

Integrating Nutrition in Value Chains-Malawi FY2016 First Quarterly Report (October-December 2015)



AUTHORITY/DISCLAIMER

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

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

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FY 16 First Quarterly Progress Report (October-December 2015)

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Acronyms and Abbreviations

ACE	Agricultural Commodity Exchange for Africa
ADC	Area Development Committee
ADMARC	Agricultural Development and Marketing Corporation
AEDC	Agriculture Extension Development Coordinator
AEDO	Agriculture Extension Development Officer
AFO	Association Field Officer
ALF	Assistant Lead Farmer (also an extra-terrestrial being on a hit 1980's TV show)
AGRA	Alliance for Green Revolution in Africa
AHCX	Auction Holdings Commodity Exchange
AI	Artificial Insemination
AIDS	Acquired Immune Deficiency Syndrome
AMC	Association Management Center
ANC	Ante-Natal Care
BCC	Behavior Change Communication
BDS	Business Development Services
BSP	Business Service Provider
BVO	Bid Volume Only
CADECOM	Catholic Development Commission of Malawi
CBCC	Community Based Child Care Center
CBO	Community Based Organization
CCAP	Church of Central Africa – Presbyterian
CCFLS	Community Complementary Feeding and Learning Session
CDCS	Country Development Cooperation Strategy (USAID)
CIP	The International Potato Center
CISANET	Civil Society Agriculture Network
COP	Chief of Party
COR	Contracting Officer's Representative
DAI	Development Alternatives, Inc.
DARS	Department of Agriculture Research Services
DfID	Department for International Development (UK)
DID	Differences-in-differences
DNC	District Nutrition Coordinator
DQA	Data Quality Assessment
DSA	Daily Subsistence Allowance
EMMP	Environmental Mitigation and Monitoring Plan
ENA	Essential Nutrition Actions
EPA	Extension Planning Area
ESCOM	Electricity Supply Company of Malawi
FAS	Field Accounting System
FBO	Farmer Based Organization
FISP	Fertilizer Input Subsidy Program
FMB	First Bank of Malawi

FtF (FtF)	Feed the Future
FTFMS	Feed the Future Monitoring System
FUM	Farmers Union of Malawi
FY	Fiscal Year
GAC	Group Action Committee
GALS	Gender Action Learning System
GHI	Global Health Initiative
GMP	Monthly Growth Monitoring
GoM	Government of Malawi
GP	Groundnut platform
GVH	Group Village Head
Ha	Hectare
HIV	Human immunodeficiency virus
ICT	Information Communication Technology
IITA	International Institute of Tropical Agriculture
INVC	Integrating Nutrition in Value Chains
IFRI	International Food Policy Research Institute
IIF	Investing in Innovation Fund
IP	Implementing Partner
IPC	Innovation and Productivity Centre
IPM	Integrated Pest Management
IR	Intermediate Results
ISF	Implementation Support Fund
IT	Information Technology
IYCF	Infant and Young Children Feeding
LUANAR	Lilongwe University of Agriculture and Natural Resources
LPO	Local Purchase Order
M&E	Monitoring and Evaluation
MAC	Marketing Action Center
MAPAC	Malawi Program on Aflatoxin Control
MBC	Malawi Broadcasting Company
MBG	Milk Bulking Group
MDI	Malawi Dairy Industries
MISST	Malawi Improved Seed Systems and Technologies Program
MIM	Malawi Institute of Management
MIP	Market Information Point
MKW	Malawi Kwacha (symbol for)
MMPA	Malawi Milk Producers Association
MoA&FS	Ministry of Agriculture and Food Security
MOH	Ministry of Health
MOU	Memorandum of Understanding
MSU	Michigan State University
Mt	Metric ton
MZ	Malawi Zebu (cows)
NA	Nutrition Assistant
NASFAM	National Association of Smallholder Farmers of Malawi

NFRA	National Food Reserve Agency
NGO	Non-Governmental Organization
OBM	Opportunity Bank of Malawi (Also referred to as OIBM)
OCA	Organizational Capacity Assessment
OFSP	Orange Fleshed Sweet Potato
OPC	Office of President and Cabinet
OPI	Organizational Performance Index
OVO	Offer Volume Only
PCI	Project concern International
PDI	Positive Deviance Inquiry
PSA	Public Service Announcement
QR	Quick Response
RLEEP	Rural Livelihoods Enhancement program
SAIOMA	Strengthening Rural Input and Output Markets in Africa
SCU	University of South Carolina
SOYAMA	Soy Bean Association of Malawi
SSDI	Support for Service Delivery Integration
STTA	Short Term Technical Assistance
Sub-IR	Sub Intermediate Results
SUN	Scaling Up Nutrition
TA [T/A]	Traditional Authority
TWG	Technical Working Group
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
VC	Value Chain
VCC	Value Chain Competitiveness
VFP	Village Financial Platform
VSLA	Village Savings and Loan Associations
WRS	Warehouse Receipt System
ZBS	Zodiac Broadcasting Station
ZOI	Zone of Influence

Executive Summary

The first quarter of FY16, INVC's last project year, was overshadowed by the looming humanitarian crisis with FEWSNET predicting 2.8 million Malawian people in dire food security straights because of last year's environmental disasters (flooding in January, followed by drought in March 2015) which severely affected last year's production and this year's El Nino weather pattern which delayed the onset of rains, which, when they came, were scattered, erratic, and poorly distributed. Finding strategic ways to mitigate the impact of these conditions and soften the blow on our beneficiary population and operationalizing these strategies in a constrained fiscal condition and time frame diverted a lot of INVC senior management attention during the quarter. Challenged with "finding" an unexpected \$450,000 USD to put toward seed procurement and distribution with little forward runway for compensation and vectoring same through non-traditional and nascent private sector channels, INVC's team came together and rose to the occasion, in the process becoming more unified as a team and showing our "true grit".

Two major focuses required a great deal of attention during this reporting period. The first was defining and operationalizing the seed procurement/distribution strategy and the second was transitioning with local implementing partners from standard grant mechanisms to fixed award agreements (FAA) and the corollary clearing of outstanding, unreconciled grantee advances. We spent a great deal of time in work planning, annual report writing and re-budgeting exercises, none of which were "fun" but all of which were necessary. By the end of the quarter, INVC had three FAA signed. We had reduced our outstanding, unreconciled advances from over \$1 million USD to \$124,000 USD with a majority of this owed to us by four grantees- NASFAM, Farmer's Union CADECOM Dedza and Nkhoma Hospital.

This reporting period saw two new component leads join INVC's team. Elizabeth Sibale joined INVC as our Component 2-Agricultural Productivity lead and Brenda Kacheche joined as our Component Lead for Local Institutional Capacity Building. Our M&E team lead Jim Phillips left INVC in December for personal reasons but we have filled his large shoes through internal promotion from inside our M&E team. Associate nutrition specialist Aisha Alhassane finished her contract in December and has moved on to a position as a program manager with Catholic Relief Services in Monrovia. A number of our nutrition assistants left the project to join the World Bank funded SNIC nutrition program in Mangochi being managed by Save the Children. With the conclusion of the Nkhoma Hospital Standard grant, INVC offered contracts to Nkhoma technical staff and brought the nutrition assistants and coordinators for Lilongwe and Mchinji in-house to ensure continuity of our assistance to communities in these districts. The project incorporated an internship initiative and 10 interns joined INVC for periods ranging from 3-6 months in all technical areas as well as administration, grants and finance. Their youthful exuberance and thirst for learning have added great value and a much appreciated dynamic to our team.

Key accomplishments this quarter include:

- Finalization of the soybean value chain upgrading plan
- Reduction in transport costs by ACE of an order of magnitude of 65%
- Linking of seven service providers to smallholder farmers
- Reduction of groundnut processor loss due to Aflatoxin contamination from 65% to 5%
- Distribution of 149,516 Kg of seed (76,304 kg of CG7 groundnuts and 73,212 kg of Serenade soybeans) and 305 kg of inoculant to 10,901 beneficiaries, a majority of whom are Care Group

promoters and lead parents, thus improving intra-project integration between nutrition and value chains

- Piloting of distribution through private sector agro-dealer networks and incorporating farmer payment/contributions for supply of quality inputs
- Demonstration plots were identified, installed and mapped
- Good Agronomic Practice training for grain legumes occurred
- Over 130,000 under five children were reached by nutrition activities with Care Groups and an additional 85,000 received supplemental Vitamin A and de-worming through INVC supported District level Child Health Day activities
- WASH activities increased this quarter with over 61,000 community members benefitting. With the onset of the rains WASH becomes more important as the frequency of waterborne disease increases as was the case when a cholera outbreak hit in Machinga and Mangochi districts during early December.
- 166,254 Care Group Cluster members were reached by nutrition assistants and care group promoters with messaging on antenatal care, optimal breast feeding, complementary feeding and WASH
- Demonstrations on backyard gardens and food processing/preparation using locally available, nutritious foodstuffs continued
- Growth monitoring and promotion outreach attained over 36,000 under five children with referrals being made for the severely malnourished.
- Capacity reinforcement in Community Complementary Feeding Learning Sessions occurred for program and partner staff and began being cascaded down to promoters in the Extension Planning Areas of our project zone
- Participatory GAP analysis for capacity reinforcement of associations and cooperatives in the ZOI began
- Monitoring of the Gender Action Learning System Activities occurred
- Preparations for the opening of Literacy Centers in three districts began
- VFP groups saved MKW 329,408,250 (USD 569,221.10¹). Share-outs and loans amounted to MKW 675,431,343 (USD 1,168,566.34), an average MKW 3,197,999.81 (USD 5,526.18) per group.
- INVC continued its unique ID rollout and GIS mapping activities, integrating M&E data in a spatial graphical interface.

In terms of partnerships and 3-C interventions, INVC strengthened ties with a number of organizations both inter and intra-sectorally, reinforced our relationships with government and technical services at the District level, participated in both local and national technical working groups and shared our knowledge, strategies and methodologies with other development partners to assist both in bringing pilot initiatives to scale and as part of our project's close-down/disengagement strategy.

Challenges abound, but that too is the nature of the development work we have undertaken. It is in finding solutions to challenges which are encountered where a program shows its creative genius. In closing we wish to thank USAID for its continued support and counsel. We look forward to even greater achievements in the coming quarters.

¹ Calculated using an average exchange rate of 578.7 MKW to 1 USD

Cross Cutting Initiatives

GENDER

Introduction

The quarter from October 2015 to December 2015 the Gender team conducted a number of activities in all the areas where Gender interventions are being implemented within INVC zone of influence such as; Mchinji, Lilongwe, Balaka, Machinga and Mangochi districts. The interventions dwelt on two gender categories namely; Adult Literacy and Gender Action and Learning System (GALS).

The activities that took place within the quarter are as follows; developed adult literacy tracking tools and GALS champion's supervisory visits.

Accomplishments

Develop Adult Literacy tracking tools

The Gender team together with the M & E team came up with adult literacy tracking tools and these are: Household registration form, monthly class/learners register/report, Instructor's register forms. Household register forms capture the details of the learner like name, village, household head, gendered household, partner affiliation, level of formal education, if ever the learner attended adult literacy classes before, role in the community etc. This form will help track if the learner is an INVC beneficiary, if the learner is a community leader and also if the learner is male or female. This form will be filled by the Adult literacy instructor of that particular class.

Learners register forms will track the attendance of a particular learner, lessons taught in a month, total number of learners in a class. This will also help track those learners who are dropping out and also if that class is progressing or not. This form will also be filled by the adult literacy Instructor of that particular class.

Adult literacy Instructor register forms will track the location of the Instructor, sex of the Instructor, level of formal education, age, partner affiliation, when the Instructor started work and when they dropped out (if it happens)

Submit procurement requests for Adult literacy teaching and learning materials

For Adult literacy to work and progress well, it requires some teaching and learning materials. These materials include; teacher's guide books, learner's books, black boards, register books, dusters, chalk, notebooks and pens.

INVC is following the government methodology where it only provides the above mentioned materials excluding notebooks and pens for the learners as they are supposed to provide for themselves since it's self-initiated and also key for the sustainability of the project.

During Q1, INVC began literacy activities in Mangochi using materials available at the District Community Development Office. During this reporting period 8 centers were opened with 273 new learners participating in literacy activities, an average of 34 learners per class. Class size was projected to be 25

students, but demand for operational literacy is so high that many Adult Literacy Instructors (ALI) proceeded to increase their class sizes by 36.5%.

As of this quarter the teacher's guide and learner's books had not been procured. These materials must be printed at government approved facilities of which there are only two in-country. The literacy materials are part of a GOM approved curriculum and thus proprietary. INVC first needed to obtain permission for the printing from the relevant government agency and then needed to arrange with the printer to add USAID branding to the agency list of those supporting the literacy program. The delay in procurement of the materials has caused Adult literacy activities to be on a break and things will start moving as soon as the materials are bought and delivered to specific areas.

Gender Action and Learning System (GALS)

GALS is a gender and development approach which grows and strengthens women's confidence and cultivates analytic and communication skills. It is a community led methodology aimed at social and economic transformation and gender equality.

The activity is participatory and is specifically designed to include low literacy men and women and individuals who have never had an opportunity for leadership training. GALS serves as a catalyst for change by facilitating plans and providing an environment in which participants can develop visions for self and family. These visions of change have SMART milestones and takes participants on a three staged process which include:

1. Vision Journey: starts with participants vision for a happy life
2. Gender Balance Tree: identifies the changes required in gender relations within households to achieve the vision
3. Empowerment Map: looks at the changes in family and community and identifies people who can mentor or contribute to achieving the vision.

The process helps participants to prioritize goals they want to achieve and set milestones as benchmarks to provide proof of success toward their realization of such visions. The purpose of this intervention is to promote leadership and negotiation skills, gender equality and women's empowerment, and to foster equitable decision making within households and the community at-large. The specific objectives include:

- To increase leadership and communication skills and cultivate confidence
- To facilitate effective gender dialogue among men and women to identify and reduce constraints that hinder livelihoods, income, and greater participation in agriculture value chains.
- To facilitate experience sharing on visioning
- To increase gender parity in decision making related to the use of household resources.

There are many female smallholder farmers who possess qualities of good leadership but are denied the opportunity to exercise such because of inadequate exposure to meaningful entry points to leadership and fear to express their desire for leadership. The GALS process aims to provide skills to address this gap. With the skills and experience, beneficiaries, particularly women, will gain confidence as well as the ability to meet challenges that they have identified in pursuing better livelihoods and economic development. These new skills are particularly important for improving women's participation in markets and value chains. GALS emphasis on personal development also creates pathway for women to create strategies that increase their income, making their entrance into markets and value chains more possible.

Supervision of GALS Champions

Supervision of GALS champions commenced in November 2015 following a five day training of trainers was conducted in September 2015 to the selected champions in all the three Districts (Mchinji, Mangochi and Lilongwe) that are implementing GALS in the INVC zone of influence. It is a requirement to supervise and monitor progress of work of the trained champions since they have to train others as well, so that by the end of the project, 15,000 beneficiaries are reached. Field based staff (AFOs, NAs and Promoters) are the first line of supervisors of GALS champions because of their proximity to farmers. Secretariat staff complements the field based staff by conducting regular monitoring and supervision of GALS champions. It is also the responsibility of secretariat staff to monitor the work of field based staff on GALS.

During the last quarter, the Gender team organized a field visit to Mangochi at Nankumba North to supervise and monitor progress of GALS work. The meeting took place on 24th November, 2015 and it was attended by 19 males and 62 females giving a total of 81 participants. The participants comprised of the champions who were trained by NASFAM in the last quarter and some beneficiaries who were trained by the champions. The champions reported that at least each champion who was trained by NASFAM has managed to train at least 5 beneficiaries. Others have trained up to 13 beneficiaries. For those who had trained only 5 said their challenge was that the people they met do not understand the concept of GALS therefore refusing to take part in the trainings. To overcome this problem they asked the community leaders and the field staff to sensitize them about GALS and its interventions and how they can benefit from it.



One of the participants explaining the vision journey



Some of the participants during the meeting

The Gender team also visited some households whose members have been trained in GALS more especially in the Vision journey and the Gender balanced tree. One of the households is that of Dan Brown, who comes from Kansiya Village, Group Village Head Kansiya and he is a beneficiary who was trained by a champion named Selena Saidi. Mr Brown reported that the training is very important and an eye opener. He has realized that he has been wasting his money from agro-produce sales because he had no vision. Mr Brown's vision is to build a house with kilned bricks and iron sheets with money realized from agro-produce sales this season. By the time of the visit, Mr Brown had already prepared his 4.5 acres of land and was just waiting for the rains to plant. He planned to grow Maize, Cotton and Soy beans.

Constraints and challenges

- One Gender Officer responsible for GALS resigned and went to school to get a Master's Degree. This has increased the workload to the remaining Gender Officer because now she is responsible for both Adult literacy and GALS.

Observations from the Quarter, conclusions and recommendations

- There is a need for more follow-ups of the beneficiaries as well as frequent exchange visits among the champions from various districts. Exchange visits will help beneficiaries who could default to bounce back to their vision journey there by striving for a gender equality in the communities. The visits will also build team work and good relationship among the beneficiaries as they exchange stories.

Principal activities planned for Q2

- Adult literacy activities commence outside of Mangochi.,
- Creating strategies for women's access to leadership roles and increased decision making,
- Recruitment of a gender officer
- Understanding plans for women's access to markets, and
- Networking with stakeholders in order to connect partners and beneficiaries with appropriate resources that increase women's empowerment.

Village Financial Platforms

Introduction

During the quarter the Village Financial Platform (VFP) component showed significant and positive results. VFP agents inventoried, and conducted diagnosis of groups at the same time they contacted and trained new agents.

In this reporting period, VFP groups saved MKW 329,408,250 (USD 569,221.10²). Share-outs and loans amounted to MKW 675,431,343 (USD 1,168,566.34), an average MKW 3,197,999.81 (USD 5,526.18) per group. Given that the average VFP group size is 18 this translates to savings of approximately 177,666.66 MKW/person or (\$307.01 USD/person). With VFP, however, averages do not mean much as the rules vary from one VFP to another and members holding a greater number of shares and less debt receive proportionally more at share out. Too the value of any individual member's shares will vary depending on the volume and frequency (number of loan rotations) in any given savings period, as well as the percentage rate charged on individual loans. The amount VFP groups saved and shared was a commendable achievement given the dire food and cash situation at the end of the year in Malawi.

In other activities, INVC engaged a local company to produce a short video for the One Trainer One Phone (1TOP) initiative. USAID approved the release of one video and two others are on the pipeline. In order to show videos to members, 56 village agents received smart phones. All the agents received phones after they had reached 100 beneficiaries each.

The VFP officer participated in a regional training in Zambia and mobile money technologies in Lilongwe, sponsored by Feed the Future.

Despite some setbacks due to delayed in supply of videos and contract issues with partner CADECOM-Lilongwe, activities continue normally, particularly the group meetings. After distribution of funds, beneficiaries saw the benefits of VFP groups, such as being able to invest some money on inputs and small business activities, in other cases simply access food for their families.

Accomplishments

The following are key accomplishments completed during the first quarter:

1. VFP Field Agent Activities

Three field officers originally hired by partner CADECOM in Mchinji continued to work for INVC inventorying 182 groups, providing diagnosis and recommendation to 53 groups, recruiting and training 31 village agents, disseminating 1TOP video among 39 agents. Despite the challenges faced (e.g., salary delay from CADECOM, lack of motorcycles to do their job) throughout the season, field officers remained motivated and willing to advance the VFP model. The table below is a summary of the activities accomplished during the reporting period.

² Calculated using an average exchange rate of 578.7 MKW to 1 USD

Table 1. Summary of Activities Carried Out by Field Officers, October-December 2015

Field officer	EPA	Village Agents			Groups	
		Contacted	Trained on 1TOP	Received 1TOP video	Inventoried	Undergoing Diagnosis
1	Chiosya, Zulu and Tembwe	5	25	19	103	23
2	Kalulu and Mikundi	5	5	18	32	25
3	Mkanda	21	1	2	47	15
	Total	31	31	39	182	63

VFP members have also been active and motivated to participate. In general, members liked the INVC approach because it gives them the opportunity to select the groups they want to join, as members of groups they make the groups own rules and regulations, particularly setting interest rates for the loans, number of shares, penalties for lack of participation and other items related to the day to day operations of the VFP.

2. VFP Groups Saving and Loans

During the quarter VFP groups met regularly once a week for about 36 to 52 weeks (A cycle). During these meetings, besides contributing to their savings, VFP members learned about the number of shares they accumulated and the amount of shares they were entitled to buy (generally, a maximum of five shares per week per member). Members applied and received loans every four weeks, only after they had paid all previous loans and fines. At the meetings they decided about interest rates, which for this period averaged 20 % of the principal borrowed. Some groups also decided to loan to nonmembers, charging a 50% interest rate. After a cycle of collecting saving, interests and fines, members shared all the money accumulated (Share out). Each member receiving an amount proportional to the shares they bought during a cycle minus any outstanding loans, interest payments and fines.

In total, 621 VFP Groups in Mchinji saved MKW 329,408,250 (USD 569,221.10). The average saving per group was MKW 530,448.07 (916.62 USD). The table below summarizes savings by EPA. The figures are impressive considering that these are communities which at the end of year struggled with food shortages. INVC VFP groups have shown that they are committed to find alternatives to empower their communities, uplift their households, improve malnutrition and increase financial independence, despite all the adversities they faced.

Table2. Total and Average Savings by VFP Groups, First Quarter 2016

EPA	VFP Groups	Total Value of Savings (MKW)	Total Value of Savings (USD)	Average Saving per VFP (MKW)	Average Saving per VFP (USD)
Chiosya, Zulu and Tembwe	330	168,861,250	291,794.11	511,700.76	884.22
Kalulu and Mikundi	270	118,246,200	204,330.74	437,948.89	756.78
Mkanda	21	42,300,800	73,096.25	2,014,323.81	3,480.77
Total	621	329,408,250	569,221.10	530,448.07	916.62

*Average exchange rate MKW 578.70 per USD. Source Oanda.com

Share-outs and loans amounted to MKW 675,431,343 (USD 1,168,566.34), on average MKW 3,197,999.81 (USD 5,526.18) per group. Most commonly, VFP members used their share-out money to buy inputs (e.g., seeds, fertilizers), make home improvements, buy household items, and pay for school fees. The table below presents more detailed information about loans and share-outs by EPA.

Table3. Table Summary of Loans and Share Outs, 1st Quarter FY2015 -16

EPA	Number of VFP Groups	Total Value of Loans and Share-outs (MKW)	Total Value of Loans and Share-outs (USD)	Average Loan and Share-Out per Group (MKW)	Average Loan and Share-Out per Group (USD)
Chiosya, Zulu and Tembwe	330	379,028,382	655,758.45	1,148,570.85	1,984.74
Mikundi and Mikundi	270	218,202,961	377,513.77	808,159.11	1,396.51
Mkanda	21	78,200,000	135,294.12	3,723,809.52	6,434.78
Total	621	675,431,343	1,168,566.34	3,197,999.81	5,526.18

*Average exchange rate MKW 578.70 per USD. Source Oanda.com

VFP groups disbursed 12,971 loans during this period. The average loan was MKW 52,071.42 (USD 89.98). VFP Members used the money to engage in different small scale businesses such as selling vegetables, fish, and baked products. However, during this cycle people also used loans to buy food (i.e., maize) and groceries. The table below presents more details on loans by EPA.

Table 4. Number of Loans and Average Value

EPA	Number of Loans	Average Loan Value (MKW)	Average Loan Value (USD)
Chiosya, Zulu and Tembwe	6,002	63,150.35	109.12
Mikundi and Mikundi	3,968	54,990.67	95.02
Mkanda	3,001	26,057.98	45.03
Total	12,971	52,072.42	89.98

*Average exchange rate MKW 578.70 per USD. Source Oanda.com

3. One Trainer One Phone (1 TOP) - Video Production

INVC engaged Image Works, a Blantyre based film Production Company to produce short video clips (3 to 5 minutes long) for VFP members with a variety of messages about agriculture, nutrition, health and gender. The first video, titled "Planting with First Rain s" was approved by USAID and distributed to field officers and 56 village agents.

