which were on project establishment and rollout, and are detailed below;

Signing of the Grant

Farmers Union of Malawi signed the Grant with Feed the Future-INVC on 8 February, 2013. This enabled FUM to start implementing its planned activities especially its initial activities to set up its planned interventions.

Staff Hiring and Assuming responsibility over INVC Project

FUM is implementing the project in 3 districts – Dedza, Mchinji and Lilongwe. Each district is supposed to have district farmer organization facilitator (DFOF) responsible for implementation of the planned activities in respective districts. With signing of the grants in February, 2013, existing DFOFs in Lilongwe and Mchinji started implementing Feed the Future-INVC project activities. DFOF for Dedza district was recruited and reported for duties in March, 2013.

Procurement of Capital Items

To facilitate approval and release of funds to procure the capital items under FUM budget, quotations for 1 motor vehicle and 3 motorcycles were sourced and submitted to DAI/INVC for approval.

Hosting visits by INVC/USAID

FUM facilitated one (1) joint field visit for USAID/INVC team led by John Edgar – USAID and Bagie Sherchand (Chief of Party for INVC) who visited Kalulu EPA in Mchinji district where INVC project will be implemented. The team interacted with District Farmer Union Chairman and three (3) farmers who are growing soy beans and groundnuts. During the visit it was learnt that access to improved seed, access to markets and training services were key constraints to integrating smallholder farmers into value chains.

Meetings with District Agriculture Development Officers (DADO)

Two (2) meetings with DADO were done during the quarter (one in Mchinji district and one in Lilongwe district). The objective of the meetings was to brief the DADO on Feed the Future-INVC project in their districts including project specific objectives, target EPAs and expected outputs.

Challenges: Delayed Start of The Project

The major challenge was a delay in the commencement of the project largely due to proposal processing. The project is, therefore, 4 months behind schedule and has affected planned activities and subsequent achievements of set targets.

New EPAs

Out of the 10 EPAs targeted for coverage, FUM has on-going interventions only in 1 EPA, Mkanda in Mchinji district. Currently, there are no interventions in the other nine EPAs. FUM with support from Feed the Future-INVC will therefore rollout its interventions in the remaining nine EPAs during the subsequent quarters.

Planned Activities for next quarter

Below is a tentative plan for the next quarter (See Table 15)

Table 15: FUM Plan of Activities for Quarter 3, FY2013

ACTIVITY	MONTH			
	APRIL	MAY	JUNE	TARGET
Conduct community sensitization/awareness.				8
Conduct farmer registration				10
Register farmers who will grow groundnuts				12000
Register farmers to grow soya beans				12000
Conduct stakeholder meetings with DFUs and stakeholders.				1
Train DFUs and FOs Ex Board in advocacy Train DFUs and FOs Ex Board in advocacy				203
Conduct training for DFUs and FOs in advocacy.				102
Identify aggregation centers.				10
Facilitate farm produce aggregation.				
Mobilize Farmer Organization representatives.				240
Conduct TOT training in warehouse management for farmer representatives.				240
Conduct Training for post-harvest handling for farmer representatives.				240
Conduct training on farm mobilization for DFUs.				15
Carry out Farmer Organizational audit.				25
Procure 3 laptops, 3 motor bikes and vehicle.				
Write and submit technical report for first quarter.				
Train FUM Executive Board in leadership				11
Conduct GIS Mapping of all FUM members				48
Train farmer organizations' representatives in agribusiness and marketing.				240
Facilitate DFU elections				3
Train Farmer Organizations representatives in crop production techniques and crop field management				480
Mobilize farmers into producer and marketing cooperatives				3

AGRICULTURAL COMMODITY EXCHANGE (ACE)

The following represent the highlights of work undertaken by ACE during this quarter:

Achievements this Quarter

Planned Activities For this Period	Anticipated Results of Those Activities	Actual Achievements to Date	Problems with Implementation/ Adjustments to Plan
1. 1,000 farmers supported through enumeration and trade facilitation in all INVC districts	1,000 farmers sensitized, profile and start receiving market information	1,617 farmers & traders (622 female and 995 male)	None
2. 10 rural deposit points certified (5 Kulima Gold & 5 others)	10 rural deposit points certified and ready for commodity storage	5 Kulima Gold collection points have been identified and 5 rural sites have been recommended	There is currently insufficient suitable storage space to meet the demand for warehouse receipts.
3. 12 Weekly Price information inserts in Nation	This activity was not expected in the quarter & can only be carried out during after harvest season	Not applicable	None
4. Trader, price, commodities traded, number of buyers and related data submitted to INVC on a monthly basis	Trade information on commodity volume, price, value and traders on monthly basis.	Trade information for January, February and March has been compiled	None