INVC video committee approved the second video script titled "Let's Go to Community Growth Monitoring Sessions". This video will emphasize nutrition communication and importance of taking under five children to Community Growth Monitoring Session. The video is expected to be ready in January 2016 for distribution.

4. Distribution of Phones and T-Shirts

The project distributed 56 phones to village agents, who were responsible for showing the “Planting with First Rains” short video to VFP members. In addition and as an incentive for their hard work, the same 56 agents received INVC branded T-shirts. However, the phone and t-shirt were not free. In order to qualify, village agents were required to recruit at least 100 members for VFP groups. Receiving phones and t-shirts was a good incentive for those who achieved the minimum requirement and also motivated agents who did not receive them to work harder to achieve their numbers.



Figure 1 Village Agents in Mchinji with their new INVC T-Shirts

5. Meeting with Opportunity International Bank of Malawi

The VFP officer met with Opportunity International Bank Acting Chief of Transformation – Richard Chongo and Transformation Manager – Edwin Banda to discuss potential collaboration in financial education to our VFP members. After this meeting, Opportunity Bank presented a budget that was included in the current activity plan. Proposed topics to be included in the training content are: vision building, budgeting, savings, debt management and business management. Opportunity Bank is knowledgeable about this type of training since they also do the same with their loans groups.

6. USAID Field visit to Mchinji

In November, USAID/Malawi requested a familiarization tour with Deputy Office Chief of Sustainable Development, Carol Jenkins, and deputy COR Martin Banda in Mchinji district. The projects identified Kathyuka GAC under Chioshya EPA in Chikoloka village, TA Simphasi for this visit.

The project prepared different activities to showcase to USAID. NASFAM presented a demonstration plot showing land preparation and crop management. Nkhoma Hospital nutrition assistants took visitors around the village to see backyard gardens cultivated with nutritious leafy greens such as pumpkin leaves, amaranths and sweet potato leaves. They also had a chance to observe some WASH activities such as tippy taps for hand washing outside latrines. Tithandizane Care Group from Chikoloka and surrounding villages prepared nutritious foods which they learned thanks to the project intervention. The care group also showcased how a session is conducted with their promoter. A VFP group displayed a banking session in progress. A Gender Action Learning System (GALS) facilitator explained the activities conducted in the village to empower families. Overall, it was a perfect showcase of all the activities INVC implements.

7. Savings Groups (SG) 2015 Training in Lusaka – Zambia.

The VFP officer participated of the 2015 SG training in Lusaka from 10 to 12 of November. This conference included more than 400 participants from all over the world sharing individual and collective experiences. Some of the topics covered during the training included:

1. Exploring innovations and technology enhancements to Saving Groups’ operations
2. Integrating savings groups with other development interventions;

3. Unlocking potential of linking savings groups and other Informal Savings Groups to Financial Service Providers – Lessons from Ghana, Uganda and Rwanda.
4. Digital linkages: using mobile to offer financial services.
5. What role do savings groups play in building resilience – Case study from Burkina Faso
6. Digitizing savings groups records using mobile technology ledger link and e-recording

Some case studies addressed the issues of linkages between Savings Groups and Banks. For example, Feed the Future Rwanda and a project in Burkina Faso showed that formal financial institutions do not serve very remote savings groups, a main barrier for INVC VFP groups. Banks tend to abandon mobile banking in very remote areas, due to high cost. Participants also agreed that cellphone connectivity problems remain a challenge for the VFPs to using mobile phones and transferring money to Banks.

All the presentations showed that financial education training is fundamental for the successful implementation of activities. Finally, integration is good and has to be encouraged bearing in mind that the main purpose of the savings groups is to save and lend money, and this aspect of VSL should not be compromised.

8. Journey from cash to electronic payment training in Lilongwe

The VFP officer participated in a seminar in Lilongwe sponsored by Feed the Future Mobile Money. During the meeting, Airtel and TNM presented their products, the features and how they work. Participants pointed out that Airtel and TNM use agents to distribute money, and in most cases promotes fraud as most of these agents over charge the clients taking advantage of lack of awareness and knowledge. With high levels of illiteracy in rural communities the agents also take advantage by over charging people who do not grasp the intricacies of the system. Both companies requested participants to report agents taking advantage of beneficiaries.

NBS, Opportunity Bank, National Bank, Standard Bank and FMB also made presentations about the services they provide. For VFP purposes its only Opportunity Bank and NBS that have products suiting the type of members we have. They have accounts that have zero balance and charges whenever a withdrawal has been done. They also have groups and individual accounts in the same category. The process of customer identification does not need complicated documents like passports but they use voter registration cards and letters from Village Headmen. The approach that these Banks are using to serve the people is not different from Airtel and TNM, also working through village agents.

Participants also discussed the importance and disadvantages of electronic and cash payments. Some of the advantages are simple and secure transactions, no risk of fraud and no cash handling. The main disadvantage is limited of information on electronic payments and how they work. FHI360 promised to provide the technical support to any organization that needs this expertise.

Constraints and challenges

- Local implementing partner CADECOM failed to submit Technical and Financial Reports to INVC delaying implementation during this quarter. In addition, as part of the fixed obligation agreement, CADECOM agreed to provide motorcycles to Field Officers to enable them to reach remote areas. However, the officers never received the vehicles, limiting their capacity to reach to more groups.
- High illiteracy levels among savings group members greatly affect group results. Some members are not able to follow basic written transactions, others cannot use ledgers, in some cases even counting money can be a challenge. Illiteracy levels also influence the type of financial education members could receive.
- Technical difficulties with phones and videos. Out of 56 videos uploaded in the phones of Village Agents, 40 videos did not play at all and 16 videos played half way. The project suspected viruses attacked the phones when they were trying to upload music and videos in the SD card.
- Coordination with other projects to leverage VFP rather than compete for members continues to be a challenge. It is not uncommon to hear that village agents are involved with other projects (e.g., an agent from INVC working for Concern World Wide Project), situation that creates confusion among members.

Lessons Learned

- Village financial groups are a very good platform for different interventions. However, it is very important to maintain the core VSL concept and avoid overloading beneficiaries with other activities.
- As Project we are in the right track with interventions, but we need to include adult literacy, business management and financial education. These activities are already planned for FY2016.
- There is need to upload videos at the office prior to giving the phones to the Village Agents. Although initially the idea was to distribute over the internet, it is proving challenging to monitor that all agents have the right video.

Observations from the Quarter, Conclusions and Recommendations

- Distributing phones based on a specific achievement has greatly improved motivation for Village Agents to work hard to increase the number of beneficiaries. An incentive base approach rather than giving away things seems to work well with our agents.
- The 1 TOP approach greatly improved message dissemination and the VFP groups are interested in watching them. Short videos attract attention and people enjoy them while learning. Members are already asking for the next two videos.
- Adopting mobile banking in areas where Banks already work with our beneficiaries can have great potential to increase groups saving and lending capacity. However, it will require the project to spend time and money to develop the skills of beneficiaries using mobile phones and work with Banks to provide basic financial education.
- The money that the VFP Members save is generally shared out in December to assist them in buying farm inputs like fertilizer, seeds and pesticides. They also use for school fees for their children and buy some household items like chairs, sofa sets, cement for house construction and iron sheets. There is still limited use of money on activities that can provide greater returns. The project with the value chain component should explore linking saving groups to associations and cooperatives and explore local financing of activities such as collective marketing during harvest time.

Principal activities planned for Q2

- Working with the value chain team to begin to understand the barriers to women's access to markets, and networking with government stakeholders and VSL groups in order to connect partners and beneficiaries with appropriate resources that increase women's empowerment in financial services.
- Continue working on the final Video Script; approval and shooting.
- Distributing the Videos to Field Officers and Village Agents.
- Continue distributing the Android Phones to Village Agents.
- Continue distributing T-Shirts to Village Agents.
- Conducting training in Business Strategy and Financial literacy.
- Monitoring VFP Groups performance.
- Scaling up VFP to other districts in the Southern Region.
- Conducting Training of Trainers (TOT) for Nutrition Assistants in the Scale up Districts in VFP.

Partnerships and 3-C Integration

Integration with other USAID funded partners and non-USAID funded partners³ and government continued during the quarter. Activities undertaken in this domain include:

1) Collaboration with SSDI on training Care Group members in VFP methodology

In collaboration with SSDI, the INVC VFP officer trained 92 (52 male and 40 female) Care Group members in the VFP model. The training was conducted in Lilongwe. The table below summarizes the participants by gender and location.

Table 5. Training of Care Groups in Collaboration with SSDI.

District	VENUE	Training Date	Participants		Total
			Male	Female	
Lilongwe	Kabudula Water Users Association	7 - 11 December	33	15	48
Lilongwe	Kasiya Water Users Association WUA	23-27 December	19	25	44
		Total	52	40	92

The training included seven modules, covered as follow:

- 1) Day 1: Module 1 on group Dynamics, leadership and elections
- 2) Day 2: Module 2 on social fund, share-purchase and credit policies. Module 3 Development of group constitution.
- 3) Day 3: Module 4 on first saving meeting and Module 5 on first loan meeting.
- 4) Day 4: Module 6 on first loan repayment and Module 7 on share out exercise.

Participants were attentive, active and always eager to learn about the VFP approach during all the sessions. They shared that unfortunately until now, most of them were doing VSL without basic equipment such as cashbox, calculator, ink pad or stamp pad, and pass books. Although the SSDI Officer was supportive taking care of logistics, he was not attending the trainings which will likely affect the cascading down of this event.



Figure 2 Participants conducting a role play on VSL meeting, Kasiya

³ No activities were undertaken during this reporting period with Baylor-Tingathe. While there may have been some referral of joint beneficiaries to CCFLS, there was no disaggregation by implementing partner undertaken. The Community Drama presentations foreseen have been postponed until Q2-Q3 due to prolonged and continuing negotiations with INVC Local IP grantee Pakachere over the terms/conditions of their Fixed Award Agreement.

2) Collaboration with MISST, STAM, seed suppliers and agro-dealers for seed distribution

INVC identified three companies through a restricted tender to provide this year's seed requirements. In addition, the project identified 13 agro-dealers from a list of certified agro-dealers from the Seed Traders Association of Malawi (STAM) which directly distributed seed to beneficiaries. SEEDCO, was the successful bidder for soybean seed and supplied all the requirements in the five districts where seed was distributed. The Association of Smallholder Seed Multiplication Action Group (ASSMAG) supplied certified CG7 groundnut seed in Kanyama EPA and Chafumbwa EPA. The Women in Agribusiness in Sub-Saharan Africa (WASSA) offered short cycle certified seed and supplied in Bazale EPA in Balaka. In Msitu and Mlonyeni EPAs in Mchinji, Mpingu and Chileka EPAs in Lilongwe, and in Chafumbwa EPA Dedza, beneficiaries received seed that was a contribution from MISST (supplied by Peacock Seed Company). Seed companies and agro-dealers were briefed on the terms of the contract and objective of the activity prior to the distribution.

3) Collaboration with the International Potato Center (CIP) to Monitor Orange Fleshed Sweet Potatoes (OFSP) Production

During the quarter, FUM supervised demonstration sites where farmers planted OFSP in late June and July. CIP provided six varieties to farmers which included Zonden, Kaphulira, Chipika, Anaakwanire, Mathuthu and Kadyaubwerere. The main objective was to determine the appropriate variety for each environment. Overall, the crop in most of the sites performed well. In November, CIP organized a Training of Trainers (TOT) in Lilongwe aimed at equipping field staff from all project implementing partners with knowledge and practical skills on OFSP mother-baby trails and decentralized vine multiplication (DVM) concepts. Participants also visited a field in Mchinji where they appreciated sweet potatoes harvesting procedures at the mother trail; and bed preparation and planting of cuttings for DVMs. Three FUM field staff from Dedza, Lilongwe and Mchinji attended the training.



OFSP Plot in Mngwangwa EPA

4) Collaboration with ICRISAT and IITA for Seed Multiplication

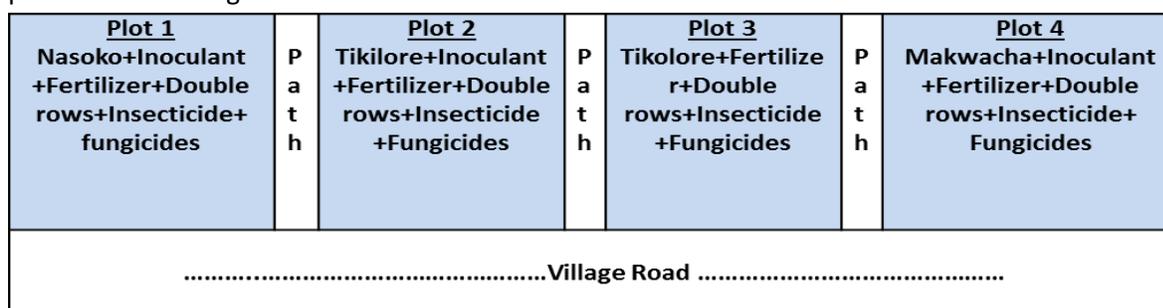
Farmers Union of Malawi (FUM) in collaboration with ICRISAT and IITA, supported seed multiplication in Dedza and Mchinji. ICRISAT/IITA provided basic seed to produce certified seed. At the end of the season, farmers are expected to sell to ICRISAT/IITA certified seed for their different programs. In total, 190 farmers received 7,680 kgs of groundnuts foundation seed, and 96 farmers received 3,200 kgs of soy bean foundation seed. The total area allocated to production is 270 hectares. The table below presents the quantities of seed received by EPA .

Table 6. IITA and ICRISAT Collaboration on Seed Multiplication by District, EPA, Quantity of Seed and Beneficiaries

District	EPA	Quantity (KGS)		Beneficiaries		TOTAL
		G/nuts	Soybean	Male	Female	
Dedza	Mayani	1,200	800			
Dedza	Linthipe	1,200	800			
Dedza	Kabwazi	1,200	800			
Dedza	Lobi	1,200	800			
Lilongwe	Chitsime	1,920		8	4	12
Lilongwe	Chileka	1,920		12	3	15
Lilongwe	Thawale	1,920		11	6	17
Lilongwe	Mngwangwa	1,920		10	5	15
	Total	7,680	3,200	41	18	59

5) Joint Demonstration Plots with Feed the Future Malawi Improved Seed Systems and Technology (MISST)

MISST in collaboration with FUM set up 30 demonstration plots of 10m by 10m in all INVC EPAs to promote and test soybean certified soybean varieties *Tikolore*, *Nasoko* and *Makwacha*. In total, MISST distributed 64.8 kg of seed to farmers (17kg of Makwacha, 30.8 kg of Tikolore and 17 kg of Nasoko). The demonstration plots are part of the 3-C plans with INVC. The layout of the demonstration plots is presented in the figure below.



MISST – INVC Join Demonstration Plot Layout

The key interventions under integration and 3 C partnership related to our nutrition component were meetings with other partners e.g. PCI Njira Project, SSDI-Service Delivery, Sue Ryder Hall, DFID, DADOs, DHOs and CSOs.

Some of the major outcomes from these integration sessions were:

- joint planning of activities,
- sharing of resources, and
- high outreach to beneficiaries.

For example, **meetings were conducted with CIP** to plan for the sourcing, distribution of OFSP vines, and establishment of actual number of FtF-INVC care group members to benefit the vines in Lilongwe, Mchinji, Balaka, Machinga and Mangochi. CIP will source and distribute the vines at district level while FtF-INVC will distribute the seed from the district to individual beneficiaries at EPA level.

From 23rd to 27th November 2015, **FtF-INVC trained 40 (21 male and 19 female) promoters and HSAs from SSDI-Services impact areas in Nsaru in Lilongwe in food preparation, preservation and utilization.**

SSDI-Services requested FtF-INVC to assist with training in order to build the capacity of its care group volunteers and government frontline workers it works with in food processing, preservation and utilization to improve food security at household level. Specifically, the training aimed to provide knowledge on:

- (a) Food preparation, preservation and utilization of food easily accessed by rural people;
- (b) Nutrition and the Malawi six food groups; and
- (c) Food safety and hygiene issues during food preparation among SSDI-Services promoters.

Different foods groups were prepared which included soy milk, soy flour, doughnuts, soy porridge, soy cake, groundnut flour and peanut butter. Additionally, pawpaw jam, mango juice, maize flour porridge, two multi-mix dish principle (rice, beef, beans, vegetables, cooking oil) and Irish potato, usipa, vegetables, beans, groundnuts flour were made.

INVC also participated in positive deviance (PD Hearth training organized by Concern Universal.

Participants were drawn from Ministries of Health, Education, Local Government, Community Development, Prison, Project Concern International and INVC. The training was primarily aimed at imparting knowledge and skills to partners on PD Hearth as an approach being used by Concern Universal under its Developing Innovative Solution with Communities to Overcome Vulnerability through Enhanced Resilience (DISCOVER) Project being implemented. FtF-INVC uses positive Deviance Inquiries (PDIs).

INVC participated in one (1) 3Cs meeting for all USAID funded partners in Balaka, Machinga and Llongwwe districts mapping on partner collaboration, coordination, collocation, joint planning and implementation was emphasized by the Mission.

In Mangochi, the project participated in World AIDS Day commemoration held on 11th December 2015 at Mpondas Primary School, Nansenga EPA in Traditional Authority Mponda. During the commemoration, INVC exhibited food processing session where various products/recipes were displayed. The function was organized by the Government with funding from Centre for Development of People (CEDEP) an organization that champions minority rights especially homosexuals, Namwera AIDS Association, an organization for people living with HIV (PLHIV) and Digitals International; and Banja la Mtsogolo, Malawi's leading family planning organization.

The theme of the day was *"It is possible to eradicate by practicing safer sex and encourage those living with HIV to use ARVs"*



Figure...: INVC food processing display that attracted people during World AIDS Day commemoration in Mangochi

In Magochi, INVC participated in one Agricultural Fair held at Bitikalanje village in Lungwena EPA, organized by the Ministry of Agriculture. The theme of the day was “Promotion of Irrigated Agriculture for Improved Nutrition and Food Security.” FtF-INVC Care Group volunteers with the assistance of their promoter showcased different recipes and other products fabricated using local foodstuffs from the area.

During this reporting period INVC continued its outreach to District Government and deconcentrated technical services. To this end:

INVC Participated in a number of DEC meetings

The meetings provide an opportunity for INVC to share progress it is making and also learn what other partners including government is doing in the districts of Balaka, Machinga and Mangochi. In addition-

- INVC participated in Gender Technical Working Group meeting in Machinga District where the Social Welfare Department presented new approved Marriage Act and Child Protection Act for projects including INVC to be promoting in its activities. and
- INVC participated in one Health Stakeholders Forum organized by the Balaka District Assembly where 34 participants (6 male and 28 female) were in attendance.

Further,

INVC Senior Management Visited District Agricultural Development Officers (DADO) in Balaka, Machinga and Mangochi

In early October, a team from home office comprising of Ben Lentz (COP), Lourdes Martinez (DCOP-Agriculture Value Chains), Henry Gaga (Value Chain Competitiveness Specialist) and Robert M. Chizimba (DCOP-Nutrition and Local Capacity Building) visited Balaka, Machinga and Mangochi districts to hold meetings with District Agriculture Developments Officers (DADOs) and their technical teams. The main objectives were to brief DADOs and their technical team members on the progress of INVC and to explore possibilities for enhancing working relationships with DADOs and their teams on the implementation extension activities.

It was encouraging to know that in all the three districts the officials knew of INVC interventions in nutrition and value chains and the collaboration between INVC and NASFAM. However, the DADOs mentioned that they have never received written reports from the field officers to document the collaboration. Immediately after the meeting, we shared our quarterly reports via email.

In all the districts the DADOs confirmed that for this planting season they expected shortages of certified seed (soy bean, groundnuts), and requested the project to consider providing certified seed to farmers. They suggested that the DADO could support and assist in distribution as they have experience and delivery mechanisms (as they do with FISP). INVC officers promised to make sure the DADOs were informed of activities being implemented in their districts for support and collaboration. Also, INVC pledged to continue working with DADO in FY16 in areas of capacity building, marketing promotion, nutrition, supervision and monitoring. Finally, the DADO’s committed to offering training to farmers in agribusiness and vegetable garden production as such capacity is there in the districts.

To this end, prior to the commencement of seed distribution activities in Extension Planning Areas of the Districts covered by INVC we sent letters to the DADO inviting them and their staff to assist in the activity and informing them of the dates distribution was scheduled to occur. The DADO of Balaka responded favorably assisting with the distribution of groundnuts in Bazale EPA. Other DADO were represented by frontline extension staff.

In our communities and with front line agricultural and health officers, collaboration is continual as AEDO, AEDC, and HSA attend training sessions, demonstrations, sensitization meetings and assist in activities when and where we can include them. To further assist the communities we serve, this quarter, **FtF-INVC facilitated 14 Area Development Committees (ADCs) meetings** (13 in Machinga and 1 at Katuli in Mangochi). The objective of the meetings was to create understanding among Village Development Committee (VDC) members on their role in the project especially on improved maternal and child nutrition related activities so that there is ownership and sustainability. Participants included:

- group village headmen,
- VDC leaders, ward counsellors,
- chiefs,
- Njira members of staff (Machinga only) and their promoters,
- NASFAM AFO and representatives of different village committees.

Some of the key issues raised were:

- (a) Need to hold regularly scheduled quarterly ADC meetings;
- (b) Concerns with NASFAM membership where some felt they were not benefitting much in seed despite paying annual membership fees;
- (c) Requests that the project start providing soy and groundnut seed to needy cluster members so that they plant and have enough food to diversify their diets and sell some.