Sensitization meetings were held on ACE services including warehouse receipts, trade facilitation and market information systems in Dedza, Mchinji and Lilongwe as indicated below:

District	Male	Female	Total
Dedza	409	170	579
Mchinji	506	390	896
Lilongwe	80	62	142
Total	995	622	1,617

Challenges

Some of the challenges experienced by ACE included:

- There is limited available suitable storage space for warehouse receipts in Dedza and Lilongwe rural – Sensitization of farmer groups is not effective when there is currently insufficient suitable storage space to meet the demand for warehouse

receipts – it does not make sense when the demand created through sensitizations is frustrated by absence of the facilities being talked about.

- There is pressure on the available 2 vehicles for both field operations and administrative activities.
- Farmers have been asking for incentives like allowances and transport refunds when attending sensitization meetings.

Trade figures for the period, although relatively low, demonstrated the ability of ACE to find markets especially for those holding warehouse receipts. Volumes traded were 7162.03 metric tonnes, with a value of K651,338,914.

Planned Activities and Deliverables for next quarter:

Deliverables

The following deliverables will be expected to be achieved in the next quarter (1st April, 2013 to 30th June, 2013). The implementation progress will be reported on monthly basis.

- 100 MT on warehouse receipts facilitated by rural agents
- 500 MT of commodity on the Warehouse Receipt System
- USD 50,000 from banks on Collateral financing
- 100 MT of commodity stored in NFRA through WRS
- 200 MT of Soya on warehouse receipt
- 300 MT of Trade facilitated by Rural agents
- 13,000 Farmers sensitized and access price information for commodity markets
- 1 trade fair attended/facilitated and participated
- 12 Weekly Price info inserts in Nation

Activities

The following activities will be implemented April 2013.

- Sensitization meeting of at least 4,500 farmers in the INVC districts
- Conduct assessment and certification of 5 rural warehouse deposit sites by warehouse specialists.
- Publicize market price information in daily paper edition by insertion of 4 weekly price inserts.
- Compile information on trader, price, commodities traded, number of buyers for the month.
- Finalization of development of joint farmer & trader training manual, ACE warehouse receipt system information, and warehouse building modules.
- Finalization of development of Trader training module and submitted to INVC.

CATHOLIC DEVELOPMENT COMMISSION OF MALAWI (CADECOM)

Achievements during the quarter

INDICATOR TARGET	TARGET	ACHIEVED	COMMENTS
Households sensitized	15,000	15,000	Initial target achieved
EPAs achieved	5	5	All planned EPAs covered
Traditional Authorities	5	5	
Marketing associations assisted	4	3	To identify in next quarter
Staff employed	6	5	Recruitment of remaining staff underway
Government extension staff trained	23	23	
Staff trained (technical)	45	42	28 males and 14 females
Staff trained (financial)	2	2	
Collaboration meetings	3	3	With the government, FtF INVC and ACE
Baseline survey preparatory meeting	1	1	
Familiarization field visits to CADECOM - Dedza	3	3	By staff of Feed the Future, USAID and ACE
Signing and disbursement of the grant	1	1	Enabled commencement of project activities

Challenges experienced during project implementation:

- Grant was disbursed quite late almost 5 month after commencement of production season and therefore delayed initial project activities that in turn affected those following them.
- However using CADECOM share of 25% some activities were conducted to commence the project though such items and activities were not on its budget line.
- Though 5 employees were recruited they had challenges of transport to effectively deliver services as motor cycles were also procured late.
- Technical gap between FtF INVC expectations and the actual in the field staff. TOT training facilitated by INVC to great extent assisted in bridging this gap

Table 16: CADECOM Planned Activities for Quarter 3, FY2013

Planned activities	Description	April	May	June
Field days	Post-harvest management and marketing			
	Processing and nutrition			
Identify remaining market association				
Identify and empower community based suppliers				
Conduct workshops for 4 marketing committees on marketing options				
Promotion of 2 new and innovative groundnuts production technologies				
Recruitment of Groundnut Coordinator				
Identification of WRS facilities				
Participation in the baseline survey				

MALAWI MILK PRODUCERS ASSOCIATION (MMPA)

The Malawi Milk Producers Association (MMPA) is implementing a three year project supported by USAID Feed the future and Integrating Nutrition in Value Chain INVC. The project activities preparations started in December 2012 and the actual program activities were rolled out in January 2013.