INVC Indicators

Output Performance Indicator		INVC Achieved			
		FY 16 Q1	FY 16 Q1 Year to date	LOP Results to Date	Life of Project Target
1	Number of rural households benefiting directly from USG interventions	50,429	50,429	299,551	300,000
	Gendered Household Type				
	Adult female no adult male	9,968	9,968		
	Adult male no adult female	2,014	2,014		
	Male and female	38,294	38,294		
	Child no adults	152	152		
	Disaggregates not available	-	-		
	New/Continuing				
	New	88	88		
	Continuing	50,341	50,341		
	Disaggregates not available	-	-		
2	Number of individuals who have received USG supported short-term agricultural sector productivity or food security training	4,277	4,277	179,365	140,000
	Sex	-	-		
	Male	1,392	1,392		
	Female	2,885	2,885		
	Disaggregates not available		-		
	Type of individual		-		
	Producers (Farmers)	4,273	4,273		
	Government staff (Extension, EPA etc.)	4	4		
	Private Sector (Processors, service providers)				
	Civil Society (NGO' CBO, FBO, research etc.)				
Disaggregates not available					
3	Number of private enterprises (for profit), producer organizations, water users associations, women's groups, trade and business associations and community based Organizations (CBOs) receiving USG assistance.	42	42	10,879	10,000
	Organization Type				
	Private enterprises for profit				
	Producer organizations	42	42		

Output Performance Indicator	INVC Achieved			
	FY 16 Q1	FY 16 Q1 Year to date	LOP Results to Date	Life of Project Target
<i>Women's groups</i>				
<i>Trade and business Associations</i>				
<i>CBO</i>				
Duration				
<i>New</i>				
<i>Continuing</i>	42	42		
<i>Disaggregates not available</i>				
4 Value of new private sector investment in the agriculture sector or food chain leveraged by FTF implementation	-	-	\$ 200,000.00	2,200,000
Value of agricultural and rural loans	\$ 1,198,015	\$ 1,198,015	\$ 12,544,985	6,800,000
Type of loan recipient				
<i>Producers</i>				
<i>Local Traders/assemblers</i>				
<i>Wholesalers/processors</i>	\$ 1,198,015	\$ 1,198,015		
<i>Others</i>				
<i>Disaggregates not available</i>				
Sex of recipient				
<i>Male</i>				
<i>Female</i>				
<i>Joint</i>	\$ 1,198,015	\$ 1,198,015		
<i>Companies</i>				
<i>Disaggregates not available</i>				
Size of Loan Recipient				
<i>Micro</i>				
<i>Small</i>				
<i>Medium</i>				
<i>Other</i>				
6 Number of children under five reached by USG-supported assistance (through care group model)	102,953	102,953	139,701	175,000
<i>Male</i>	35,178	35,178		
<i>Female</i>	67,775	67,775		
<i>Disaggregates not available</i>				
7 Number of children under five reached by USG-supported assistance (through Child Health Days)			776,378	NA
<i>Male</i>				
<i>Female</i>				

Output Performance Indicator		INVC Achieved			
		FY 16 Q1	FY 16 Q1 Year to date	LOP Results to Date	Life of Project Target
	<i>Disaggregates not available</i>				
8	Number of people trained in child health and nutrition through USG-supported programs	166,337	166,337	340,320	300,000
	Male	59,387	59,387		
	Female	106,950	106,950		
	<i>Disaggregates not available</i>	-	-		
9	Number of MSMEs, including farmers, receiving business development services from USG assisted sources	0	0	621	675
	Size of Enterprise				
	Small				
	Medium				
	Large				
	Sex of Enterprise Owner				
	Male				
	Female				
	Joint				
	Type of Enterprise				
	Ag. Producer				
	Input trader				
	Trader				
	Output processors				
	Non- Ag.				
Other					

Comments	
1	The data presented shows the number of direct households beneficiaries that have received training through counseling cards and seed under nutrition component. Under agriculture, the beneficiaries have either received seed and training under CADECOM and NASFAM.
2	The number is for CADECOM and NASFAM beneficiaries who received short term agricultural sector productivity training during the quarter. The trainings focused on Aflatoxin management, double row planting, pests and disease management; weeding and land preparation. Please note that the number reported here is for individuals that were counted only once regardless of the number of trainings received during the reporting period while the narrative part of the report under component II (page 30), presents number of people trained hereby counting participation thereby double counting the individual.
3	These are the new GACs for FY16 as reported by CADECOM. Demonstration plots were mounted in each of the 42 GACs and farmers from these GACs have gained skills on land preparation, planting and weeding from this activity.
4	There were no activities implemented during the quarter that contributed to this indicator
5	No investments have been made in the quarter of Q1 of FY16
6	The data indicates the number of children who attended regular growth monitoring sessions organized by MoH in various health centers across the INVC impact areas. The households of these children were also reached with different child health and nutrition activities
7	During Q1 of FY 16, Child Health Day activities were not implemented because it was pended by MoH due to micronutrient survey which was being done in December 2015. It is expected to be implemented during the Q2 of FY 16 January - March 2016
8	INVC was working on the way forward to resolve the issues in Lilongwe and Mchinji with Nkhoma Hsopital. It is expected that activities will pick up in Q2 of FY16. The figure reported includes number of beneficiaries who have been trained in at least more than one of the 15 key messages promoted under INVC through household visits and it also include all HSAs and promoters trained in CCFLS during the quarter.
9	There were few activities that have been conducted in the Q1 FY 16. ACE has been reporting on this indicator, during the reporting period, it was finalizing liquidations and working on FOG for the next funding. More activities to contribute to the indicator will be implemented in Q2 of FY16

Component 1: Advancing Value Chain Competitiveness

Introduction

The current reporting period extends from October-December 2015. This is the first quarter of FY 2016 and is an off marketing season in Malawi. Component 1 activities focused on development of markets and collective marketing, food standards and safety, sales and markets, market information, and financial services. Component 1 also reviewed and redesigned some marketing activities including ACE's pricing/charging policy, NASFAM's aggregation efforts, FUM's pilot on service providers' field days, and value addition to Buyers Tour project.

At the end of this quarter, we had the grant agreement signed with ACE, FUM and CADECOM which included ambitious plans to increase marketing of soybeans and groundnuts the coming season.

Accomplishments

Development of Markets and Collective Marketing:

During the period under review, ACE revised downwards their charges on transport, storage, handling and bagging. The revised charges are as follows: K37/MT/km for transport, K51.50/MT/day for storage, K1400/MT handling charged at once, and K2475/MT bagging charged once. The reduced charges represent 80.5 % saving on transport costs, and 34 % saving on other charges for smallholder farmers in INVC's Zone of Influence (ZOI). The objective of reducing the transaction costs is to develop more markets and promote collective marketing behavior by smallholder farmers in the village aggregation centers. ACE procured an additional truck to make a fleet of three (3) trucks to ferry legumes of INVC's beneficiary farmers from village aggregation centers to structural markets.

ACE is using economies of scale to reduce their transportation costs. Basically, by using larger capacity trucks they can carry more volume and reduce per unit costs. Fixed costs such as driver's fee and vehicle depreciation are decreased as well when transporting more bags at once. Although fuel charges and loading and unloading fees will likely increase, more bags also imply fewer trips, so overall, this costs are likely to be reduced when looked at in comparison to the total volume deposited. Lastly, ACE reduced their profit margin on the transportation of products because for them it is more profitable to have more volume in their warehouses. ACE hopes that this reduction will create incentives for farmers to use the warehouse receipts system (WRS).

In addition, in collaboration with GIZ, ACE carried out a situation analysis and needs assessment for the development of rural markets in the country. Preliminary results showed that smallholder farmers' adoption of ACE's services was low due to different factors including those related to its own setup. For example, rural field staff lack means to access or to be accessed by farmers like transport and communication. ACE lacks both human capacity and appropriate resources to conduct training programs

for smallholder farmers and its own staff. The analysis also identified seven (7) entry points for intervention: rural field staffing, outreach programs, partnerships, services, organizational structure, and farmers' needs. By addressing the challenges, ACE will be able develop the rural market and respond to the needs of the smallholder farmers.

During the quarter under review, NASFAM carried out a stocking taking exercise in INVC's ZOI. NASFAM found a physical stock of 1,011 mT of soybeans with a shortage of 43 mT, and 57.4 mT of groundnuts with shortage of 23.1 mT. NASFAM attributed the shortages to weight losses, use of different weighing scales, and theft. The stock losses have serious implication on the profitability and sustainability of farmer associations. NASFAM intends to take disciplinary measures against IPC managers with stock shortages.

During Q1, FUM linked seven (7) service providers (Seed-Co, Sunseed Oil, Farmers Organization Ltd, Mahindra, Export Trading Group, NBS Bank and Opportunity Bank) to smallholder farmers in Mchinji, Lilongwe and Dedza. The service providers participated in agro-service field days held at Chitowo in Linthipe EPA in Dedza, Mkanda EPA in Mchinji and Mngwangwa EPA in Lilongwe. The companies represented seed suppliers, buyers, agricultural equipment suppliers and commercial banks. The objective was to expose farmers to input markets, different service providers and output buyers. This was in pursuit for development of input and output markets.

In addition to partner's activities, Component 1 completed The Malawi Soybean Value Chain Upgrading Plan for FY 2016. See Annex 1. The plan identifies constraints, challenges and opportunities in the soybean industry, and offers solutions to address the constraints/challenges, and take advantage of the opportunities. The plan is a market-driven initiative to integrate smallholder farmers into markets.

Food Standards and Safety:

In collaboration with USAID Southern Africa Trade Hub (SATH), INVC participated in an impact assessment of the aflatoxin training programs in the INVC's ZOI. The assessment was a follow up to several aflatoxin control and management training programs that were collaboratively undertaken and reported in FY 2015. Tebuho Yubai, a Short term Technical Consultant (STTA) hired by SATH, carried out focus groups in Mlonyeni and Chiposya Extension Planning Areas (EPA) in Mchinji. The evaluation found that all 27 participants (18 males and 9 females) who took part of the focus groups discussions were aware of aflatoxin as a threat to health, agriculture and trade. Moreover, they were able to identify and practice aflatoxin control and management measures

ACE reduces transaction costs for smallholder farmers

Transport costs for farmers add approximately 60% to production costs as the farmers move their produce to markets regardless of where the market is. In November 2015, ACE finally listened to the outcry from the farmers.

ACE analyzed the transaction costs for farmers in INVC's geographical zone of influence and found charges were K65/MT/km, K2/kg for handling, and K200/bag on the market. In rural areas, the charges are arbitrarily set and usually much higher than the declared market prices and depended on the road conditions, availability and mode of transport used.

Transport costs are high in Malawi due to lack of competition in the transport industry in rural areas. Usually there is only one 10mT truck for four EPAs. The truck is often not roadworthy operating without necessary road permits and insurance. The transport infrastructure is generally poor and most roads are impassable.

To combat high transport costs, ACE acquired a third truck to add to its fleet in order to ferry soybeans and groundnuts from farmers in INVC's ZOI. The trucks will pick farmers' produce from village aggregation centers and transport it to Trading Centers. The three trucks are available for hire at a reduced charge of K39/MT/km.

When asked what the reduced transport costs meant to smallholder farmers, Giorgina Prizzon, operations manager of ACE said "Big savings of up to 60% on transport costs - going into poor farmers pockets".

The chairperson of Thawale Farmers' Cooperative corroborated Prizzon's assessment that the cooperative members will be saving over 60% on transport costs. The cooperative used to be charged K100/50 kg bag to ferry a sack of soybeans 10 km to Mitundu Trading Center. With transport from ACE, transporting a 50 kg bag of soy will cost only K19.50, a saving of K80.50/50 kg bag. The cooperative will thus be able to ferry five bags for the price of one, a comparative cost savings of 80.5%.

ACE further reduced affiliated transaction costs by 34% including handling, bagging and storage charges. Thanks to reduced transport costs, smallholder farmers' gross margins should improve enormously.

learned during the aflatoxin training programs sponsored by INVC and SATH.

As part of the evaluation, the consultant also interviewed companies that have worked with INVC farmers after the training. According to Afrinut Ltd, one of the largest groundnut processor in Malawi, reduction of groundnut losses due to aflatoxin went from 65 percent to 5 percent after the training programs. In 2015, Afrinut sourced 10mT of groundnut from Lifidzi Smallholder Farmers Association in Chafumbwa, Dedza district that had 0 ppb of aflatoxin. Afrinut Ltd was in the forefront in the aflatoxin training programs and buyers tour as a partner.

Also in collaboration with SATH, we explored scaling up aflatoxin control and management training in FY 2016. However, after SATH renewed the contract of a consultant to continue with the training, SATH canceled this activity due to lack of funds. Thus, INVC will cascade the aflatoxin training programs through the trained 850 lead farmers in the following quarters.

INVC, in collaboration with Feed the Future-Malawi Improved Seed Systems Technology Program (MISST), planned to conduct aflatoxin survey in Q2 whereby INVC will mobilize its staff to collect samples for aflatoxin testing and analysis by MISST. INVC also planned for consultative meeting with LUANAR to share information on aflatoxin.

Sales and Market Options:

Warehouse Receipt System

During this quarter, ACE reported that there were no warehouse receipts for soybeans. ACE explained that the period under review was an off marketing season.

Contracts

During the quarter under review, ACE facilitated one forward contract of 364mT of soybeans worth K122,031,891.80 (USD\$198,015.96). Forward contract guarantees fixed prices and ready markets for farmers enabling processors to plan their future deals more effectively. ACE's forward contract is calculated by adding the financing, handling and storage to the spot price that is today's price. However, this pricing mechanism does not take into account inflation and exchange rate fluctuation.

ACE also facilitated direct sales of 389.09mT of soybeans worth K128,001,591.80 (USD207,700.38) traded by sellers in INVC's ZOI.

Market Information:

Sensitization and Training on Structured Trade

During this quarter, ACE sensitized and trained 1,779 farmers (990 males and 789 females) on structured markets in INVC's ZOI. Forty-two people (32 females and 10 males) patronized the Market Information Points (MIP) in the INVC ZOI.

Financial Services:

Collateral Financing Facilities

ACE did not disburse money for bridging finance and 70% warehouse receipts due to lack of demand.

Innovative Value Chain Financing

An innovative value chain financing instrument of K20 million was approved for CADECOM to pilot in Chafumbwa and/or Kanyama EPAs in Dedza. The INVC Capacity Building Specialist will be working through CADECOM to build capacity of Lifidzi Smallholder Farmers' Association and Kanyama Smallholder Farmers' Association in Dedza to effectively and efficiently utilize the funds for the profit of their associations.

Access to financing is critical to increasing smallholder farmer inclusion into higher value chains. In Malawi, banks are still unwilling to lend smallholder farmers even when most of INVC associations and cooperatives are registered entities and in many cases they own assets such as warehouses. However, private banks insist that small scale farmer associations/cooperatives lack collaterals and the risk of not paying back a loan is a main deterrent to work with them.

INVC will pilot with partner CADECOM and two associations to institute revolving fund mechanisms to assist them during harvest season with bridging finance. Under this pilot, CADECOM will provide a loan to the associations which will previously have been trained in financial management. The association will use this cash to buy from its members at an agreed market price. Given that farmers are extremely cash constrained at harvest, they will receive their payment for whatever volume they bring to the association. The association will then sell the product to a pre-identified buyer. The proceeds from the sales will be used: first to pay back the loan. Any additional proceeds (e.g., higher price sold to processors, interest rate) will be distributed among members as a profit sharing scheme to increase the incentive producer/ members have to sell to the association. The original loan will serve as revolving fund for the association either to support seed purchases or more marketing activities. By keeping the money with the associations, INVC aims at increasing farmers' access to formal financing, which in turn will help them build their reputation and access more opportunities for market expansion.

Commercial Bank Linkages

Consultative meetings took place with Washington USAID Development Credit Authority guarantee loan facility (DCA) to assess financial markets in Malawi, and explored ways of extending the facility to farmer groups. Participants included Scott Haller and Megan Rapp of USAID DCA Washington, Chrispin Magombo of USAID Malawi, John Jepsen of DAI Washington, and Benjamin Lentz, Lourdes Martinez and Henry Gaga of INVC. The financial market assessment recommended that INVC should follow up and connect with Chris Kizza, CEO of FINCA Malawi, local implementing partner of DCA Malawi. INVC will pursue this with FINCA in the following quarters.

Constraints, challenges and solutions

- Partner's still view marketing as a secondary activity. For example, NASFAM and FUM cut off funding for marketing activities due to alleged budget constraints. ACE was not willing to deal with smallholder farmers on marketing activities including provision of market information which was completely cut off from their budget. INVC had to work hard with ACE and FUM to develop a plan to accomplish their marketing milestones. In addition, the project persuaded CADECOM to include marketing activities in their new grant agreement. IPs need to adopt the value chain approach with a goal of improving backward and forward integration of farmers in the groundnut and soybean markets if they wish to make the activities sustainable over the years.
- The delays in signing of Fixed Award Agreements also delayed important marketing activities that could have resulted in important contracts between buyers and beneficiaries. INVC expected to conduct buyer's tours in November 2015 in order to connect buyers interested in signing marketing contracts with farmers and promote outgrowers schemes, with the objective of engaging buyers in seed and other input distribution programs with our farmers. However, the FAA were only signed at the end of December. Despite the issues with contracts, the project is still on track to accomplish important marketing milestones with partners.
- All the efforts at the end of the year were channelled to distributing seed to beneficiaries. Although the activity was a success it implied that the Value Chain Competitiveness Specialist, Value Chain Coordinator, two Value Chain Officers and two interns all worked full time with Component 2 in seed distribution alone.

Observations from the Quarter, Conclusions and Recommendations

- There were different activities during the quarter not directly linked to our workplan which helped achieve the overall project's objectives of integration and collaboration. The Value Chain Competitiveness Specialist and Value Chain Officers participated in Lilongwe rural 3 Cs integration meeting organized by USAID Malawi. The Value Chain Specialist facilitated a cost and benefit analysis study with the Mission's Economist and a private consultant.
- Lack of an agreement with NASFAM will require a new approach to integration nutrition in value chains. In some instances, INVC would be able to benefit from the government agriculture extension structures to reach out to farmers and Care Group Lead Parents who received seed this year. However, in some areas INVC might be forced to do direct implementation, particularly in EPAs that were covered by NASFAM.
- The project should intensify activities to bring buyers closer to farmers, cascading down aflatoxin training, offering food safety training to legume processors and integrating government structures and implementing partners. All these activities and partnerships were very successful last season, and farmers benefited from all of them.
- INVC should facilitate integration of village financial platforms into marketing activities to increase community participation in collective marketing.

Principal activities planned for Q2

- Conduct market mapping exercise with Mchinji and Dedza district
- Facilitate buyers tour in Dedza and groundnut farmers tour of Afrinut and Valid Nutrition in Lilongwe
- Organize follow up first basic training on food safety with Michigan State University
- Organize meeting with FINCA on UASID DCA guarantee facility
- Organize training on marketing and credit management for Chafumbwa and Kanyama Farmer Associations

Success story: Afrinut reduces groundnut losses

INVC in collaboration with Southern Africa Trade Hub and Afrinut Ltd trained smallholder farmers in aflatoxin control and management in groundnuts. Through these training programs, Afrinut Ltd was able to:

- reduce groundnut losses from 65% to 5% because it invested in:
 - Aflatoxin control and management training programs
 - Safe disposal of aflatoxin contaminated material
 - Blue box aflatoxin management training
 - In shell groundnut trading farmers training
 - Buyers tours to farmers
 - Market linkages with farmers
- In FY 2015, of the 300mT groundnuts bought from smallholder farmers in INVC's ZOI
 - 65 - 70% were good
 - 25% were grade outs and were sold as commercial
 - 5% were wastes
 - Out of the 300mT of groundnuts, Afrinut lost only 5% translating in 15MT value at K2.25 million
 - The saving is 95%.
- A practical example is 10mT of unshelled groundnuts purchased from Lifidzi Smallholder Farmers Association of Chafumbwa EPA in Dedza. The aflatoxin contamination was found to be 0 ppb, 90% were good nut, 8% grade outs and 2% waste. The good nuts were roasted and sold to Valid Nutrition. The grade outs were sold as commercial. Afrinut sold all the shells to boiler operators

Component 2: Improving Agricultural Productivity

Introduction

Activities during this quarter focused on seed distribution, increasing integration with the project nutrition component, and strengthening partnerships with other USAID projects, government stakeholders and other donors.

INVC successfully introduced a pilot seed distribution program aimed at furthering the integration between agriculture and value chain activities as well as increasing the role of the private seed sector in our zone of influence (ZOI). In total, the project distributed 149,516 Kg of seed (76,304 kg of CG7 groundnuts and 73,212 kg of Serenade soybeans) and 305 kg of inoculant to 10,901 beneficiaries.

In addition to seed distribution, other important activities taking place during this quarter included setting up 1,218 demonstration plots. Unfortunately, less than 10 percent of these plots could be planted by the end of the quarter due to lack of rains in December. *El Niño* caused important delays in planting rains this year. The most affected areas have been central and southern Malawi.⁴

More than 7,000 beneficiaries participated in different sessions facilitated by lead farmers and covering basic crop management practices. Prior to seed distribution, the project conducted orientation of 4,028 farmers, nutrition assistants and promoters in best agronomic practices in production of soy and groundnuts all before the first planting rains arrived. During distribution all seed beneficiaries received brochures on best agronomic practices to reinforce the message on best production practices, particularly double row planting and seed spacing.

The project collaborated with the Malawi Improved Seed System Technology project (MISST) which offered 29,370 kg of groundnut seed to INVC beneficiaries. In addition, MISST through IITA and ICRISAT set up demonstration plots and provided foundation seed for multiplication to Farmer Union of Malawi (FUM)/INVC farmers. During the quarter INVC and MISST agreed on setting up joint demonstration plots, and conducting field days during the following quarters. With support from the International Potato Center (CIP), field officers and farmers from CADECOM and FUM received more training on Orange Fleshed Sweet Potato (OFSP) production and harvesting.

To increase the collaboration with the Government of Malawi (GOM), the COP and both DCOP's visited the District Agricultural Development Officer (DADO) for Balaka, Machinga and Mangochi to inform them of our nutrition and agricultural activities and to share with them our reports, as well as coordinate future support for extension activities.

An assessment of "seed" in Association Seedbanks throughout our Zone of Influence revealed poor generational traceability, low varietal purity and large amounts of foreign matter mixed in with the seed which should have been graded out upon reception. In addition many seed banks did not respect basic hygienic practices for seed and many were either poorly aerated or open to the elements. Many associations continue to store their "seed" in opportunistic locations and our assessment of the overall

⁴ FEWSNET Food Security Outlook. Available at <http://www.fews.net/southern-africa/malawi>

quality was extremely low. Unfortunately our recommendations to our IP to convert the stocks to commodity grain and invest in new certified seed were not followed. INVC thus disengaged itself from distribution from the seed banks this agricultural season.

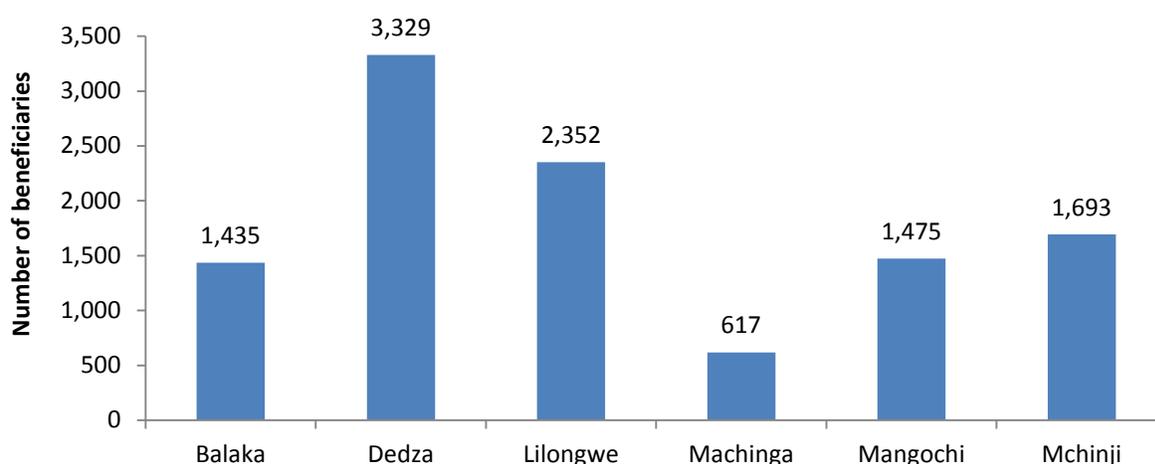
Accomplishments

Adoption of New Technologies

Pilot seed distribution program for soybeans and groundnuts

This quarter INVC successfully integrated nutrition in value chains and promoted community business linkages by introducing a pilot seed distribution program, by which a targeted group of beneficiaries participated in a reduced cost seed distribution program through private agro-dealers. The most innovative aspects of this distribution were: the target population, the quantity of seed they received, the quality control all of stages of the distribution, and the value chain actors who benefited from this activity. Overall, the project distributed 149,516 Kg of certified seed (76,304 kg certified CG7 groundnuts and 73,212 kg certified Serenade soybeans) to 10,901 beneficiaries. The figure below presents distribution of beneficiaries by district.

Figure 1. Total Number of Seed Beneficiaries by District



INVC carefully selected beneficiaries in our ZOI to promote nutrition as well as value chain addition. In Balaka, Lilongwe, Machinga, Mangochi and Mchinji the project provided subsidized seed to nutrition care group lead parents and promoters who, with support from nutrition assistants and district nutrition coordinators, were able to access 23,200 kg of CG7 groundnuts, 73,212 kg *Serenade* soybeans and 305 kg of *Nitrofix* inoculant. In total, 7,572 beneficiaries received seed out of which 96 percent were women. The table below presents the distribution to care group lead parents and nutrition promoters by district, EPA, gender and type of seed.