The projected activities have been implemented in the following five Milk Bulking Groups (MBG) located in three districts; Lumbadzi, Nkhweza and Nathenje in Lilongwe, Bua in Mchinji and Magomero in Dedza

MMPA project aims to increase smallholder dairy production through increasing number of dairy animals, improving dairy herd genetics, improve animal nutrition and mobilize Milk Bulking Group membership targeting Zebu animal farmers. Below are the summary of the activities implemented in quarter 2 (January to March 2013). Refer table Quarter 2 Activities Summary

1.0 Increasing number animals and improving genetics to increase milk volume

Awareness campaign meeting were conducted to mobilize both MBG members and non-members. MBG non-members were encouraged to register as MBG members and access artificial insemination service and benefit from the pure dairy breed bulls to be stationed in MBG for farmers' use where AI service is not available. The campaigns identified Zebu cows and heifers available for cross breeding programme. MMPA started the process of intensifying artificial insemination services and preparations for the establishment of cross breeding units to establish in each project MBG.

2.0 Improving dairy management practices

Lead farmers were identified in all five MBGs and additional lead farmers will identified in these MBGs in quarter 3. Farm units of the identified Lead Farmers will be used as demonstration farms and where required improvements will be done on animal housing and handling structures. The demonstration farms will practical training centres for farmers. Training in basic dairy production management practices was conducted in all five MBGs to provide a foundation to farmers for further advanced dairy production trainings and campaigns to be conducted.

3.0 Enhancing capacity to comply with standards and quality control

Modern milk testing equipment was ordered for installation in three MBGs and one processor. It is expected that the supply of the initial four electronic milk testing equipment will greatly improve quality of milk supplied to processors by eliminating testing inefficiencies generated by the current test methods being used by both MBGs and processors. The four milk testing machines will be delivered in quarter 3.

4.0 Building MMPA technical capacity

Two technical officers were hired to assist the delivery of extension service. One officer was recruited to provide the function of monitoring and evaluation to the project.

Quarter 2 Activities Summary

Planned Activities	Target	Actual Achievement
<i>Increase number animals and improve genetics to increase milk volume</i>		
1. Membership expansion and recruitment	160 new members	- 135 farmers registered to join MBG membership - 5 campaign meetings in 5 participating MBGs - Bua, Magomero, Nkhweza, Nathenje, Lumbadzi. Attendance was 61 females and 161 males
2. Expanding MBG membership based on farmers with free-ranging zebu cattle.	100 non MBG members identified 160 Malawi zebus eligible for reproduction	- 145 MBG members with 232 Zebu animals identified. - 135 MBG non-members with 313 Zebus identified - A total of 545 Zebu animals were identified.
3. Establish cross breeding units	1 cross breeding unit at each MBG	- Pure breed bull supplier identified and animals selected.
<i>Improve dairy management practices</i>		
1. Identification and training of lead farmers	7 lead farmers identified and trained per MBG	- 35 lead farmers identified in 5 MBGs
2. Establishment of demonstration farms	7 demonstration farms established	- 35 Identified lead farmers farm units to be used as demonstration farms.
3. Training on Basic Dairy Production.	190 farmers trained	- 203 farmers (119 males and 84 females) trained in basic dairy production - Animal Health, Feeding, Breeding and Record Keeping.
4. Link farmers to extension services and input providers	Expected to link MBGs to veterinary extension services	- 1 collaboration meeting held with Agriculture Extension Planning Area Assistant Veterinary Officers aimed at improving extension service delivery.
<i>Enhance capacity to comply with standards and quality control</i>		
1. Procurement of milk testing machines	4 milk testing machines procured	- 4 milk testing machines ordered and delivery is expected in next quarter.
<i>Improve MMPA Capacity</i>		
1. Hire staff to support INVC program	Recruit technical staff	- 1 M& E Officer 1 Accountant and 2 Technical Officers recruited (2 females and 1 males)

Challenges

During the reporting period no major problem was reported by the implementing the partner, however the following challenges were faced;

- (a) The delay in the release of grant funds to MMPA resulted led to late activity implementation and unsatisfactory progress. Despite the late funding MMPA used its funds to start project activity preparations.
- (b) Critical technical changes recommended by the INVC to some project activity contributed to the delayed in implementation but were necessary for the success and sustainability of the program.
- (c) The capacity of the implementing partner, MMPA, was below expectation. Program design and management was poor, as recommended changes took time to be implemented due to a lack of technical capacity. INVC support assisted MMPA to recruit three technical officers with responsibility to implement program activities. One officer was hired to take charge of monitoring and evaluation and it is hoped that these appointments will help to improve their performance.

Table 17: Activities Planned for Quarter 3, FY2013

Activity plan	Target	Period		
		A	M	J
<i>Increase number animals and improve genetics to increase milk volume</i>				
Mobilize non-members MBG zebu farmers	- 200 non- members identified - 170 MZ eligible for reproduction	-	-	-
Membership expansion campaign	- 160 newly recruited members	-	-	-
Register members to Esoko information platform	- 75% of members with mobile phone registered	-	-	-
Establish cross breeding units in 5 MBGs	- 5 breeding units to be constructed - 5 bulls procured - 5 lead farmers trained in bull management and breeding	-	-	-
Strengthen AI capacity of MBGs	- 10 AI Technicians trained	-	-	-
<i>Enhance capacity to comply with standards and quality control and upgrading MBG Milk testing capacity</i>				
Procure and supply milk testing equipment to MBGs and processor	- 4 milk testing machines procured and installed at 3 MBGs and 1 processor upgraded	-	-	-
Milk quality and milk testing training.	- 15 people trained (MBG milk handling staff, MMPA technical officers, processor staff)	-	-	-
Establish milk quality data collection systems at MBG	- 5 MBGs collecting milk quality data for analysis	-	-	-
<i>Improve farmer management practices and strengthening animal health and nutrition capacity of MBGs</i>				
Train lead farmers	- 35 farmers trained - With their demonstration farms improved	-	-	-
Conduct farmers awareness in improved management practices	- 340 farmers trained	-	-	-
Link farmers to extension service and input providers	- 5 veterinary and input providers linked to MBGs	-	-	-

INTERNATIONAL INSTITUTE FOR TROPICAL AGRICULTURE (IITA)

Promotion of Tikolore soybean variety through Field Day

During the quarter, IITA with support from Feed the Future INVC introduced improved variety of soy bean as Tikolore ('let us harvest'). Tikolore is an early maturing variety, easily escapes rust disease, is high yielding, and is promiscuous (no need for inoculation) compared to other improved varieties such as Nasoko and MA kwacha. IITA in collaboration with FEED the Future –INVC and CDI showcased Tikolore during a field day held at CDI's MP Herero farm in Mchinji on 19th March, 2013(see figure 10 below)

The main objectives of the field day were: 1) to introduce Tikolore on its advantages over other varieties; 2) to share with Malawi's seed producers the performance of this new superior promiscuous soy bean variety for the upcoming production season; 3) to sensitize communities on the need to adopt the variety and 4) to provide feedback to IITA as breeder on some traits of the variety.

Challenges

Delays in the commencement of the project implementation due to delays in finalization of the agreement between IITA and Feed the Future-INVC project. This has affected the rolling out of other planned activities. IITA plans to implement more activities during the next quarter.

Planned Activities for Next Quarter

The following activities are planned for the next quarter:

1. Construction of breeder and basic seed storage facilities prior to harvesting and procurement of basic seed.
2. Production of training
3. Training soy bean seed production and post-harvest handling to key stakeholders and project partners in project districts.
4. Procurement of project equipment such as small-plot thresher machine and office equipment, i.e. laptops for seed systems specialist.
5. Initial analysis of quality traits of available improved soy bean varieties.