Table 7. Distribution of Seed to Care Group Lead Parents and Nutrition Promoters by District, EPA, Gender and Type of Seed

District	EPA	Beneficiaries			Seed	
		Male	Female	Total	Groundnuts	Soybeans
Balaka	Bazale	9	221	230	3,264	60
Balaka	Mpilisi	2	86	88		1,056
Balaka	Mthiramanja	35	251	286		3,432
Balaka	Phalula	7	167	174		2,088
Balaka	Rivirivi	15	115	130		1,560
Balaka	Ulongwe	12	165	177		2,124
Balaka	Utale	13	136	149		1,788
Balaka	Chilipa	5	196	201		2,412
Lilongwe	Chigonthi	5	192	197		2,364
Lilongwe	Chileka	2	286	288	4,608	
Lilongwe	Chitsime	0	185	185		2,220
Lilongwe	Chiwamba	2	239	241		2,892
Lilongwe	Mlomba	0	223	223		2,676
Lilongwe	Mngwangwa	5	176	181		2,172
Lilongwe	Mpenu	6	169	175		2,100
Lilongwe	Mpingu	2	284	286	4,576	
Lilongwe	Nyanja	7	259	266		3,192
Lilongwe	Thawale	4	144	148		1,776
Lilongwe	Ukwe	0	162	162	448	1608
Machinga	Chikweo	2	81	83		996
Machinga	Domasi	3	20	23		276
Machinga	Mbonechera	6	128	134		1,608
Machinga	Mtubwi	2	92	94		1,128
Machinga	Nanyumbu	2	10	12		144
Machinga	Nsanama	1	5	6		72
Machinga	Nyambi	7	258	265		3,180
Mangochi	Katuli	25	329	354		4,248
Mangochi	Lungwena	1	23	24		288
Mangochi	Maiwa	23	166	189		2,268
Mangochi	Masuku	12	152	164		1,968
Mangochi	Mtiya	11	253	264		3,168
Mangochi	Nankumba North	19	186	205		2,460
Mangochi	Nankumba South	12	244	256		3,072
Mangochi	Nasenga	4	15	19		228
Mchinji	Chiosya	4	226	230		2,760
Mchinji	Kalula	3	135	138		1,656
Mchinji	Mikundi	12	357	369		4,428
Mchinji	Mkanda	5	233	238		2,856
Mchinji	Mlonyeni	4	180	184	1,760	888
Mchinji	Msitu	16	518	534	8,544	
	Total	305	7,267	7,572	23,200	73,212

In Dedza, INVC and partner CADECOM selected beneficiaries in EPA's with good historical high productivity, EPA's with beneficiaries loyal to the INVC Project (farmers with over a year membership), and EPA's with well-organized associations. INVC then utilized unique IDs database to select Chafumbwa and Kanyama EPA's for the pilot. In total 3,319 beneficiaries received 53,104 kg of CG7 groundnuts. CADECOM also received 120 kg of certified soya plus inoculant and 150 kg of groundnut seed to set up 55 demonstration plots in all the other EPA's.

The total amounts of inputs beneficiaries received were 16kg of certified groundnut seed (var. *CG7*) or 12kg of certified soybean seed (var. *Serenade*) plus 50 g of inoculant (*Nitrofix*) for the soybean. These amounts were sufficient to plant 0.125 ha in double rows. In contrast to the traditional humanitarian relief programs, the project's rationale was that farmers who have access to sufficient inputs and use proven agronomic best practices for the legume on a land area of sufficient size are more likely to engage in economic production rather than focusing only on subsistence production.

The project in collaboration with the Seed Traders Association of Malawi (STAM) and MISST obtained a list of recommended (certified) agro-dealers. This list helped the project ensure that agro-dealers make available the best quality seed possible to farmer beneficiaries. In addition, spot seed sampling at retail points was done to monitor the quality of seed being sold to farmers under this pilot. All agro-dealers were required to use a triplicate receipt book to acknowledge receipt of farmers contribution, out of which the original copy of the receipt was given to the farmer, the duplicate copy serving as a voucher was to be submitted to INVC along with an invoice, and the triplicate copy remaining as the agro-dealer's record for the receipt of payment from a farmer.

To decrease incidence of fraud, seed distribution was planned for a maximum of two days per distribution center in all five districts. However due to logistical challenges, especially concerning non-adherence to seed delivery schedules by suppliers and transporters, the exercise was extended to three days or more at some centers. INVC deployed staff to all distribution points to verify beneficiaries and monitor the distribution exercise. INVC further engaged the Seed Systems Unit from the Ministry of Agriculture to perform roving quality control checks on seed being distributed through agro-dealers and is using the results of the SSU germination tests and analyses to verify the conformity of the certification certificates presented by the seed companies for the different lots of seed provided for this exercise.

By working through private sector seed companies and their network of agro-dealers, INVC also promoted an economic multiplier effect in communities where the seed was sold. Traditional direct distribution programs emphasize giving free seed to farmers; however, INVC beneficiaries were required to pay agro-dealers MKW 1,000 for the package of inputs they received. The payment was intended to serve as the dealer's commission in order to motivate them to provide the requisite volumes of the highest quality seed. Farmers also paid about MKW 1,500 (for an average distance of 15 km) for local transportation to obtain their bag of seed, and transported it back to their farms. Agro-dealers had to pay for loading and unloading of seed (about MKW 80,000 per vehicle). All these cash remained in the communities that in December were facing more than 20 percent official inflation rate and 40 percent devaluation of the kwacha against the dollar.

Throughout distribution points, farmers inspected the seeds before accepting them, contributing to control the good quality of the pack. In Balaka, a farmer spotted a bag of seed with high humidity and immediately returned it to the agro-dealer. Farmers were also empowered to know that they will own the harvest because they have contributed time and money. Finally, INVC helped link community agro-dealers with farmers for future transactions. Most importantly, seed suppliers were introduced to potential real markets, where they would establish business links in the future.

Despite the logistical challenges faced during this activity, it has been a success, and more collaboration with the private seed sector would contribute to a more sustainable development of the soy and groundnut value chains.

Rapid Seed Recovery Quality Assessment

In October, the INVC Agriculture Productivity Team Lead conducted a final on-site quality assessment of the seed recovered by NASFAM and CADECOM associations to determine the quantity and quality of seed available for distribution during the planting season. The table below presents the dates and sites visited.

Table 8. INVC Agricultural Productivity Team Lead Visits to NASFAM and CADECOM Storage and Warehouses, October 2015

Date	District	Storage/Warehouse location
22 nd October	Dedza	Chafumbwa and Kayama
26 th October	Lilongwe	Lumbadzi, Chiwamba, Mpingu and Kamwendo
27 th October	Lilongwe	Nathenje, Mpenu
27 th October	Ntcheu	Nsipe, Bilira, Kasinje
28 th October	Balaka	Balaka
28 th October	Machinga	Domasi, Nsanama, Ntaja, Nampeya
29 th October	Mangochi	Masuku, Namwera, Katuli
29 th October	Balaka	Chilipa

The observations from the team lead confirmed once again the lack of proper management of seed recovered by our local implementing partners. In the case of NASFAM, while three out of 18 associations were in the process of conducting germination tests at the time of the visits, the procedure lacked rigor (e.g., seed selected for germination taken from a bag and sorted previous to the test; tests did not have labels to indicate when they started and what bag they were testing). The team lead found that the test conducted in Namwera IPC was somehow more reliable. In their October report, NASFAM indicated that they had conducted these tests and that the results were promising. However, INVC team lead could not corroborate this claim.

For Soybeans, although the appearance looked clean and well filled in most warehouses, there was high incidence of varietal mixture. People in charge of receiving seed from farmers were not separating varieties and mixtures of *Serenade* and *Tikolore* or *Makwacha* were observed. Also, there was high content of inert matter in the inspected lots.

NASFAM had not established a proper traceability system to determine the generation of the recovered seed. Germination tests conducted at Namwera revealed that recycled soybean had lost vigor after two seasons (again Namwera IPC was the only place where the test was somehow more rigorous). Because of the lack of knowledge about the actual seed generation, it was going to be impossible for NASFAM to determine the actual germinative capacity of the recovered seed.



Recovered Seed from Ntiya EPA in Namwera IPC, October 2015

Similarly, for groundnuts, besides varietal mixtures (e.g., CG7 and Nsinjiro) and lack of traceability system to determine seed generation, the stocks were shelled when the recommendation is to keep seed in-shell until it is time to plant. The figure below presents varietal mixture in Mchinji and Balaka IPC



Recovered Groundnut Seed in Mchinji and Balaka, October 2015

INVC informed NASFAM of these findings and recommended that NASFAM avoided redistributing recovered grain from the association seed banks to INVC farmers due to lack of information on germinative capacity. INVC believed that varietal mixtures would negatively affect performance of the resulting crop. Finally, INVC recommended liquidating the current seed revolving stock and using the proceeds to buy fresh R1 certified seed from reputable seed suppliers to distribute to farmers or save the proceeds for marketing activities. NASFAM was not in agreement with INVC recommendations and decided to distribute seed in INVC ZOI. The decision, they argued, was based on germination tests NASFAM field staff conducted in October, which as stated above provided dubious results.

In the case of CADECOM, the team lead found that an association in Chafumbwa EPA had good management practices such as storing in shell, packing seed in new bags, on pallets in well ventilated warehouses. The seed looked clean, with low incidence of shriveled and moldy grain and a significant degree of purity in grain color characterizing CG7 varieties. However, the association did not have information about the contents of each bag (e.g., labeling of bags), and had conducted germination tests late in the season (CADECOM finished its seed recovery exercise in September).

The team lead observed that all other associations would generally keep groundnut seed in shell in their houses, in old tattered unlabeled bags. In one instance seed was exposed to water, resulting in moldy seed. In addition, lead farmers who kept seed in their houses did not know the weight of the seed or any other additional information about the lot. Farmers claimed that lack of funding to rent warehouses prevented them from storing in appropriate places.



Recovered Groundnut Seed in Dedza, October 2015

In the end, INVC recommended CADECOM the distribution of seed only from Chafumbwa EPA, and avoiding distribution of the other seed to INVC beneficiaries. CADECOM accepted the recommendation and distributed about 15 MT of seed.

Table 9. CADECOM Seed Recovery Distribution by EPA and Total Quantity Distributed

EPA	Beneficiaries	Total distributed (kg)
Kanyama	700	7,000
Chafumbwa	600	6,000
Mtakataka	160	1,600
Golomoti	37	370
Bembeke	17	170
TOTALS	1,514	15,140

Seed recovery has been problematic from the very beginning of the exercise. In previous reports INVC experts expressed concerned about the ability of local implementing partners to carry out this type of activity (e.g., 2015 Q4, page 49; 2015 Q3 page 47; 2015 Q1 page 24). Local partners have been reluctant to abandon this practice because they use it as a way to attract new members. CADECOM and NASFAM have shown no real commitment to conduct a proper seed recovery. Therefore, INVC decided to cease this program in 2015-16 season.

Mapping of Demonstration Plots

Demonstration plots are the most important approach INVC uses to encourage adoption of improved inputs and disseminate best production practices. During the quarter, implementing partners identified 1,218 sites for the demonstration plots; however, planting was delayed due to late onset of rains caused by climatic conditions.

This year, FUM and CADECOM received certified groundnut and soybean seed to set up demonstration plots. FUM identified 420 demonstration plots, and by the end of December planted only in Kalulu EPA (Mchinji); CADECOM planned for 55 demonstration plots, and planted 12 groundnut demos in four EPA (except Mtakataka). Both partners indicated that they were unable to plant more demos due to lack of rainfall. Finally, NASFAM reported identifying 743 demonstration sites, but did not report on the status of planting. The table below presents the number of demonstration plots by partner, district and EPA.

Table 10. Number of Demonstration Plots Identified by IPs,

Partner	DISTRICT	EPA	TOTAL
CADECOM	Dedza	Bembeke	10
CADECOM	Dedza	Chafumbwa	8
CADECOM	Dedza	Golomoti	12
CADECOM	Dedza	Kanyama	9
CADECOM	Dedza	Mtakataka	16
FUM	Dedza	Kabwazi	27
FUM	Dedza	Linthipe	46
FUM	Dedza	Lobi	51
FUM	Dedza	Mayani	36
FUM	Lilongwe	Chileka	28
FUM	Lilongwe	Chitsime	70

FUM	Lilongwe	Mngwangwa	71
FUM	Lilongwe	Thawale	71
FUM	Mchinji	Kalulu	16
FUM	Mchinji	Mkanda	4
NASFAM	Balaka		141
NASFAM	Lilongwe North		41
NASFAM	Lilongwe South		179
NASFAM	Mchinji		235
NASFAM	Namwera		71
NASFAM	Ntcheu		76
		Total	1,218

Extension training

Training beneficiaries on pilot seed protocol and best production practices

INVC directly trained 4,028 INVC beneficiaries prior to seed distribution this quarter. In partnership with CADECOM, INVC agricultural productivity team conducted refreshers with 3,706 lead farmers in Chafumbwa and Kanyama EPAs on best production practices, including field preparation, planting, weeding and integrated pest management. In addition, during this training INVC distributed unique IDs to these farmers. During this training farmers learned about the pilot seed program. The team explained that the seed was a purchase and not a loan and therefore farmers would not be expected to payback seed at harvest. Farmers were quite delighted to learn that they would not have to pay back and were keen to pay for their seed and promised to work hard to find the money in order to access the seed. In addition to farmers, from December 7th to 12th, INVC offered similar best production practices training to 322 district nutrition coordinators, nutrition assistants and promoters in Balaka, Lilongwe, Machinga, Mangochi and Mchinji. The objective was to equip participants with skills to help care group members achieve high productivity of the value chain crops. Sensitization meetings provided a great opportunity to fast track integration of nutrition in agriculture messages, such as promoting the INVC message of “eat some, sell some, invest some”. The orientation sessions were also an opportunity to explain to participants the details and procedure to be followed in seed distribution and the expectations for monitoring.

Implementing Partners Training of Beneficiaries on Crop Management Practices

During this quarter, INVC lead farmers and field officers trained 7,737 beneficiaries (2,750 males and 4,987 females). These training were based on previous season crop management trainings. The table below summarizes the participants by partner, location and gender.

Table 11. Implementing Partners Training by District and Gender, 2015-16 Q1

Partner	District/IPC	Beneficiaries		Total	Female Participation
		Male	Female		
CADECOM	Bembeke	46	139	185	75.1%
CADECOM	Chafumbwa	560	773	1,333	58.0%
CADECOM	Golomoti	169	532	701	75.9%
CADECOM	Kanyama	226	1,147	1,373	83.5%
CADECOM	Mtakataka	41	72	113	63.7%
NASFAM	Balaka	70	26	96	27.1%
NASFAM	Namwera	529	949	1,478	64.2%
NASFAM	Ntcheu	1,109	1,349	2,458	54.9%
	Total	2,750	4,987	7,737	64.5%

CADECOM Lead farmers trained 3,705 farmers (1,042 males and 2,663 females) on different topics including land preparation, collective marketing, seed germination test, integrated pest management, aflatoxin management, dangers of aflatoxin and planting groundnuts on two lines (double row) on one ridge and weeding. In addition, in Bembeke EPA, 29 (13 males, 16 female) lead farmers attended an Integrated Pest Management training in which they learned among other things how to identify pests, different ways of controlling pests (other than chemical control only), and store their products. These farmers are expected to train other farmers later in the season.

NASFAM field officers also managed to conduct land preparation and aflatoxin management trainings. The IPCs of Balaka, Namwera and Ntcheu successfully trained 4,032 farmers out of which 57.6 percent were women farmers. This is a positive development as more female legume producers are being trained on new technologies. Other IPCs such as Lilongwe South, Lilongwe North and Mchinji did not conduct trainings due to leadership transition processes and lack of funding for associations.

New Membership

Registration of new members in Farmers Associations

NASFAM registered 14,115 beneficiaries in the month of October. Most registration happened in Mchinji (MASFA IPC) and Lilongwe South IPC with 77 percent and 71 percent of new members respectively. FUM and CADECOM did not report registering new beneficiaries during this quarter. However, they informed INVC of their intention to finalize new farmer registration during the second quarter.

Distribution of extension equipment

During the quarter, FUM procured 200 push bikes, 600 backpacks and 600 T/shirts, which were distributed to lead and assistant lead farmers who did not receive them last season. Distribution of the items took place in Dedza and Mchinji districts and was still underway in Lilongwe at the time of reporting. The pushbikes will ease mobility challenges among the lead and assistant lead farmers who were walking long distances on foot to train and monitor field activities among the follower farmers. The table below summarizes the distribution by district, EPA and beneficiaries.

Table 12. Distribution of extension aids to FUM lead farmers

District	EPA	Bicycles			Backpacks			Total
		Male	Female	Total	Male	Female	Total	
Dedza	Linthipe	8	12	20	21	39	60	80
Dedza	Kabwazi	11	15	26	34	41	75	101
Dedza	Mayani	7	10	17	29	31	60	77
Dedza	Lobi	12	16	28	35	40	75	103
Mchinji	Kalulu	9	6	15	18	12	30	45
Mchinji	Mkanda	15	5	20	23	17	40	60
	Total	62	64	126	160	180	340	466

Constraints and challenges

- ***Delayed in the approval of seed contracts contributed to the delay in the distribution.*** All the contracts were signed in December, which delayed the mobilization and distribution of seed. In addition, seed companies and agro-dealers struggled to mobilize the products at the previously agreed time and location. All these created unnecessary hurdles to beneficiaries.
- ***Coordinating with implementing partners required a lot of effort before and during distribution.*** Although INVC seed distribution pilot was successful, the activity was not implemented without difficulties. The project first needed participation and agreement of INVC partners and their commitment to embrace change in the mode of seed distribution. A series of meetings were held with CADECOM and NASFAM to clarify operational aspects of this pilot distribution. Whilst at first CADECOM expressed no issue with the proposed change in model of distributing seed, NASFAM informed INVC that it was not going to adopt the new model because it felt the system was not sustainable and questioned how farmers would access seed in subsequent seasons. Despite INVC explaining advantages of seed market development as farmers and suppliers are linked through agro-dealers, that agro-dealers would have an opportunity to open new seed markets in areas they have not been to, and that this system would be a step towards weaning of farmers from a culture of looking for free handouts as they start contributing towards their own investment in farming, NASFAM communicated its intention not to participate in the proposed seed distribution system through suppliers and agro-dealers at the end of the month of November. During the seed distribution in Dedza, CADECOM informed INVC that the list of beneficiaries which CADECOM and INVC jointly verified before the distribution was not correct. This situation created unnecessary tensions with beneficiaries and caused CADECOM's project manager to distance himself from the distribution. The list used for the roll out of the unique ID's and cards was a list jointly developed by CADECOM AFOs and M&E Officer. INVC M&E vetted together with them as part of our on-going M&E data quality efforts. Finally, the final beneficiary list under Nkhoma synod was not thoroughly verified due to printing and prevailing administrative issues in the Nkhoma Synod partnership. In some instances, NAs were told not to work on project activities due to ongoing issues that were yet to be resolved, and staff were not able to do the verification exercise with care groups in fear of repercussions. In other instances, a whole list of names from GACs was missed even after verification with promoters and NAs. This resulted in use of blank forms for registering beneficiaries whose names were not on the final list. The beneficiaries acknowledged receipt of the seed by signing against their name and on the official agro dealer receipt of payment
- ***Coordination with seed companies and agro-dealers showed the still latent limitations of the private sector in Malawi.*** Distribution started mid-December and finished by the end of the month. In principle, INVC wanted to avoid fraud by limiting farmers' window to claim their seed and planned that each distribution would take a maximum of two days per location. However, it required a great effort from the COP and Operations manager at INVC to make sure the seed companies delivered what they agreed on their contracts at the date and time they promised. In addition, some agro-dealers, in more developed areas such as Mchinji and those in more remote areas such as in Balaka did not have a proper building where the product could be stored.
- ***Delays in distributions caused some beneficiaries to miss out the opportunity to access seed.*** The first distribution in Msitu, required relocating the load from Namitete in Lilongwe to Walilanj in Mchinji. This situation could have been easily prevented if the transporter from Peacock seed informed INVC that he was taking seed to the Mchinji district center before delivering the stocks. In remote areas, where STAM agro dealers were very sparse, many

intended beneficiaries were not able to travel to distribution points due to the long distance. This was made worse when distribution failed to occur on the publicized day due to supply vehicles failing to deliver on time. Some beneficiaries came from distant locations to wait for seed at agro-dealers on scheduled days but delivery was not done and farmers could not return on to get the seed due to the distances. Early seed deliveries would have reached many intended beneficiaries who turned up on the planned dates but could not return when delivery failed.

- ***Due to the short window of seed delivery to agro-dealers and distribution to beneficiaries, not all seed could be sampled before being distributed to farmers.*** This is a big risk to take in the event that some of the seed fails to germinate. Delivery of seed to agro dealers should be done early so that SSU can sample the seed for purity and germination before farmers buy. This would not only protect the farmer, but also INVC reputation.

Lessons Learned

- The scale of the seed pilot program in term of mobilization, distribution and monitoring which happened in record time and with limited resources provides ample proof that INVC has built a strong network of direct beneficiaries and stakeholders along the value chain. As we approach the end of the project, it is important to maintain and build the relationship for the benefit of Malawian farmers.
- Lead farmers across the INVC ZOI continue to be active on the ground providing support to fellow farmers and most importantly applying basic techniques that will improve their overall crop productivity, such as planting in double row, using inoculant, preparing their land for planting.
- Coordination and collaboration with the private sector must be strengthened to assure sustainability of activities when the project ends.

Principal activities planned for Q2 FY16

- Follow-up on recipients of seed and monitor field operations to ensure they apply recommended best practices in groundnuts and soybean production.
- Follow-up farmers who have hosted demonstration plots and provide backstopping to ensure optimal performance of the crop on the demonstration plots so that they become convincing tools for acceleration of technology adoption.
- In collaboration with partners, conduct at least two field days at each selected demonstration plot over the crop's growing period to target transmission of relevant messages, in the phonological stages of the crop, such as best practices for integrated pest and disease control, highlighting the advantages of using certified seed and double row planting and water and soil conservation practices planned for February. The detailed work plan is presented below.
- Collaboration with the GOM extension system to monitor crop development

Component 3: Improving Community Capacity to Prevent Under-Nutrition

INTRODUCTION

During the first quarter activities implemented by Nkhoma Hospital were reduced as Development Alternative Incorporated (DAI) had terminated its Standard Grant Agreement with the Hospital on 31st October 2015 largely due to challenges in financial liquidations which had been outstanding for several months. In order to sustain nutrition activities in Lilongwe and Mchinji, DAI, first put Nkhoma technical nutrition staff on short term consultancy agreements, then transitioned them into INVC and commenced direct implementation of nutrition activities in the two districts as of 4 January 2016, as is the case in Balaka, Machinga and Mangochi.

During this reporting periods, 132,501 under-five children (48,782 males and 83,719 females (63.2%))^{5, 6} were reached by INVC-supported assistance through care groups. These included sessions in optimal breastfeeding, complementary feeding, growth monitoring and promotion, food preparation and utilization, hygiene and sanitation.

No Child Health Days (CHDs) occurred this reporting period. The CHDs are bi-annual health campaigns, organized by District Assemblies in our ZOI under policy directives from the Ministry of Health (Department of Nutrition, HIV and AIDS) where under five children receive Vitamin A supplements and deworming tablets. Continued postponement of the activity greatly affected the total number of the under-fives reached through this intervention in the quarter.

In the period no jingles or public service announcements were done by Pakachere Institute of Health and Development Communication as the organization had not yet signed a new grant agreement for the period October 2015-June 2016.

For the first time in the life of the project, soy and groundnut seed was distributed directly through care groups as opposed to the traditional farmer clubs.

Sanitation and hygiene activities were intensified during the quarter as one way of preventing water borne diseases such as cholera following the onset of the rains. A total of 61,360 community members (19,277 male and 42,083 female) were reached with sanitation and hygiene messages in Balaka, Machinga and Mangochi. An additional 14,896 people⁷ participated in WASH activities in Mchinji. In Balaka, Machinga and Mangochi districts, 42,730 various hygiene related facilities were verified and

⁵ Does not include data from Lilongwe District which was unavailable at the time the report went to print

⁶ From the figures that INVC collected and compiled, this was recorded as a true demographic trend. This trend (double the number of female to male children) was also noted anecdotally by our field teams during their routine care group activities where more mothers were noted to have relatively more baby girls compared to baby-boys. INVC has not yet made any conclusion based on this as it waits the next CHD to compare the trend. To capture this, INVC and Government have used proper gender disaggregated forms to capture this. If this trend proves to be as the data suggests, INVC will explore if there are any other social dynamics in play and will update the Mission on our findings in our future reporting.

⁷ Disaggregated data not available at the time of reporting

maintained which included toilets, tippy-tap hand washing stations, dish racks, drying lines and rubbish dumps.

A total of 178 backyard gardens were established during Q1 (64 in Mangochi and 114 in Balaka). The number of care group members establishing backyard gardens reduced during the period compared to the previous quarters largely due to stoppage of activity implementation in Lilongwe and Mchinji by Nkhoma following the termination of Grant Agreement with DAI. Acute shortage of water in Mangochi and some parts of Machinga and Balaka (especially in Utale, Phalula, Rivirivi and Ulongwe EPAs) also negatively affected the activity.

ACCOMPLISHMENTS

BEHAVIOR CHANGE

On-going-interpersonal communication with care group members

During the reporting period, 166,254⁸ care group cluster members (59,333 male and 106,921 female) were visited by promoters and Nutrition Assistants (NA) to educate them on antenatal care (ANC) and maternal nutrition=card 1; optimal breastfeeding=cards 2-4, 6-8, 14, 15; complementary feeding=cards 5, 10-15 and water, sanitation and hygiene= card 9. More females were reached than men, and more members were reached with messages on Water, Sanitation and Hygiene (WASH)⁹. This is largely because this year INVC aligned messaging to key environmental and cultural activities in the calendar. Thus with the onset of the rains which are associated with upticks in the outbreak of waterborne diseases such as cholera, our outreach to cluster members intensified in this area. More people were reached in Machinga where cases of cholera were indeed reported by the Ministry of Health (MOH) in the Nselema area and the visits were meant to prevent further spread of the disease. In addition to continue engaging males in such visits, deliberate effort will be taken to mobilize Village Health Committees (VHC) and traditional leaders to become change agents in educating community members in a sustainable way.

Intervention type	Mchinji			Balaka			Machinga			Mangochi			Totals		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Maternal, ANC and diet			9,276	292	1,110	1,402	419	1,998	2,417	4,960	7,325	12,285	5,671	10,433	25,380
Breast feeding			21,096	1,070	2,065	3,135	1,167	3,606	4,773	1,525	2,676	4,201	3,762	8,347	33,205
Complementary Feeding			24,556	574	1,134	1,708	1,209	1,271	2,480	1,021	1,648	2,669	2,804	4,053	31,413
Water, Hygiene and Sanitation (WASH)			14,896	2,100	2,626	4,726	4,295	10,002	14,297	12,882	29,455	42,337	19,277	42,083	76,256
Total	27,819	42,005	69,824	4,036	6,935	10,971	7,090	16,877	23,967	20,388	41,104	61,492	59,333	106,921	166,254

⁸ Does not include Lilongwe District as data were unavailable at the time of this report

⁹ INVC WASH messaging includes hand washing at five (5) critical times e.g. after visiting toilet, before feeding a child, before preparing food, before breastfeeding a child etc. WASH also consists of educating and mobilizing community members to establish hand washing stations close to their toilets, sensitization on the importance of constructing a toilet, dish racks, rubbish pits, dry lines and bath rooms which are well managed. It includes promotion for use of all these facilities to minimize some water-borne communicable diseases and other related disease burdens.

Social Behavior Change Communications

Theatre performances

During the period conventional theatre performances and airing of radio programs on behavior change communication (BCC) by Pakachere Institute of Health and Development Communication were not done. Pakachere had not yet signed a new grant instrument with FtF-INVC for the period October 2015-June 2016. During this period the Pakachere team was oriented to the new Fixed Award Agreement (FAA) grant mechanism. They are developing/finalizing a workplan, budget and a set of milestone under the new arrangement to submit to INVC for funding. Pakachere has had issues liquidating past advances. This affected BCC activities in Lilongwe and Mchinji.

In Balaka, Machinga and Mangochi some talented care group members from a few care groups e.g. Machinga mounted theatre performances. They also created and performed songs and dance relevant to nutrition and health. During Q2, FtF-INVC will select some talented members and train them in folk and popular media (song, dance, drama). The Nutrition Outcome Survey has revealed that that theatre is crucial as 53.4% of INVC beneficiaries who attended theatre performances reported that they learned more about disease prevention (e.g. cholera, diarrhea, marasmus, HIV and AIDS etc.). Some beneficiaries even felt that drama contributed to reduction in gender based violence in the communities.

NUTRITION

Promotion of cultivation of high nutritive-value crops

Backyard Gardens

In Malawi, vitamin A deficiency and nutritional anemia often due to iron deficiency, are among the micronutrient deficiencies of public health concern. The INVC project, therefore, promotes the growing and consumption of green leafy vegetables as one way of ensuring that such micronutrients addressed.

During the period, 12 community demonstrations on the importance of growing highly nutritious indigenous vegetables and their management were undertaken in Balaka district. A total of 178 backyard gardens were established during the quarter (64 in Mangochi and 114 in Balaka). The number of care group members that established backyard gardens reduced in the period compared to the previous quarters. largely due to acute shortage of water in some parts of Machinga and Balaka especially in Utale, Phalula, Rivirivi and Ulongwe EPAs. In Balaka 12 community demonstrations on the importance of growing highly nutritious indigenous vegetables and their management were accomplished. A total of 432 care group volunteers (all female), 169 cluster members (all female) and 26 traditional leaders (4 female and 22 male) attended the demonstrations. As in previous quarter, the common vegetables grown were pumpkin leaves, amaranthus, okra and tomatoes. The consumption of these vegetables continues to provide the much needed Vitamin A for proper growth, boosting of immunity and good vision. For those who grow a relatively larger portion of vegetables, it had been noted they are able to sell some and use the money to buy other necessities such soap, meat products, fish, salt etc.



Figure.....: A cluster member preparing her garden assisted by her husband in Balaka

In terms of impact, the Nutrition Outcome Survey revealed that almost 90% of INVC women beneficiaries consumed vitamin A rich foods. However, proportion of those consuming iron rich foods was less than 30 percent except for Mangochi (38.3%) and Machinga (34.9%) districts.

Planning for growing of Orange Fleshed Sweet Potatoes (OFSP)

The focus for this activity during the first quarter was mainly planning for the next growing season of orange fleshed sweet potatoes (OFSP). Several meetings were conducted with International Potato Centre (CIP) a member of the MISST consortium. Major outcomes of these meetings were joint planning for the sourcing, distribution of OFSP vines, and establishment of actual number of care group members to benefit the vines in Lilongwe, Mchinji, Balaka, Machinga and Mangochi. CIP will source and distribute the vines at the district level while FtF-INVC will distribute the vines from the district to individual beneficiaries at EPA level. The agreed varieties to be distributed are: *Chipika*, *Kaphulira* and *Kadya ubwerere* which the beneficiaries prefer based on taste, productivity and size of the tuber when mature as documented in the 2014/2015. Other varieties namely: *Zonden*, *Anaakwanire* and *Mathuthu* will also be promoted.



Figure....: Mathuthu one of the varieties

Distribution of soy and groundnut seed

For the first time in the life of the project, soy and groundnut seed was distributed directly through care groups to promoters and lead parents as opposed to the traditional farmer clubs. This initiative was done on pilot basis as one way of ensuring high quality seed to care group members so that they grow and have enough produce for sale, investment and some for consumption in order to meet nutritional requirement at household level. We note that 96.5% of the Care group beneficiaries were women with each woman receiving enough soybean seed with inoculant or groundnut seed to plant 1250 m² of land using double row planting and recommended plant spacing densities.

Facilitation of food processing

Due to shortage of food stuffs in most communities and also the engagement of most Care Group cluster members in land preparation, a very limited number of food processing sessions were undertaken during the period. One (1) session was accomplished in Mangochi at Chisangalaro GAC in Lungwena where 43 community members (4 male and 39 female) participated. In Machinga some sessions were done focusing on some foods that are readily available during rainy season e.g. mangoes and pumpkin seeds as one way of promoting consumption of foods that are rich in Vitamins A and C which are vital of both children from the age of 7 months.

Trainings on processing of mangoes into mango juice were done in November at Kalonjere GAC, Mtubwi EPA and Matanda GAC, Domasi EPA where 10 lead mothers only and 12 lead mother only respectively attended considering the plentiful and availability of mangoes in the communities. The procedure for making the juice is cheaper and resources used are locally available at low costs. Those trained are expected to pass on the knowledge to their respective households.



Figure...: Mango juice made by care group embers in Machinga

Drying of pumpkin leaves demonstration was performed at Sitola GAC, Mtubwi EPA where 12 lead mothers were trained on how to dry pumpkin leaves using locally available solar drier. The lead mothers were even trained on the importance of using solar drier of which makes the vegetables to retain its required nutrients as opposed to the traditional way of drying vegetables

The results of the Nutrition Outcome Survey further revealed that all the non-breastfed children in Lilongwe, Balaka and Mangochi had been fed with acceptable minimum frequency. This was achieved largely because of the series of food processing and cooking demonstration INVC project is conducting in its ZOI facilitated by DNCs, NAs, promoters and lead parents with support from the Government HSAs.

Hygiene and sanitation

A total of 61,360 community members (19,277 male and 42,083 female) were reached with sanitation and hygiene messages in Balaka, Machinga and Mangochi. An additional 14,896 people¹⁰ participated in WASH activities in Mchinji. More hygiene and sanitation activities were done in Machinga and Mangochi reaching over 61,337 households following the outbreak of cholera in these districts especially in areas adjacent to Lake Chilwa. INVC intensified campaigns in its impact areas around Nsanama, Mlombwa and Ngokwe in Machinga to sensitize its beneficiaries to prevent the disease. In Balaka, Machinga and Mangochi districts, 42,730 various hygiene related facilities were verified and maintained which included toilets, tippy-tap hand washing stations, dish racks, drying lines and rubbish dumps. Sanitation and hygiene activities were intensified during the quarter as one way of enhancing prevention of water borne diseases.

There seem to be significant positive outcomes on sanitation and hygiene. The Nutrition Outcome Survey found that most household members (79.8%) in INVC ZOI were using improved sanitation facilities while 20.3% had either open pit or no sanitary facility but used the bush or fields to dispose of excreta. About 80.1% of young children's faeces (aged 0–3) are disposed of safely, either thrown into a toilet or a latrine or by the children themselves using the toilet. However, it also found that about 15% of care givers claimed to use neighbours' latrine.



Washing hands after visiting toilet, one behavior which has been adopted by people to prevent water borne diseases.

¹⁰ Disaggregated data not available at the time of reporting

Access to, and utilization of, key nutrition-related services among targeted population including community surveillance and referrals

Growth monitoring and promotion

FtF-INVC continued with growth monitoring and promotion sessions in the quarter as one way of continuously assessing the nutrition status of the under-five children in its impact areas so that those found malnourished are referred for higher health services at clinics. During the period, INVC growth monitoring activities reached over 36,000 under five children in Balaka, Machinga, Mangochi and Mchinji. In total 4,406 under five children were found to be underweight. A majority (1,542) were found in Balaka (432 male and 1, 110 female). A total of 534 children) were found severely malnourished in Mchinji, Machinga and Balaka. Majority of severely malnourished children (349) were in Machinga (120 male an 229 female). All severely malnourished children were referred to Nutrition Rehabilitation Units.

Community Complementary Feeding and Learning Sessions Training

In order to build capacity for its 34 field staff to tackle malnutrition in ZOI, the project conducted one Training of Trainers (TOT) session in Community Complementary Feeding and Learning Session (CCFLS) which took place at Riverside Hotel in Lilongwe in November 2015. The aim of the training was to equip staff with knowledge on how they can promote better feeding practices for children in order to encourage good health; and also provide care givers with the knowledge and skills for food processing and food preparation for their children and the family at large. CCFLS and growth monitoring work hand in hand as the children registered under CCFLS are first assessed under growth monitoring and promotion and those found malnourished are registered and continuously be assessed under CCFLS sessions for 12 days. Following this CFFLS training in Lilongwe, each district developed action plan to embark on cascading sessions at EPA level. One such pilot CCFLS training was conducted in Balaka where 77 people participated. Of the total 22 were promoters (9 male and 13 female) and 55 HSAs (40 male and 15 female). More CCFLS sessions will be rolled in the next quarter in each district.



Figure....: HSAs developing CCFLA action plan in Balaka

Creating an enabling environment for execution of nutrition activities

Verification exercise for promoters and lead mothers for efficient execution of nutrition interventions

In order to ensure efficient functionality of all care group structures during the period, FtF-INVC continued to carry out verification exercise. A number of field visits were conducted and new care group members (lead parents) recruited to replace those who had dropped out.¹¹ In the southern districts, 68 new cluster members were recruited. All DNCs and NAs carried out monitoring visits to care groups. The objective of the supervision is to provide technical support to both the project staff and promoters who are currently delivering health and nutritional messages to their care groups. Emphasis during the supervision was to have all the promoters and lead parents assessed and see whether they are working or not; and whether they face any challenges that required INVC support.

USAID field visits

One (1) USAID visit was done at Kathyuka GAC, in Chiosya EPA, Traditional Authority (TA) Simphasi and GVH Mchambo in Mchinji District to appreciate the use of the care group model in an integrated manner in implementing nutrition and health interventions under the project. During the visit the guests were given the overview of the care group model, food processing, visit to backyard gardens, WASH facilities, village and financial Platform intervention, gender and adult literacy sessions. In their report the Mission (Carol Jenkins, USAID Malawi Deputy SEG Team Lead and Martin Banda AOR, recommended that INVC should ensure that all toilets are roofed and bathrooms well drained as poor drainage and stagnant water are sources of waterborne disease and vectors for other health hazards.

Mentoring, Coaching and Monitoring

All DNCs and NAs were supervised and coached in various fields. In turn, the DNCs and NAs provided coaching and mentoring session to promoters and lead mothers/fathers. The supervision provided support to field staff, promoters and lead mothers/fathers on how best they can disseminate information and also to ensure that new information that is being delivered is of high quality. DNCs, NAs and promoters continued to be briefed on the new M&E reporting forms for promoters and care group members. The forms were distributed to all care groups.

The M&E team from INVC Head Office worked with Machinga DNC on a beneficiary verification exercise which aimed at confirming the availability of clusters and volunteers and mapping their meeting venues. The exercise was carried out to cross check the current household beneficiaries against those that were registered at project inception and probably highlight on the changes made so far. The turn-up of care group volunteers was good and managed to update the list to the current stand. The mapping was not

¹¹ The drop-outs are significant mainly in one district Balaka where out 1800 lead parents a cumulative 100 have dropped out representing 5.6%. In Machinga out of 1, 041 only 20 dropped out (19%) while other district figures are insignificant. The factors for drop-outs are:

- a. Lead parents joining projects that offer more incentives like allowances and refreshments each time they meet e.g. SSDI in Machinga, Government SNIC Project and Concern Universal in Balaka. Currently INVC only provides stipends of 15,000 MKW/month branded cloth and t/shirts for nutrition promoters.
- b. Increasing poverty where some volunteers are migrating to other areas looking for casual work to earn money or food stuffs for a living e.g. in Mchinji those who were reported dropping out had gone to the neighboring Zambia.

completed due to the limited time. The exercise assisted DNC to have skills on how they could continuously do a similar exercise in future independently.

Distribution of equipment and materials

A total of 43 uniscales were distributed for use by HSAs in Balaka to assess weight for pregnant women during antenatal care services as well as during growth monitoring and promotion (GMP) sessions. Growth monitoring charts were printed and 97 distributed to district for use by HSAs and promoters when conducting GMP.

Project personnel

FtF-INVC continued to pay its promoters a monthly stipend of MK15, 000 each through Mobile Money, an innovation it adopted mid-2015. During the quarter, a total of 196 promoters were paid through Airtel, 55 through TNM and 41 were through banks. Most of the banks are located deep in the rural areas while some are mobile thus affording most of our promoters an opportunity to get their money within reach, thereby not spending any extra costs on transport. About eight (8) did not get their stipends as they had changed their cellphones numbers without registering with either Airtel Money or *Mpamba* (TNM platform).

Following the termination of grant agreement by DAI with Nkhoma Hospital, a total of 15 former Nkhoma employees were recruited under DAI. They are therefore direct employees of the project. Of the 15 members of staff, 3 are DNCs, 9 NAs, 1 M&E officer, 1 Accounts Assistant and 1 driver.

Constraints and challenges

- Some promoters fail to receive their stipends in a timely and regular basis as they keep on changing their cellphone numbers without registering with the mobile money service providers (TNM and Airtel). Some register using their family member cellphone numbers. In addition, some of the “unregistered” promoters take more than five days to access their money. All this results in the money being returned to the service providers bringing a certain degree of frustration among those promoters.
- Some promoters opened bank accounts during the period to receive payment, informed the project, yet still expected to receive alerts by SMS once their money was deposited. There is thus a need for further sensitization of promoters as to how the different deposit options operate as each system has its own distinct advantages and disadvantages.
- Some care group volunteers (*promoters and lead parents*) failed to access seed which the FtF-INVC distributed at a service fee of MK1000 due to long distances from the nearest distribution center. It was noted that in some few isolated instances, agro-dealers were unable to deliver the seed within the recommended 8 Km radius. In some cases the care group volunteers were unable to buy the seed due to lack of money (could not afford MK1000 as they reported using that money to buy maize flour due to famine).
- Significant low turnout of promoters and lead parents in some EPAs as seed had already been provided free of charge by either Government, Total Land Care or the Njira Project and in some areas, NASFAM had already distributed its seed banked “seed” loan the day before distribution exercises under INVC began.
- Nkhoma Hospital continued to suffer from poor leadership, inadequate capacity to liquidate its outstanding advances and poor oversight leading to a second discovered incidence of fraud under INVC and resulting in the difficult decision to terminate their Grant Agreement. While

INVC was able to transition the staff and equipment over by the end of the quarter this affected all nutrition activities in Lilongwe and Mchinji during this period.

- Some promoters and lead mothers still have problems in filling out the newly introduced M&E/reporting forms thereby resulting in delays in getting the vital information for reporting.
- General food insecurity in Malawi, especially in the Districts of Balaka, Machinga and Mangochi (lack of maize as staple food, soy beans and groundnuts) has negatively affected beneficiary buying power, food availability and resulted in a decline in the mean number of food groups consumed.
- Water scarcity in some areas, lack of watering cans and certified vegetable seed affected rollout of backyard gardening interventions in most communities under INVC.
- Dropping out of some care group members to join other organizations offering “better deals”.

Lessons Learned

- Payment of promoters through mobile money and banks has reduced high risk of theft, fraud and possible robbery. The system has motivated most promoters as they get their stipends within their communities without incurring transport costs.
- Distribution of soy and groundnut seed through care groups is possible. Vectoring seed distribution this way ensures true integration between agriculture value chains and nutrition. It also encourages care group members to grow more soy and groundnuts, some of whose production can then be used for household consumption, processing, sale and converted to income, savings or investment further promoting the reduction of malnutrition at the household level.
- Most care group members are more than willing to pay for seed; and once seed is sold and not given for free of charge most community members attach a sense of ownership to it and the likelihood of taking care the crop is very high as they associate it with certain value.
- Reporting (M&E) forms to be used by community volunteers have to be simple and not complicated largely owing to their level of education and skills.

Observations from the Quarter, conclusions and recommendations

- There should be constant monthly verification of cellphone numbers for promoters before effecting any stipend payments.
- Delivery of soy or groundnuts seed through care groups is possible and should continue. This system ensures true integration of agriculture value chains in nutrition as members directly access seed, grow and consume some or sell after harvest.
- Distribution points/centres for seed should be within a reasonable distance from majority of beneficiaries e.g. within 8 Km radius. This allows members not to spend much money on transport.
- Seed distributed to care group volunteers should at least be sold at a very reasonable price which majority can afford, and not given for free. It was noted that all those who accessed INVC seed attached much value and were willing to care of it so that they gain from what they had spent.
- There is need to simplify M&E/ reporting forms which promoters and lead parents use.

- There is need continuous and close monitoring of care group activities and always replace promoters or lead parents who drop out.

Principal activities planned for Q2 FY16

- Conduct CCFLS training.
- Continue with care group activity (food processing, WASH, cooking demonstration, backyard gardens, growth monitoring and promotion, and energy saving stoves etc.).
- Facilitate the growing of OFSP and identify some fields as demo plots.
- Print 11,400 copies of different manuals recipe book and (400), food processing manual Chichewa version (11, 000).
- Continue with integration activities.
- Air radio jingles and PSAs that focus on 15 key messages, dietary diversity and best agriculture practices, marketing and gender through Pakachere.
- Introduce folk and popular media (song and dance) in disseminating nutrition messages in the communities beyond radio programs and theatre which the project is currently using.

Success story

Taming Under-nutrition!



Figure...: Carol Jenkins, Deputy SEG Team Leader appreciating backyard garden in Mchinji

In its quest to sustainably address under-nutrition concerns in Malawi, Feed the Future Malawi: Integrating Nutrition in Value Chains is intensifying inclusive value chain building and smallholders' decision-making about what to plant and consume. Acknowledging that smallholders operate under short horizons with limited assets and coping strategies for handling fluctuations in food and income, the US-Government funded project encourages beneficiaries to grow and consume nutritious foods such as soy bean and groundnut. Households are also advised to own backyard gardens so they can have vegetables available all-round the year. The backyard gardens have now become a big hit in all the seven districts of the project's influence and have become a best practice. In one of the USAID field visits in the quarter, the USAID Deputy Office Chief of Sustainable Economic Growth 9N Malawi (SEG), Carlo Jenkins, admires a healthy crop of pumpkin leaves which is intercropped with mustard greens and amarathus in one of the backyard gardens in Chikoloka village, Traditional Authority Simphasi in Mchinji district. Malnutrition is a big health challenge in Malawi with an estimated 82,000 deaths among children between 2008 and 2012 associated with under-nutrition. The national stunting prevalence is estimated at 47% for under-five children.

Component 4: Developing Local Capacity

Introduction

During this reporting period, INVC's newly recruited Capacity Building Specialist reported for duties on 1st November 2015. INVC revived change management activities for partners, largely by reviewing the capacity building plans for associations and cooperatives. One (1) tool for tracking output and outcome results on partners and cooperatives/associations was developed. Follow up meetings with three (3) partners (NASFAM, Farmers Union and CADECOM) were conducted where a total of 8 members of staff (7 male and 1 female) participated. In addition, one meeting was accomplished in each of the three (3) of CADECOM's partner associations where 76 farmers (36 female and 40 male) participated. The three (3) associations visited demonstrated that farmers are adopting technologies promoted under the project (e.g. double row planting, plant station spacing, spacing between rows and ridge spacing).

Accomplishments

Collaboration with STEPS on partner capacity building initiatives

During the quarter, INVC continued to collaborate with STEPS on capacity building of partners, exchanging partner assessment reports e.g. organizational capacity assessment (OCA) and participatory organizational development assessment (PODA) for a comprehensive understanding of the insights the organization performance index (OPI) process highlighted regarding NASFAM and Pakachere as mutual partners. One meeting was held at STEPS with the capacity building technical teams (4 STEPS, 1 INVC) specifically comparing notes on dynamics surrounding NASFAM and Pakachere. Following this meeting, a feedback session has been scheduled for the subsequent quarter for the two (2) partners who had participated in the OPI tool pilot exercise as well as a second round of OPI.

Introductory meetings with partners (NASFAM, FUM, CADECOM)

Three (3) meetings were conducted that served as an introductory interface with the partners while focusing on tracking progress on implementation of work plans as well as any capacity change that may have been realized. The visits were done with NASFAM, FUM and CADECOM. The technical team members that met at CADECOM in Dedza were the CADECOM Director, INVC Coordinator and M&E Officer. At NASFAM, the meetings were held with the Program Manager, Projects Officer (Markets); and at FUM the meeting was done with Director of Agribusiness and Marketing, and INVC Project Coordinator.

All partners provided a comprehensive overview of their organization, highlighting their role in the INVC program as well as the capacity building initiatives planned or undertaken so far. Partners indicated that they had largely facilitated development of business plans for their associations/cooperatives. It was further noted that the plans were not yet rolled out. Twelve (12) of NASFAM's innovative productivity centres (IPC), which are umbrella structures, had business plans. The equipment was procured but not yet operational. As a way forward, INVC will be following through with the cooperatives on the May 2015 action plans that the farmer groups had developed.

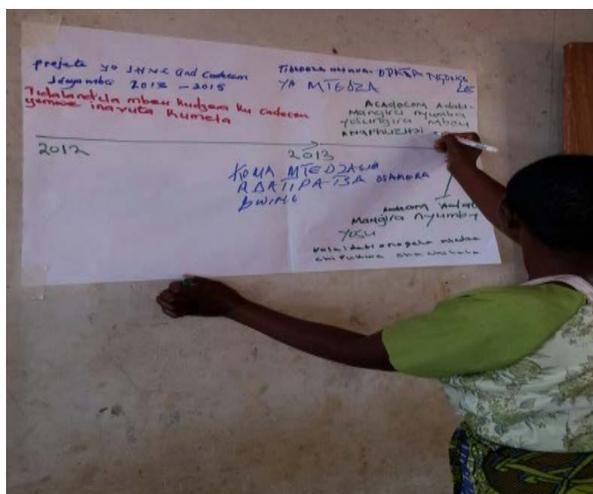
Farmers Union has benefitted a wide range of INVC capacity building initiatives including governance training for board members and members of staff so that they may better provide services to farmers.

The trainings were both technical and institutional. It was apparent that FUM structures have valued the processes they have undertaken (which include other parallel interventions supported by the STEPS program). To concretely track the specific learning acquired and improvements realized in operations, FUM will avail their board and members in the period January to February 2016 for a second round of OCA. The second round OCA will be done in January 2016 for all the cooperatives working with FUM on INVC project (2 in Mchinji, 4 in Lilongwe and 4 in Dedza).

Some of the capacity building interventions assessed at Dedza CADECOM included the board and lead farmer training. Dedza CADECOM also started implementing some of the OCA recommendations, for example, hiring of an M&E Officer which improved reporting in 2015 compared to 2014. The main set back though is that CADECOM has a new board and the transition process has delayed implementation of the action plans tasked for the board such as sensitizing staff on the organizational strategy. Further, there will be a new strategy adopted that consolidates all commissions into a single program and thus the current strategy will soon be rendered invalid.

Tracking progress on capacity strengthening for associations (Participatory timeline and self-assessment sessions for 3 CADECOM partner farmer associations)

Three (3) sessions for tracking progress in institutional capacity strengthening for three associations were done. The tracking used a participatory process to develop a timeline for their association (milestones and challenges encountered within the association and in the broader environment). Against a picture of an ideally functional association, members did a self-assessment on issues of identity, vision/purpose/strategy, structure, skills and competencies for implementation of their strategy and proceeded with a definition of resources (material, financial, physical) needed to effectively implement the strategy. While members highlighted that they had accessed a range of trainings and other resources (inputs), their rating on their purpose and identity as independent institutions suggest a gap that demand enhancing members' sense of ownership of the future direction of the association.



FigureParticipatory exercise of drawing Chafumbwa's timeline



Figure C2: Chafumbwa Farmers' Association in self-reflection work groups



Figure...: Golomoti Farmers' Association in self-reflection work groups

The self-assessments performed with the associations affirmed that associations have a robust membership in terms of numbers. Each farmer has a reasonable plot size for aggregating meaningful volumes in yields. Farmers also appreciated the range of capacity reinforcement they have received, for example, post-harvest management as well as leadership orientation. The assessment further highlighted that poor rains in some years affected the general yield output from the members' efforts. A total of 76 farmers were reached in this exercise of which 12 were Association Executive members in Chafumbwa EPA (7 male and 5 female); 47 Association members in Golomoti EPA (24 male and 23 female); and 17 Association Executive members in Mtakatanga EPA (9 male and 8 female).

Constraints and challenges

- High member turnover in the associations, specifically in the executive committee. While the project has trained members of the associations in technical and leadership areas, member turnover has compromised the expected gains in the growth of the associations. In Chafumbwa for example, there was a recent overhaul of the executive and the current office bearers are yet to be trained. This calls for a repeat effort on a training that was already done.
- The associations monitored during this reporting period did not demonstrate a strong sense of ownership over the sustainability of their core work. Members still look to their partners for such support as accessing markets, managing members – both of which are the essence of what the association is about and they ought to be proactively on top of themselves.

Observations and Going forward with the associations and partners:

- Capacity building in the past two years has largely been in the form of trainings. At this stage in the project, training should be as tailor made as possible and closely followed with mentorship to maximize impact and sustainability.
- Associations should also be further trained on business plan development concepts like the identification of concrete milestones for the first half of 2016.
- While working with all the farmer associations and cooperatives, there is need to scale up and focus support on those likely to yield results.
- Training and mentorship sessions should be proactive aimed at strategizing for market access so that they operate as a business.

Principal activities planned for Q2FY16

- Conduct OCA second round for all partners.
- Follow through with the remaining associations/cooperatives on the action points from the May 2015 field visit report as well as the general recommendations from the process of developing business plans.
- In Chafumbwa and Mtakataka Associations of Dedza, there is need for re-orienting elected members of the Association's executive board due to changes in leadership positions that have occurred.

Monitoring and Evaluation

Introduction

This quarter the M&E team has been busy with GIS mapping, unique ID rollout, seed distribution, putting in place an improved filing system, and finalization of reports for outcome surveys for nutrition and agriculture.

Accomplishments

This quarter we continued to rollout the GIS mapping of nutrition and agriculture locations along with the unique beneficiary ID. We completed the GIS mapping for Balaka and Machinga and some parts of Mchinji (FUM areas). The process of rolling out unique IDs was accomplished in Namwera, Balaka and Mchinji IPCs under NASFAM, CADECOM (four EPAs) and nutrition. The roll out will continue and will be finalized in the second quarter of FY 16 targeting the areas that have not been covered in this quarter. The Nutrition Outcome survey and Agricultural Outcome survey reports were finalized in the quarter under review.

Data Quality, Data Entry and Unique ID

In the quarter under review, the M&E team embarked on unique ID roll out for NASFAM, CADECOM and Nutrition operated areas. The exercise was combined with data verification and validation. Under NASFAM, the exercise covered Namwera IPC, Balaka IPC (only ID roll out) and Mchinji IPC. For CADECOM, it covered four EPAs out of the five and for Nutrition it covered Balaka and Machinga districts. As indicated in the previous quarter, the beneficiary lists were printed and both lead farmers and lead parents were asked to assist to verify their respective beneficiaries. Table 1 below indicates how roll out has been achieved.

Table 13: INVC ID-roll out progress

Partner	% rollout complete	Comment
FUM	0	ID roll out will be done in Second Quarter
CADECOM	80	All EPAs have been reached except Bembeke
NASFAM	80	Namwera, Balaka and Mchinji IPCs have been covered
Nkhoma	5	ID roll out will continue in Second Quarter
INVC Nutrition	70	Machinga, Balaka and a small part of Mangochi are complete

It has been observed that beneficiary dropout rate has been varied from partner to partner within the agriculture component. Namwera and Mchinji IPCs under NASFAM drop-out rate was 46% and CADECOM (4 EPA's) standing at 2%. The major reason for drop out was that the farmers felt failure to receive seed in the last growing season meant that they did not benefit. These farmers had a notion that payment of membership guarantees receipt of seed loan.

Table 14: Agriculture ID Roll Out Results

EPA	CONTINUING FARMERS	DROPPED FARMERS	TOTAL	%
Msitu	715	1,084	1799	60
Mlonyeni	750	2,233	2983	75
Mikundi	1363	1,050	2413	44
Chioshya	1234	1,818	3052	60
TOTAL	4062	6,185	10,247	60
MASUKU	687	318	1,005	32
NTIYA	415	192	607	32
KATULI	860	616	1,476	42
NYAMBI*	372	0	372	0
CHIKWEO	673	34	707	5
MAIWA	1,488	364	1,852	20
LUNGWENA	571	116	687	17
TOTAL	5,066	1,640	6,706	24
NASFAM(2 IPC)	9,128	7,825	16,953	46
Chafumbwa	1300	89	1389	6
Kanyama	4060	33	4093	1
Golomoti	2378	1	2379	0
Mtakataka	5662	203	5865	3
TOTAL	13400	326	13726	2

* There were no printed data for Nyambi hence the lead farmers were asked to fill out registration forms with farmers that are continuing

ID roll out for nutrition has been conducted in Balaka and Machinga districts. The data from the database was printed and shared among the lead parents that assisted to verify the names and indicate who are still continuing and those that have left the cluster. The overall drop out was 10% with 90% of the cluster members found to be continuing. The reasons for drop out were deaths and that some members had relocated in search of better economic activities.

Table 15: Nutrition ID Roll Out Results

EPA	# of members in data base	# of members verified	Continuing members	Dropped members	# of replaced members	New registrants	# of duplicates	Continuing %	Drop out %
Mbonechera	1,368	1,889	1,750	139	90	1,100	0	93	7
Ulongwe	1,274	1,274	1,108	166	142	544	0	87	13
Chikweo	1,485	1,485	1,397	88	52	112	0	94	6
Bazale*						2,604			
Chilipa	1,440	1,368	1,200	168	142	1,008	14	88	12
Nampeya	132	132	129	3	6	228	0	98	2
Nanyumbu	192	192	179	13	24	24	0	93	7
Nsanama	708	708	665	43	51	168	0	94	6
Phalula	1,036	995	863	132	79	1,690	0	87	13
Nyambi	168	848	820	28	7	24	0	97	3
Rivirivi	1,661	2,026	1,988	38	30	78	1	98	2
Mtubwi	192	343	343	0	7	0	1	100	0
Domasi	376	376	376	0	0	0	0	100	0
Utale	3,037	3,037	2,661	376	230	199	374	88	12
Mpilisi	979	1,232	1,091	141	97	288	0	89	11
TOTAL	14,048	15,905	14,570	1,335	957	8,067	390	1,306	94

* Bazale data was not entered in the data base so during ID roll out, the forms were collected for entry

The exercise will continue for the remaining 3 districts, Lilongwe, Mchinji and Mangochi in the next quarter.

DevResults Training

In October, 2015 Feed the Future, Integrating Nutrition in Value Chains Project participated in a USAID mission initiated training on DevResults. Jim Phillips former M&E Manager and Mwizapanyuma B. Simkonda, Deputy M&E Manager participated in the training. This reporting system would ease most of reporting challenges that are currently being faced. Feed the Future, Integrating Nutrition in Value Chains is looking forward to work with USAID mission on PPR reporting using the DevResults. It was noted that the DevResults is limited in terms of formulas for formulas for some FTF indicators like gross margins and value of incremental sales. We will be looking forward from USAID guidance on the same.

Filing System

Following the USAID follow up DQA recommendations the M&E team embarked on putting in place indicator filing system. The filing system has categorized the indicators into two binders i.e. outcome indicator binder and output indicator binders. The same system has been rolled out to partners and in the second quarter the M&E team will monitor the implementation of this action point.

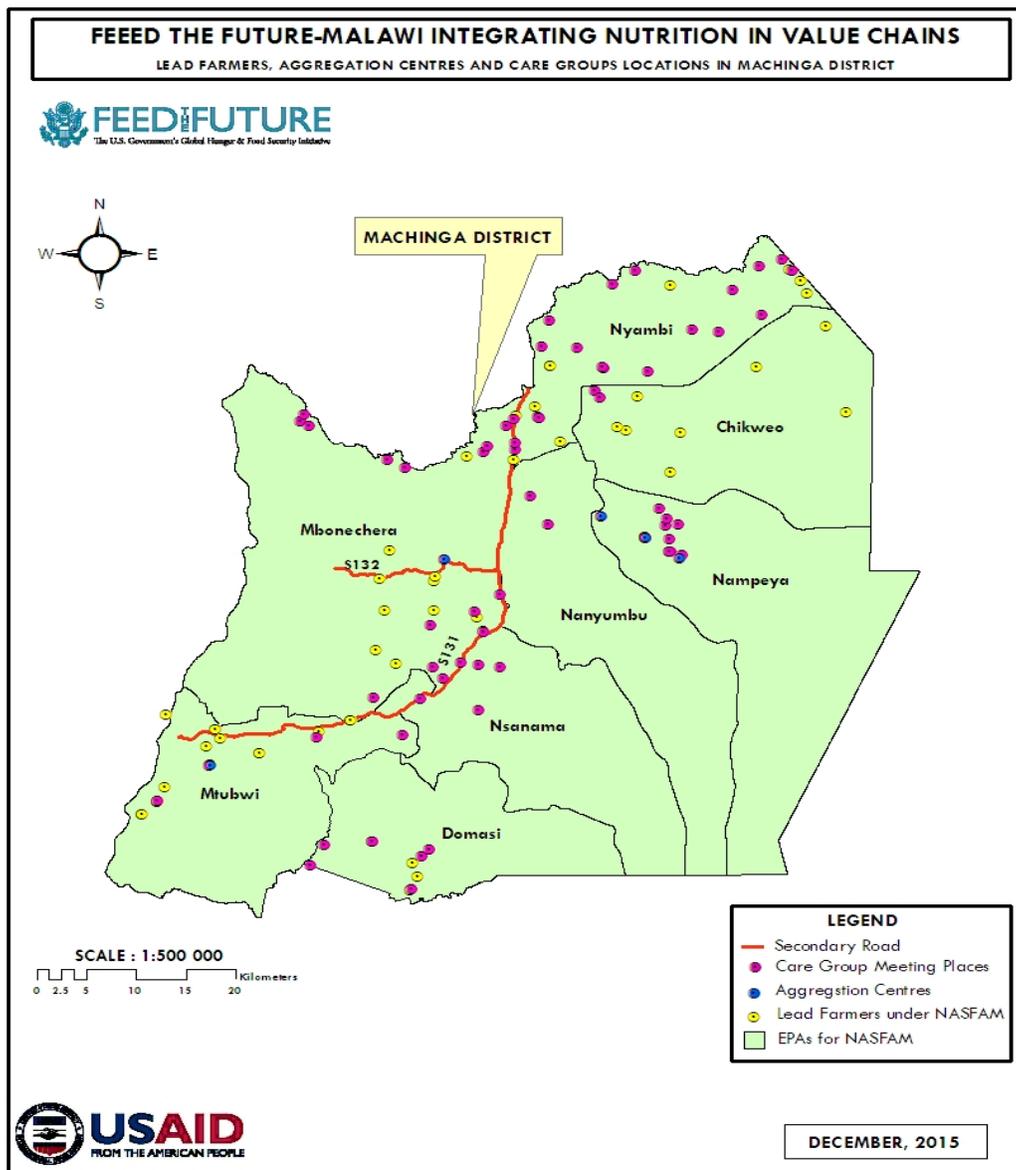
GIS Roll Out

During the quarter, the M&E team finalized GIS data gathering for the care group meeting places, lead farmers households and aggregation centers in Balaka and Machinga Districts. Similarly, GIS data was collected for aggregation centers and lead farmer locations in Mchinji District in 2 EPAs (Mkanda & Kalulu) under FUM. The remaining 4 EPAs will be mapped in the next quarter.

In Balaka District all 50 promoters with 117 care group meeting places were mapped and 97 lead farmers and 46 aggregation centers were mapped in 7 EPAs of the District.

In Machinga District all 29 promoters with 63 care group meeting places were mapped and 89 lead farmers and 5 aggregation centers were mapped.

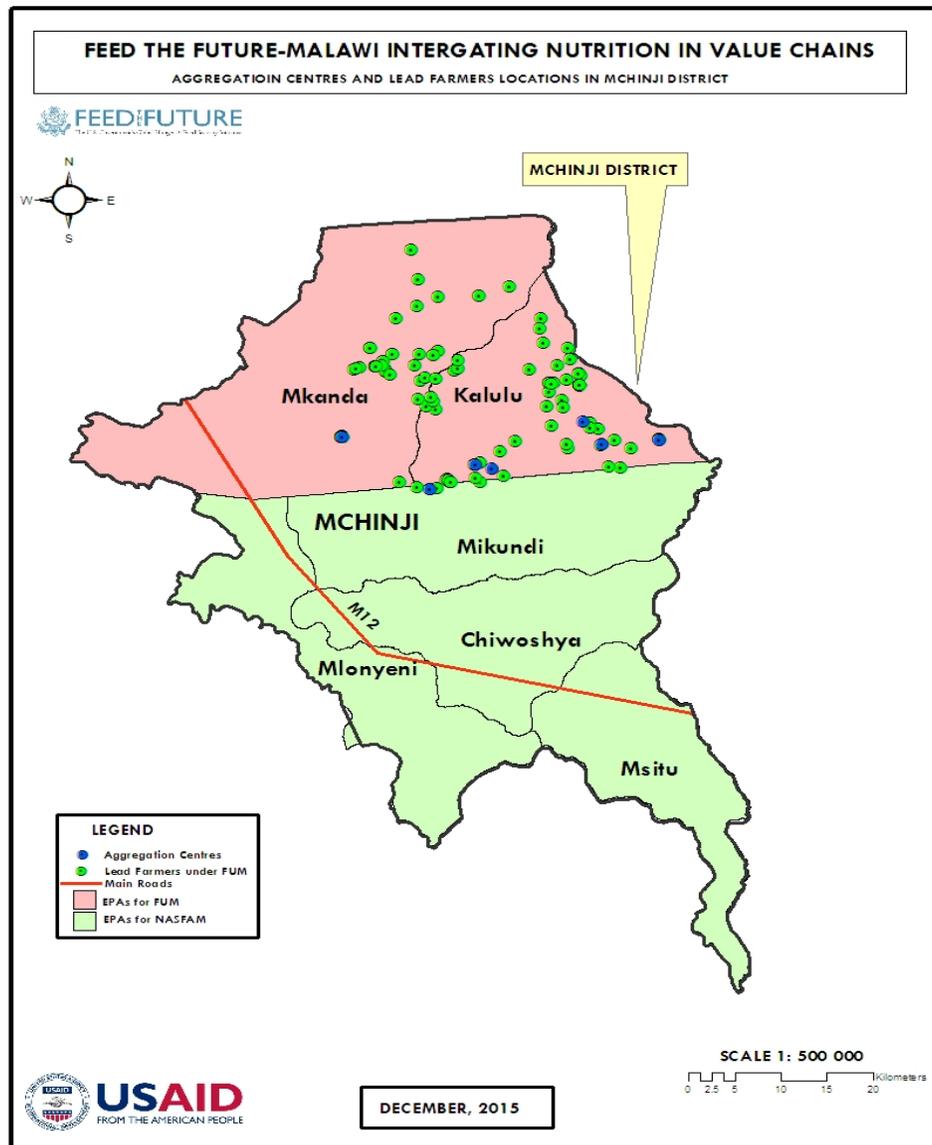
In Mchinji District a total of 187 lead farmers and 11 aggregation centers were mapped. Care group meeting places and lead farmers for EPA assisted by NASFAM are yet to be mapped. This will occur in the next reporting period. The data so far collected has been cleaned and shape files and kmis created for the mapped sites and are ready for submission to USAID. Below is a map of the projects agriculture and nutrition implementation areas in Machinga District. This map shows NASFAM EPAs shaded green.



From the spacial presentation of project activities in Machinga District it can be noted that:

- There are no aggregation centers in the EPAs of Domasi, Nanyumbu, Nyambi, Nanyumbu, and Nsanama and few aggregation centers in the District as a whole. It was noted that some of the aggregation centers are temporary such that, are identified and utilized during the marketing season hence the low numbers in the district.

Below is a map of the projects' agriculture implementation areas in Mchinji District under FUM. This map shows NASFAM EPAs shaded green and FUM EPAs shaded pink.



Note: NASFAM lead farmers and care group meeting places are to be mapped in Mchinji in the next quarter.

The following were noted from the special presentation of project activities in Mchinji District:

- There are still many areas in Mkanda EPA that have not yet been reached by the project.
- There are few aggregation centres in FUM EPAs in the District.

Constraints and challenges

- The unique ID roll out process is continuing but progress has been slowed by poor data quality most of which stems from the annual turnover of beneficiaries. Farmers are dropping out at an alarming rate

Lessons Learned

- The ID roll out and data verification has shown that the beneficiary dynamics is fluid whereby by a cohort drops off and there are new entrants into the system. This means that updating of data base is an ongoing activity and should be done constantly.

Observations from the Quarter, conclusions and recommendations

- Partners are making progress on improving data quality in the field.
- Final results from the Outcome surveys show this year has been a challenging year for agriculture. Nutrition numbers show an improvement over last year but there is some variability as dietary diversity appears to have been impacted by the poor agricultural year.
- Seed distribution was successfully coordinated and implemented though there were challenges that were overcome.

Principal activities planned for Q2

- Continue to gather GIS data for the INVC ZOI with a focus in Dedza, Mchinji and Mangochi
- Continue with the roll out of unique IDs for agriculture and nutrition and meet with Njira project to compare M&E systems
- Focus the M&E team on traceability of the seed that was distributed
- M&E training on SPSS
- Conduct internal DQAs for nutrition and agriculture partners

Conclusion

The first fiscal quarterly reporting period in Malawi is characterized by a down cycle for marketing activities, an uptick in productivity activities with the preparation of the agricultural campaign and a need under nutrition to focus on activities related to Water, Sanitation and Hygiene as well as issues of food processing, dietary diversification and under five growth monitoring, complementary care and referral of the most undernourished. Our gender activities this quarter focused on leadership and visioning. Q1 is also the period for share-outs from the Village Financial platforms. INVC's reinvigorated local institutional capacity building component began participatory GAP analysis with associations and cooperatives in our Zone of Influence to determine priority areas requiring institutional/organizational strengthening over the coming months.

Even as we enter the closing months of the project INVC continues to innovate, to pivot and to creatively seek solutions to key development constraints encountered on the ground. We appreciate the support and counsel of USAID and are looking to finish strongly to the maximum benefit of the rural beneficiaries we are here to serve.

Annexes

- 1) Soybean Value Chain Upgrading Plan
- 2) Grants summary report

Malawi Integrating Nutrition in Value Chains Project

THE MALAWI SOYBEAN VALUE CHAIN UPGRADING PLAN





Integrating Nutrition in Value Chains Project

THE MALAWI SOYBEAN VALUE CHAIN UPGRADING PLAN

FY16 ANNUAL MALAWI VALUE CHAIN UPGRADING PLAN

MALAWI INTEGRATING NUTRITION IN VALUE CHAIN PROJECT

October 2015

Integrating Nutrition in Value Chains Project

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LIST OF ACRONYMS

ACE	Agricultural Commodity Exchange
ADD	Agricultural Development Division
AICC	African Institute of Corporate Citizenship
AISML	Agricultural Input Supply & Marketing Limited
APCL	Agriculture Productivity Component Lead
ASSMAG	Association of Smallholder Seed Multiplication Action Group
ARET	Agricultural Research and Extension Trust
ASWAp	Agriculture Sector Wide Approach
BVO	Bid Volume Only
CBS	Capacity Building Specialist
C I F	Cost Insurance Freight
CISANET	Civil Societ Agriculture Network
CSB	Corn and Soy Blend
C & M	Chemicals and Marketing
DADO	District Agriculture Development Office (r)
DAI	Development Alternatives Inc.
EMA	End Market Analysis
EPA	Extension Planning Area
EU	European Union
ETG	Export Trading Group
FISP	Farm Input Subsidy Program
FOB	Free On Board
FTF	Feed the Future
FC	Forward Contract
FUM	Farmers' Union of Malawi
GA	Gender Advisor
GMO	Genetically Modified Organism
GOM	Government of Malawi
HACCP	Hazard Analysis Critical Control Point
ICRISAT	International Center for Research in the Semi-Arid Tropics
IFAMA	International Food and Agribusiness Management Association
IFPRI	International Food Policy Research Institute
IITA	International Institute of Tropical Agriculture
INVC	Integrating Nutrition in Value Chains
IP	Implementing Partner
LDT	Legumes Development Trust
LUANAR	Lilongwe University of Agriculture and Natural Resources
M&E	Monitoring and Evaluation
MAPAC	Malawi Programme for Aflatoxin Control
MEGS	Malawi Economic Growth Strategy
MGDS	Malawi Growth and Development Strategy
MIP	Market Information Point

Integrating Nutrition in Value Chains Project

MIS	Market Information System
MISST	Malawi Improved Seed System Technologies
MPRS	Malawi Poverty Reduction Strategy
MoAIWD	Ministry of Agriculture Irrigation and Water Development
MoIT	Ministry of Industry and Trade
MOST	Malawi Oil Seed Transformation Tehnical Group
MT	Metric tonne
NASFAM	National Association of Smallholder Farmers of Malawi
NASCOMEX	National Association of Smallholders Commercial Exchange
NES	National Export Strategy
NS	Nutrition Specialist
OPV	Open Pollinated Variety
OVO	Offer Volume Only
PIAM	Poultry Association of Malawi
PTC	Peoples Trading Center
SOYAMA	Soybean Association of Malawi
STAM	Seed Traders Association of Maalawi
TSP	Textured Soy Protein
UNICEF	United Nations International Chieldren Education Fund
US	United States
USAID	United States Agency for International Development
USDA	Unisted States Department of Agriculture
VAC	Village Aggregation Center
VCCS	Value Chain Competitiveness Specialist
VFP	Village Financial Platform
VFPO	Village Financial Platform Officer
VSL	Village Saving Loans
WASSA	Women in Agribusiness in Sub Saharan Africa
WFP	World Food Programme
WRS	Warehouse Receipt System
ZOI	Zone of Influence

Integrating Nutrition in Value Chains Project

EXECUTIVE SUMMARY

Upgrading is key to creating competitive agriculture value chains and, in turn, providing a primary source of income for rural agricultural households. Upgrading is an innovative way of adding value and making production and marketing processes more efficient, therefore, responsive to end market requirements. In Malawi, the end market requirements are reportedly quality and quantity in terms of raw materials and finished products. To meet these, upgrading should be supported by access to financial resources for investment, the adoption of technologies and practices, and the development of business relationships and linkages.

This upgrading plan elaborates the soybean value chain is based on the analysis and findings of INVC's work and activities undertaken from a period 2012-2015. The purpose of the plan is to advance value chain competitiveness with a focus on smallholder participation, upgrading behavior, and outcomes related to input supply, agricultural productivity and marketing. The plan focuses on filling the gaps identified in the analysis exercise and proposes interventions to achieve the desired outcomes and impacts.

From the agricultural value chain perspective, this upgrading plan considers three key functions of the value chain related directly to upgrading:

- **Input supply** like certified seed, inoculant, fertilizer, lime, herbicides and pesticides that increase production and productivity of soybeans resulting in increased yield at farm gate and increased incomes of agricultural households
- **Production and productivity** technologies and practices related to adoption of improved seed, inoculum, and agronomic practices (ridge spacing, plant spacing, double row planting, double up legume, early planting, weeding, integrated pest management, and proper harvesting and post-harvest handling).
- **Marketing activities** that support collective behavior in selling soybeans to market options including structured markets (OVO, BVO, WRS, Forward Contracts), strengthening of village aggregation and market centers, development of business relationships and market linkages, entry into new marketing channels, and improved market information flow and trust.

These functions have direct implications for strategies to promote upgrading, and the **key findings** are:

Input supply: Farmers usually recycle soybean seed beyond the recommended three cycles from their own saved seed. They also purchase from other farmers if they have shortage of supply from their own production. The farmers rarely use certified seed unless it is given to them free. The farmers reportedly do not properly understand the difference between using certified seed and recycled seed in soybean production. This leads to the poor choice of utilizing recycled seed that results in low productivity. Certified seed can help increase yield. This needs to be demonstrated to farmers through demonstration plots, field days and field schools conducted by their own lead farmers with support from seed companies.

While inoculants, fertilizers, herbicides and pesticides are widely available in Malawi, 99% of farmers do not use them in soybean production. The farmers are not aware that use of these inputs increase

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soybean yield and their incomes. Hence, farmers' demand of these inputs is low, and input companies and local suppliers are not targeting this market. The input companies and suppliers need to mount field demonstrations and run field days and field schools at the farmer level.

In Malawi, there is still low utilization of agricultural inputs by smallholder farmers. In INVC's project area, the usage of certified seed and inoculant increased to 33% due to free distribution of the seed and inoculant. The upgrading plan is to run more demonstrations, field days and field schools at a lead farmer level covering about 50 follower farmers. The input companies will be encouraged to open rural retail outlets for their inputs. STAM will engage in vigorous promotional campaigns including demonstration, field days and field schools in co-location, coordination and collaboration with the Legumes Development Trus, SOYAMA, MISST, MOST, MoAIWD and IPs.

Production: Soybeans are produced mostly as a mixed crop with groundnut, maize and pigeon peas. Soybean cultivation as a mono-crop is also practised. INVC has promoted agricultural productivity technologies and best bet agricultural management practices like ridge spacing, plant spacing, double rows, double up legumes, integrated pest management, weeding and proper harvesting. The findings are that there is still low adoption of these technologies and practices as they are labor intensive. The upgrading plan is to help farmers access affordable labor saving technologies like small tractors, oxen drawn implements, mechanical planters, threshers. These would also reduce drudgery in farming and increase farm gate price. It should be noted that MoAIWD runs a hire scheme for tractors and oxen drawn implements.

The analysis further showed that the smallholder farmers do not practice crop rotation. They grow maize year in year out. They do not understand that monocropping results in declining soil health. This is the major threat to production and productivity of crops. This should be an entry point to introduce soybean crop for crop rotation with maize. Evidently, the farmers who practised crop rotation in ZOI increased income and soil health. However, the size of land holdings limited most farmers adoption of crop rotation.

Marketing: Smallholder farmers experience high post-harvest handling, packaging and transportation losses on the order of 30%. The intervention proposed is to promote appropriate handling, packaging and transportation in order to increase farmers incomes at farm gate. The upgrading plan is to promote fabrication of machines using locally available materials by rural artisans. Chitedze Mechanization Unit and LUANAR have already embarked on the design of affordable machines like threshers, but these are still in the pilot testing phase and not ready for commercial production and dissemination..

Farmers lack access to markets and infrastructure. The upgrading plan is to invest in market access such as village aggregation centers, collection/assembly centers, and markets sheds. INVC through implementing partners including ACE set up 750 village aggregation and market centers in 2015 in geographical zone of influence. The upgrading plan is to assess and strengthen these centers and promote collective marketing. The centers will be linked to more lucrative markets for easy pick ups.

Benefits: The findings showed that the smallholders were able to capture some of the additional value that they created by becoming specialized farmers in soybean production. They acquired farming skills, agricultural productivity technologies and best bet agricultural management practices. They increase their incomes.

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The smallholders were integrated in marketing activities of soybeans in 750 village aggregation and market centers. They also collectively sold their soybeans as groups to more lucrative end markets. They linked with over 30 buyers/processors. The farmers received high prices for their soybeans and increased their incomes. The farmers participated in market information systems and market information points where they accessed market information. Through collective marketing coupled with right market information, smallholders managed to access more lucrative end markets and they received income benefits from their participation and upgrading investment.

Conclusion: The upgrading plan concludes with specific interventions addressing each of the three functions of the soybean value chain - input supply, production and marketing. First, the problem associated with each function is defined, and the underlying causes of the problem are identified.

Second, entry intervention points are selected to address the problem.

Third, from many possible interventions, a few relevant, applicable and doable interventions are chosen complemented with tentative activities.

Finally, expected outcomes and risks are ascribed to the activities.

In implementation of this upgrading plan in FY16, the smallholder farmers are expected to become more specialized in production of soybeans and to be integrated in the marketing activities of the value chain. The goal is to promote economic growth with poverty reduction by facilitating integration of large numbers of smallholder farmers into the competitive soybean value chain. Evidently, INVC's experiences reviewed in this report indicate that smallholder farmers have improved their gross margins significantly and have participated in collective marketing and accessed more lucrative end markets. Finally, it is important to keep in mind that decisions to participate in input supply, production, marketing, and overall upgrading plan are made by smallholder farmers themselves, based on their understanding of their own best interests.

Integrating Nutrition in Value Chains Project

1. INTRODUCTION

Feed the Future Malawi Integrating Nutrition in Value Chains Project (INVC) is a four year effort under the Task Order/Contract no: AID-612-TO-12-00001 funded under the SFSA IQC no: AID-623-I-10-00003.¹ The overall objective of the task order is to advance food security and nutrition and reduce rural poverty through an agriculture-led, integrated economic growth and nutrition strategy. Over its lifespan, INVC is expected to achieve the following:

1. Invest in the competitiveness of legumes value chains² due to the large number of smallholders (90 percentage) participating, and of whom more than 73 percent are under the poverty line of \$1.25 per day;
2. Link increased market-oriented production of beneficial crops to household consumption and improved nutritional status; and
3. Strengthen Malawian agriculture-related organizations so that indigenous institutions (both government and non-governmental) have the capacity to implement one or more components of INVC.

The activities developed to achieve the overall project objectives will be implemented along the following six inter-related components.

1. Advancing Value Chain Competitiveness
2. Improving Agricultural Productivity
3. Improving Community Capacity to Prevent Under-Nutrition
4. Promoting Innovation
5. Developing Local Capacity
6. Cross-cutting Initiatives (Gender, Climate Change, HIV/AIDS)

The project geographic focus is on seven districts (Mchinji, Lilongwe, Dedza, Ntcheu, Balaka, Mangochi, and Machinga) across two regions (central and southern), reaching at least 275,000 households engaging in agricultural activities on parcels of land between 0.5 to 1.2 hectare (1.25 to 3 acres) each.

As part of the project's Advancing Value Chain Competitiveness and Improving Agricultural Productivity components, this report is designed to upgrade the project's INVC soybean value chain plans to respond more effectively to current market opportunities, while maintaining the efforts to integrate nutrition. This upgrading plan includes an overview of the global soybean production and market outlook, a summarized Malawian soybean value chain map highlighting challenges observed within each component of the value chain, and a detailed outline of activities to be carried out in order to innovate, add value, and coordinate production and marketing. The focus is on increasing competitiveness along the value chain in soybean input supply, production, collection and aggregation, processing and value addition, and marketing, mitigating constraints that adversely influence value chain performance.

¹ USAID extended the period of performance until October 2016.

² At the beginning of the project, dairy was a value chain, but activities ended in September 2014.

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2. BACKGROUND AND CONTEXT

2.1 An Overview of Soybean Global Production and Demand

The soybean industry is highly competitive and driven by global forces of supply and demand; thus, understanding current world production and demand trends is particularly important to evaluate and improve Malawian prospects for growth in this industry.

2.1.1 Production:

Soybeans are a major oilseed crop with total production estimated to reach around 318 million MT in the period from 2014-15. More than 80 percent of production is concentrated in the US and South America. The US is also the leading exporter, followed by Brazil and Argentina.³ However, in the last 15 years, US share of production has dropped from 43 percent to 34 percent, while Argentina and Brazil have taken more share of global production.⁴

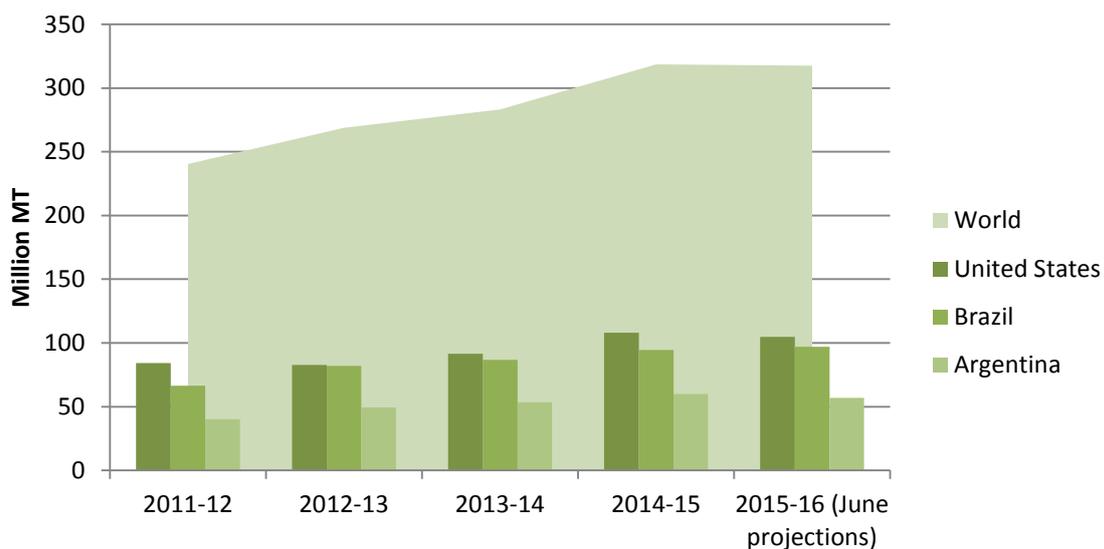


Figure 1: Soybean Global Production, 2011-12 to 2015-16 (Million MT)

Source: USDA FAS, 2015

Despite having the right climatic and soil conditions for production, Africa's leading soybean producers, South Africa, Nigeria, Zambia and Uganda, together produced around 2 million MT per year, representing less than one percent of total world production. Over the years from 2011-2015, production in South Africa has increased steadily, while production in Nigeria, Zambia, and Uganda remained almost unchanged (Figure 2).

³ USDA FAS. "Table 07: Soybeans: World Supply and Distribution" Available at <http://apps.fas.usda.gov/psdonline/> Last update: 10-July-2015.

⁴ Zulauf, Carl (2015). "Some Key Trends in the World Soybean Market" Farmdoc daily (5):47. University of Illinois Urbana-Champaign.

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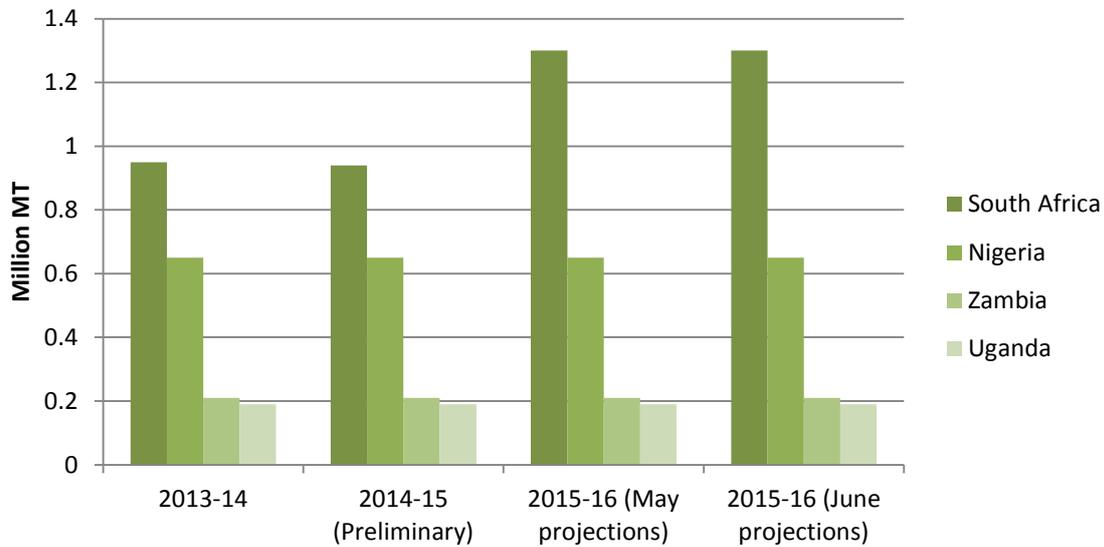


Figure 2: Soybean Production in Africa, 2011-12 to 2015-16 (Million MT)

Source: USDA, World Agricultural Outlook Board, World Agricultural Supply and Demand Estimates, 2015

The two most important by-products of soybean are soybean meal and oil. Although global production of both have increased, this growth has not been impressive. According to USDA estimates, the volume traded will likely increase in coming years.



Figure 3: World Soybean Meal and Oil Production, 2011-12 to 2014-15 (Million MT)

Source: USDA, World Agricultural Outlook Board, World Agricultural Supply and Demand Estimates, 2015

2.1.2 Demand:

Soybean meal, used in the animal feed industry, dominates global demand, and is followed at a distant second place by soybean oil, which faces strong competition from lower priced palm oil. As the middle class in countries like China and India continues grow, demand for animal feed and vegetable oil will likely increase. Currently, China's share of imports of soybean oil is 65 percent (in 2000 it

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was 24 percent).⁵ India is the top importer of soybean oil with total estimated imports for the 2014-15 season around 2.5 million MT. For 2015-16 seasons, India's imports are expected to reach 2.65 million MT.⁶

In South Africa, the leading producer of soybeans in the region, increasing income levels are also driving higher consumer demand for livestock, particularly poultry, which in turns drives the demand for animal feed. Increasing income and consumer health concerns also promote more demand for vegetable oils. However, as in many parts of the world, soybean oil faces strong competition from other vegetable oils, such as canola and sunflower, and most importantly, low-cost palm oil.⁷

Soybean is processed into corn-soya blend (CSB), known in Malawi as Likuni Phala, which is consumed as porridge by children and pregnant and lactating mothers, often through school and therapeutic feeding programs. UNICEF and WFP are the main buyers of CSB in the region, and South Africa is the main producer (around 600 MT per month).⁸ Other producers include Zambia, Malawi, Zimbabwe, and Mozambique.

Overall, in Africa, regional demand for soybeans continues to be strong thanks to the animal feed industry expansion. In addition, investment in soybean production is highly promoted in Zambia, Mozambique, Kenya, and Zimbabwe, to name a few countries, and this will likely improve productivity and gross margins in the region. However, yields in Africa remain the lowest in the world (about 1.5 MT/hectare compared to 3 MT/hectare in US and 2.88 MT/hectare in Brazil), and total installed processing capacity remains underutilized in most African countries, making soybean products uncompetitive in a global market.

2.1.3 Prices:

Soybean prices are set in Chicago, Argentina, Brazil, and Rotterdam. Thus, any changes in these markets have important implications for global production. From 1990 to 2005, constant prices⁹ for meal and grain remained relatively unchanged. Prices increased steadily from 2005 until 2012, after which prices again stabilized. Soybean oil prices have been more volatile, fluctuating throughout the 1990s, and reaching a record low in 2000, after which prices rapidly increased until 2011. Since 2011, constant oil prices have shown a steady decrease (Figure 4).

⁵ Zulauf, Carl (2015). "Some Key Trends in the World Soybean Market" *Farmdoc daily* (5):47. University of Illinois Urbana-Champaign.

⁶ USDA ERS (July 2015). "Oil Crops Outlook"

⁷ RSA DAF&F (2012), Soybean Market Value Chain Profile.

⁸ RSA DAF&F (2012), Soybean Market Value Chain Profile.

⁹ Constant prices adjusted to 2000 prices to control for the effect of inflation.

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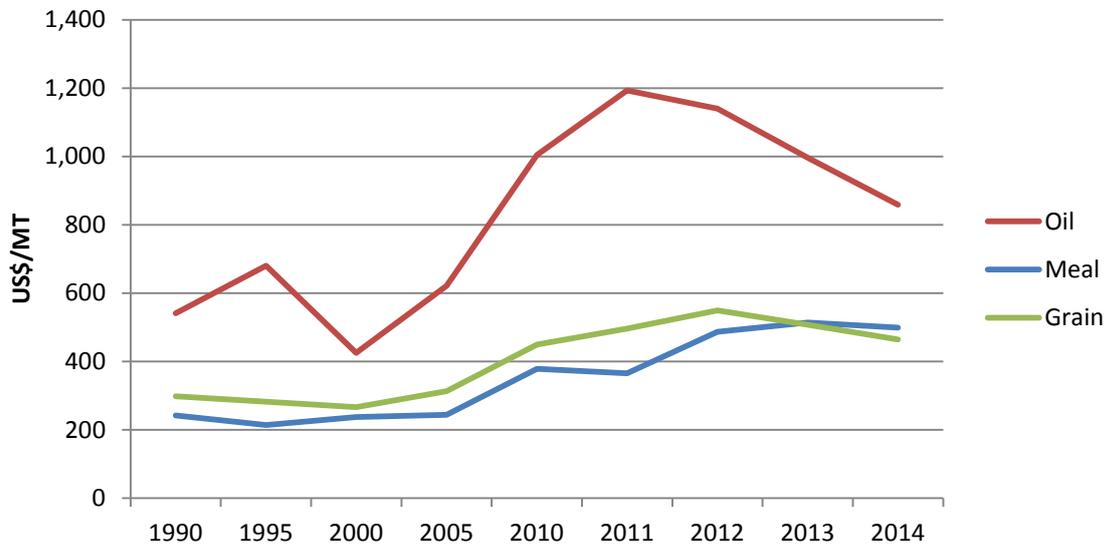


Figure 4: Soybean Grain, Oil and Meal Constant 2000 Prices (US\$/MT) C.I.F Rotterdam, 1990-2014

Source: World Bank

In the 2014-15 season, despite increasing demand for soybean grain, meal, and oil, price projections show a declining tendency. This is explained by record production levels in the US, Brazil, and other South American countries.

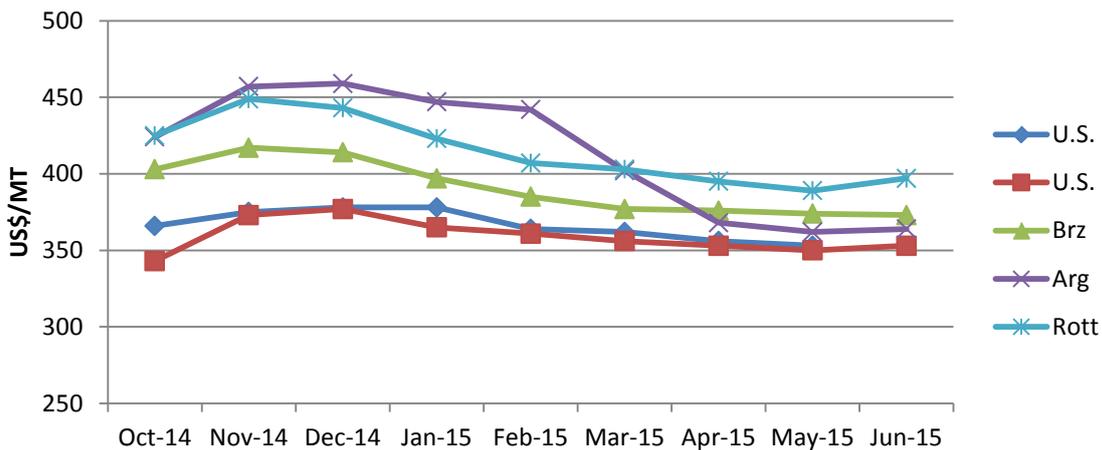


Figure 5: Soybean Grain F.O.B Prices by Main Markets, October 2014 to June 2015

Source: World Bank

In summary, global production will continue to grow due to increasing productivity in the US and Brazil. In addition, the US and Brazil will continue dominating export markets. Demand from middle income countries, such as China and India, will likely contribute to the expansion of the industry. Despite decreasing, prices will likely remain high enough to promote global trade expansion.

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2.2 An Overview of Malawi Soybean Production and Demand

Soybeans have become an important cash crop in Malawian farming systems in terms of more production and significant source of nutrition. However, demand and supply remain localized, with a relatively large number of sellers who are primarily small-scale producers in different villages, and a limited number of buyers, comprised mostly by processing companies.

2.2.1 Demand:

In Malawi, the demand for soybeans has increased over the past 20 years. Soybeans are used in the production of vegetable oil and its by-product, cake or meal, a very rich protein feedstuff for livestock. Table 1 shows the demand for soybeans in period 2011-12 to 2015-16. According to the Poultry Industry Association of Malawi, a membership organization of 16 commercial animal feed manufacturers, the annual demand of soybeans for feed has increased by 50 percent from around 32,800 MT in 2011 to about 50,000 MT in 2014. This current season, processors in Lilongwe and Blantyre reportedly sought 70,000 MT of soybeans.

Although vegetable oil is an important product for human consumption, its demand remains relatively small. Consumers purchase soybean oil when prices are competitive relative to sunflower and palm oil. Despite a more limited demand potential, Sunseed Oil Limited, one of the largest cooking oil companies in the country, reports potential annual capacity to process about 180,000 MT of grain into oil; however, the company is current processing only 35,000 MT of domestic soybean annually.

Table 1: Soybean Grain Demand and Growth Projections, 2011-12 To 2015-16

Soybean Demand ('000 MT)	Baseline	INVC Projections Years	
	2011/2012	2014-15	2015-16
Poultry feed	31	50	70
Oil	10	35	35
CSB/Likuni Phala	14	40	45
Soy pieces	8	14	18
Village consumption	10	12	13
Export	5	10	12
Total	78	128	193
Increase over base	0	50	115

Source: Baseline data from TechnoServe 2011, INVC project years based on industry research.

Production of CSB has experienced a remarkable growth since the 2011-12. Humanitarian relief organizations such as WFP and Mary's Meals, a UK charity, and the government have been major drivers for this expansion. Programs tackling malnutrition among children and pregnant and lactating mothers usually add CSB as a food supplement due to its high level of protein. School feeding programs also use CSB, and demand is likely to increase even more now that the government started making provision of this in its budget of 2013. There are around 11 CSB processors in Malawi with a combined 40,000 MT demand for soybean grains annually. Rab Processors Limited, the largest

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producer of corn soy blend in the country, requires over 21,000 MT for CSB processing alone. Other CSB processors are Export Trading Group, Transglobe Ltd, Tafika Milling Company, Universal Industries, St Gabriel Hospital (Namitete), St. Anne Hospital (Nkhotakota), Ekwendeni Hospital (Mzuzu), Malosa SCB Processor (Zomba), Blessing Hospital (Lumbadzi), and Mulanje Mission Hospital.

Textured soy protein (TSP) is another important product. TSP mimics the texture and consistency of meat and is commercially manufactured by at least four companies in Malawi, including Export Trading Group, Rab Processors, and Mothers Foods Ltd. TSP is affordable and provides much needed protein, commonly replacing more expensive animal protein in rural and urban households. Malawian firms intend to source most of their raw material domestically, expecting that the expanding base of soybean production will be competitive with imports over both the short and medium-terms. Despite recent growth, this processed food remains a very minor component of soybean usage.

In terms of exports, there is also high demand and strong prices for non-GMO soybean in regional markets because neighboring countries still ban imports of whole soybeans of transgenic varieties (GMOs). However, as erratic government policies have disincentivized formal exports, a large, uncontrolled informal market has emerged.

Finally, at the village level, households generally process soybean to consume as soy milk, soy powder, and other specialty products such as “soy coffee”. Consumption in the INVC zones of influence is increasing due to promotional campaigns among beneficiaries. However, soybeans are not a traditional food product in Malawi, and the need for processing before consumption still limits any increase in consumption. In addition, the market potential of soybean creates incentives for farmers to sell all their production.

3. SOYBEAN VALUE CHAIN STRUCTURE IN MALAWI

Figure 6 highlights the different participants along the value chain, beginning with the consumption side (demand) and working down to input suppliers. Along the value chain, finance and policy are important aspects affecting all components.

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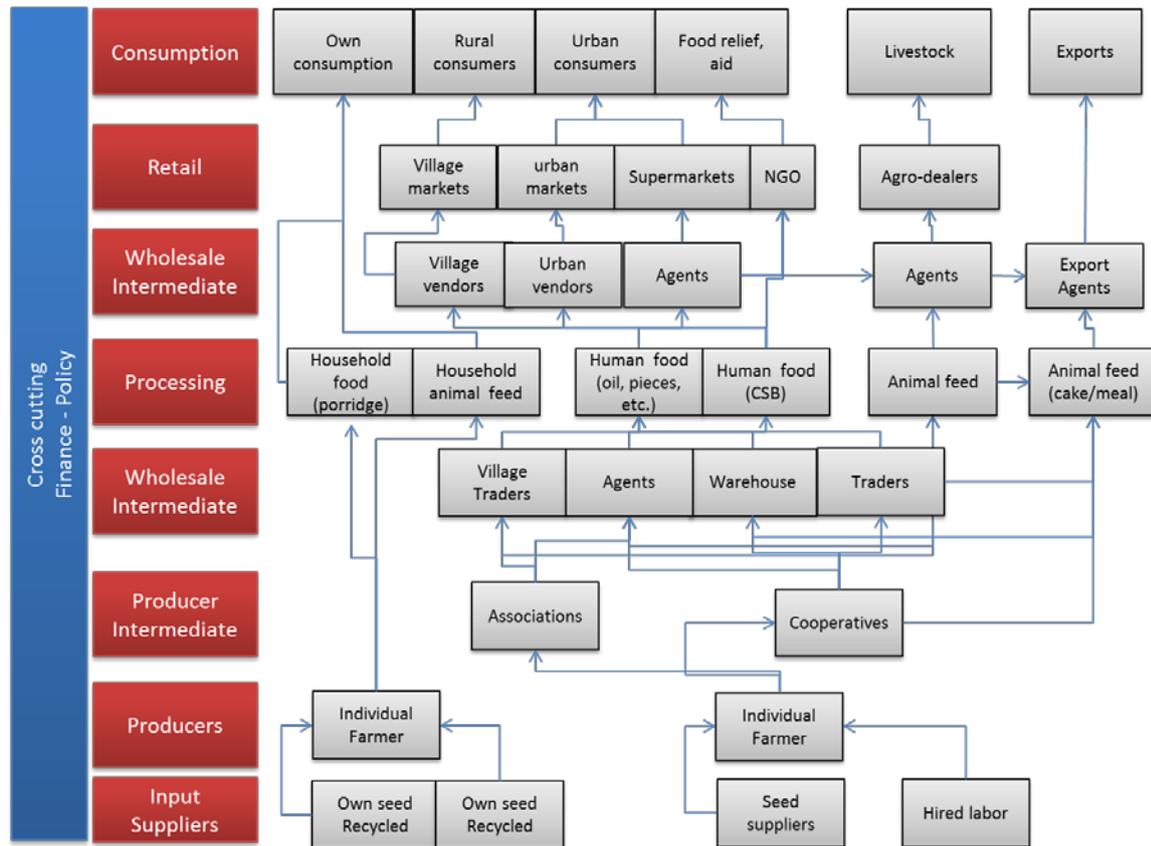


Figure 6: Soybean Value Chain Structure in Malawi

3.1. Consumption

Almost the entire soybean crop that is produced in Malawi is destined for the processing industry for conversion to oil, cake, meal, CSB, and TSP. Sunseed Oil Limited is one of largest producer of oil and cake in Malawi. It has a capacity of 500 MT/day. Soybean cake and meal are by-products of the oil extraction process. The cake is sold to the poultry feed manufacturers. Some of poultry feed manufacturers include Central Poultry, Proto Feeds, Transglobe Ltd, Lenzie Mills, Hua Feng, Crown Agro, Ndatani, Granite Feeds, Graintech, and Press Corporation.

Malawi is a significant consumer and regional exporter of CSB. The product (CSB) is currently produced by 11 processors including hospital based St. Gabriel, St. Anne, Ekwendeni, Domasi and Mulanje. The larger producers are Rab Processors Ltd, ETG, and Transglobe. The total combined production capacity of CSB was 180 MT/day in 2015. Malawi has a long established market for CSB.

Textured Soy Protein (TSP) market is large and growing rapidly at 100% per annum. TSP is soy chunk or soy pieces – meat mimics. The largest processors are ETG, Rab Processors, Transglobe and Universal Industries. TSP targets the poor who cannot afford to buy animal protein.

In Malawi, local consumption of soybeans outstripped local production in 2015. The production was less than 120,000 MT against the crushing capacity of over 180,000 MT/year from one processor,

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Sunseed Oil Ltd. All the soybean processing units operated under capacity in 2015. This illustrated the need for soybean industry in Malawi to increase and mechanize soybean production. The industry also needs to increase and modernize crushing facilities to produce high quality products. The local demand for soybean, as a quality source of protein for human food and animal feed, has increased in correlation with the increase in human consumption of soybean and poultry production in Malawi. Poultry will continue to be the key growth driver for soybean cake demand. Human nutrition market will be an important source of growth in Malawi.

3.2 Trade

In Malawi, the retail and wholesale stages in the soybean value chain are perhaps the most important outlets small scale farmers have to market their soybeans. Reportedly, more than 80 percent of farmers sell to rural traders, retailers, wholesalers, transporters, and buyers hired by processing companies, who are usually referred to as “vendors”. The remaining 20 percent sell their products either directly to consumers or to other fellow farmers.¹⁰ In areas where NASFAM operates, sales to its commercial branch, NASCOMEX, can be an important, and sometimes only, outlet for soybeans; however, according to recent estimates, it represents about 5 percent of total sales.

Large scale companies such as MBL Holdings, Farmers World Company, Export Trading Company, Takondwa Company and Agro, and Sunseed Oil generally hire their own agents who travel to isolated village and collect products on behalf of these companies. In most cases, large scale companies provide cash to these agents and based their price ceiling offers on import parity prices, giving their agents leeway to negotiate prices with farmers.

Prices for soybeans at the intermediate stage are set on the spot. The industry is not developed enough to set forward prices. For example, this year, the two commodity exchange companies set forward prices in March at MK160/kg to be paid in June, when already spot market prices were around MK160/kg in March.

Despite the growing number of vendors, most markets, particularly in more isolated rural areas, experience clear dominance by very few traders. Low competition among traders decreases the opportunity for farmers to get better prices. In some areas, when there is dominance by a large buyer such as NASCOMEX, other traders face barriers to entry the markets, all of which only causes small-scale farmers to lose opportunities to get better markets for their products.

In general, there is still a prevailing belief that traders “take advantage” of small scale producers, and that they are capable of offering better prices only because they “tamper with scales”. All of these assertions do not address the fact that only the vendors are willing to collect produce, particularly in isolated areas of the country, and they are in many cases the only option farmers have to sell their produce. At present, isolating vendors, by “shortening” the value chain, would not help farmers. More competition, meaning more buyers in the markets, will only benefit farmers who, with access to more information, can have more power to negotiate better prices and more options to sell their produce. In addition, small-scale vendors are also willing to buy the small volume that individual farmers can sell. In some cases, these vendors represent the only viable option for women farmers to sell their products.

¹⁰ Nzima and Dzanja (April 2015) “Efficiency of Soybean Markets in Malawi: Structure, Conduct and Performance Approach” International Journal of Business and Social Science 6(4).

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3.3 Marketing

The most essential determinant of what farmers will produce within the soybean crop is the end market requirements (quality and volume). In early April 2015, the Advancing Value Chain Competitiveness component carried out an End Market Analysis (EMA) in Lilongwe and Blantyre. The project EMA investigated the demand for soybeans in key end markets, and detailed the structure of these markets. In total, the demand of soybeans in 2015 was 70,000 MT of large seeded soybean varieties. Sunseed Oil Ltd and Rab Processors were the largest buyers out of the 15 companies interviewed. The processors informed the farmers on their quality and quantity requirements during the interface meetings. EMA results are communicated to farmers in order to produce soybeans based on market pull rather than push on the market. Some of the soybean processors are Export Trading Group, Transglobe, Tafika Milling, and small scale CSB processors like St. Gabriel, Blessing Hospital, Mulanje Hospital, Domasi, Ekwendeni, St. Anne.

In April 2015, the Advancing Value Chain Competitiveness component piloted a market linkages initiative in 11 extension planning areas (EPAs), covering six of the seven focus districts (Balaka was not included) to bringing these large scale companies closer to farmers at village aggregation center (VAC) level. The main objectives were to expose farmers to markets and enable them to negotiate better prices. A total of 2,000 lead farmers representing over 20,000 farmers were linked to 30 processors, traders, and transporters. Some of the buyers also included the Poultry Industry Association. This buyer/farmer interface resulted in direct business deals and the start of long-term business relationships. For example, Sunseed Oil Ltd entered into contract farming with farmers in Mkanda, Kalulu, and Katuli EPAs. The farmers started building long-term alliances with buyers and transporters that are entered into on shared interests and mutual growth prospects.

Despite numerous efforts to bring farmers closer to processors, the reality on the ground continues to be challenging for vendors and small-scale farmers alike. In general, transportation costs for both vendors and producers remain the most important barrier to expand trader. The transportation system is unreliable in most parts of the country, meaning that even if farmers could collect enough volume, they are not assured to have the means to take their products to the nearest market. The cost of transportation is very high when it is available, and the distance from primary production areas to value-addition facilities prevents direct sales, creating the need to work with vendors as intermediaries.

Access to finance, particularly during marketing season, is a significant constraint preventing farmers and vendors – especially those lacking collateral – from obtaining much needed credit. Collective marketing is not only beneficial for farmers but also for vendors to increase efficiencies in transportation. However, limited financing prohibits farmers to sell their produce collectively.

In some cases, availability of warehouses for storage has become an important tool to access finance. However, at village level the system has not been developed. INVC, through its partner ACE, offers farmers the opportunity to access storage and finance through a warehouse receipt system (WRS). Through the WRS, farmers and vendors who bring their products to certified warehouses can store their products and receive 70 percent finance on the total volume stored. The limited number of warehouses (4) precludes small-scale farmers from accessing them. In addition, storage costs remain high even within WRS, particularly for small-scale farmers. As a result, small-scale farmers are forced to sell their production at a low seasonal price because they need cash and lack flexible financing and storage.

INVC has been transferring marketing knowledge and technologies/practices to beneficiary farmers. The farmers participated in structured markets including Warehouse Receipt System (WRS), Bid

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Volume Offer (BVO), Marketing Information Points (MIP), Forward Contracts (FC) and Village Aggregation Centers (VACs). The farmers are moving from merely farming into new businesses of collection and aggregation and collective marketing. The village aggregation and marketing are benefiting farmers. Catholic Development Commission of Malawi (CADECOM) and Farmers' Union of Malawi (FUM) utilized the set up. According USAID Mission report (June 2015), most clubs of FUM aggregated their soybeans. An example is Mwayi Club of 35 members (9 males and 26 females) in Kalulu EPA in Mchinji which aggregated 18.25 MT of Nasoko soybeans that was sold collectively at MK350,000 per MT. This was above minimum set price of MK180,000 per MT by the Government and ruling market price of MK220,000 per MT in June 2015. Kalulu EPA sold to lucrative end markets.

INVC facilitated formation and registration of over 54 farmers' groups (34 NASFAM associations, 15 FUM cooperatives, and 5 CADECOM associations) from 2013 to 2014. INVC supported 13 associations of NASFAM with the development of 13 business plans. The business plans are yet to be operationalized. Some farmer groups own warehouses and equipment and systems for conditioning, processing and quality control. INVC procured processing equipment for NASFAM. In 2012/13, INVC procured 2 oil expellers, 2 roasters, soybean milk processing machine and soybean grinding machine to use in processing soybeans. In 2013/14, INVC procured a soybean thresher and 43 soybean planters. The processing equipment has not been planted or commissioned for reasons known by NASFAM. INVC through NASFAM will plant the machines. There has been minimal value addition, apart from quality grading and marketing. The Advancing Value Chain Competitiveness Component will address processing and value addition as part of this strategy.

3.4 Production

Malawi produced 120,000 MT of soybeans in 2015. In 2010, Malawi produced 73,000 MT of soybeans. The production has grown rapidly, driven by increased land planted. Significant yield improvement has been driven by the Malawi Government input subsidy programme which increased yields for most smallholder crops by 55%¹¹. Smallholder farmers produce 67% and commercial share of soybean production is 5%. Soybean is profitable for smallholder farmers on a cash cost basis, but not when the value of their labor is included. Soybean yields were slightly over 1 MT/ha in 2015. The yields are still lower than Argentina average yield of 3.4 MT/ha, but they are better than yields of smallholder farmers in South Africa, Zambia, Zimbabwe, Angola and DRC which were under 1 MT/ha in 2015.

INVC through implementing partners has since 2013 been transferring knowledge and technologies in the zone of influence (ZOI) as follows:

- Improved seed (Serenade and Tikolore supplied to project beneficiaries)
- Closer ridge spacing increased plant population by 20%
- Plant spacing of 5cm between planting increased plant population and productivity of land
- Double row planting doubled the plant population and production per unit of land
- Double up legume
- Integrated pest management
- Early planting practice
- Use of inoculum (farmers supplied with GlyciMax inoculant) increased yield by estimated 25%

The farmers have become soybean specialists with a clear market orientation. They have increased productivity and production through acquired better farming skills, improved soybean varieties, access inoculants, and new technologies. INVC made production processes more efficient through its Agriculture Productivity Component.

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Farmers' gross margins have improved since inception of the project in 2013 from \$151.00 (baseline data) to \$170.24 (2014 Agriculture Outcome Survey) to \$382.00 (2015 Gross Margin Spot Survey). The gross margin performance has improved by 153% from 2013 to 2015, and 124% from 2014 to 2015. INVC gross margin performance since inception underscores that the agricultural productivity enhancing technologies are essential to the improvement of farmers' gross margin.

3.5 Input Supply

The soybean seed industry in the country includes informal and formal sectors. The formal industry comprises 21 private seed companies under the umbrella organization of Seed Trade Association of Malawi (STAM). These are Peacock, Monsanto, NASFAM, AISML, SeedCo, ARET (tobacco), SeedTech, Funwe, Panthochi Farm, Demeter, Pannar, M'mgomera, CPM Agri-enterprises, Pioneer C & M, Exagris, ASSMAG, Seed Services Unit (certification services), WASAA, Mpatasa Farm, Premium, Pindulani and Quton (cotton).

There are over eight recommended varieties of soybean seed in the country. These varieties are Ocepara-4, Nasoko, Makwacha, Solitaire, Soprano, Tikolore, Serenade, and PAN 1867. They were released by the Agricultural Technology and Clearing Committee (ATCC).

According to STAM, the potential annual supply of legume seed is 8,000MT. Out of this, 3000MT is for ready market provided by FISP, 1,000MT for direct cash sales, 1,600MT for government/donor projects, less than 400MT export and an estimated 2,000MT is lost in the grey market. The challenge is the certified seed lost into grey market due to low uptake by farmers. The prices of certified soybean seed vary from \$200 to \$230 per MT which perceived as expensive for farmers. The paradox is that the same farmer is willing and able to purchased hybrid maize seed.

While certified seed are widely available in Malawi, farmers still recycle soybean seed for over recommended three cycles. They usually save seed from their own production. They also purchase from other farmers if they have a shortage. Most farmers reportedly do not properly understand the three cycle use of old seed. They recycle the seed more than 3 seasons because the recycled seed is cheaper and locally available.

Based on inoculant requirements, soybean varieties are characterized into specific varieties and promiscuous varieties depending on whether they require inoculants or not. Specific varieties require specific rhizobia strain in the soil for them to form adequate nodules whilst promiscuous soybean can easily associate with a number of rhizobia in the soil. Currently, Tikolore is the only promiscuous soybean variety released for cultivation in Malawi. AISML is the only company licensed to manufacture and supply inoculant, Nitrofix in Malawi. The company uses a strain from IITA N2Africa project (USDA 110). AISML has an annual capacity of 25 MT of inoculant, and distributes through agro-dealers, PTC chain stores, ATC, Farmers World and Rab Processors.

While fertilizer, insecticides and pesticides are available for purchase by farmers in the country, smallholder farmers do not apply them in soybean production. They need to apply fertilizer because most soils are weathered and not suitable for soybean production because they are deficient in phosphorus. The fertilizer is locally available on the market. Some of the distributors are Rab Processor, ETG, Transglobe, Nyiombo, Optichem and ATC. Lime is supplied by local artisans.

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4. SOYBEAN VALUE CHAIN CONSTRAINTS IN MALAWI

Malawi faces a number of constraints in the soybean industry that should be addressed in input supply, production, processing and marketing:

4.1 Backward Linkages

Smallholder farmer usage of farm inputs such as certified seed, inoculant, fertilizer, herbicides and pesticides is currently very low for soybean production in Malawi. This may be due to weak backward linkages. Input suppliers do not have operational bases in rural areas where the farmers could access inputs. Soybean farmers do not also have regular contact with the input suppliers. There is inadequate availability of information and inputs close to the smallholder farmers.

INVC is improving input supply linkages in coordination and collaboration with implementing partners and input suppliers. INVC will coordinate and collaborate with agro-dealers in 2015/16 season in the distribution of agricultural inputs. STAM will be engaged in promoting agricultural inputs for improved production yields of soybeans. The seed will be distributed through agro-dealers.

Table 2: Input Supplies

Challenge : Low use of soybean inputs by smallholder farmers			
Constraint	Current situation	Impact	Key players
Low adoption of improved soybean seed	Over 95% of farmers recycle soybean seed 8 improved soybean varieties widely available Several soybean seed companies available Malawi Government farm input subsidy provides 95% of certified seed	Seeds recycled more than three seasons lose vigor and result in low productivity and yields. Additionally the recycled seed has high varietal impurity Use of improved soybean varieties improves yield by 15-20%	APCL, IPs, STAM, Peacock, Monsanto, AISML, SeedCo, SeedTech, Funwe, Demeter, Pannar, Pioneer, Premium, Pindulani, M'ngomera, WASA, ASSMAG, MoAIWD
Lack of use of inoculant	Almost all farmers do not use inoculants Most soybean varieties in Malawi require inoculant for effective nodulation Existing plant can deliver inoculant to meet market demand	Use of inoculant improves effective nodulation and increase yield by 10-20%	AISML, APCL, IPs, farmers, Farmers World, ATC, STAM
Lack of use of fertilizer	Almost all farmers do not apply fertilizer Existing distribution can deliver imported fertilizer for soybean production	Use of fertilizers containing phosphorus improves soil fertility and increase yield by 10-25%	APCL, IPs, farmers, Rab, ETG, ADMARC, Agora, Farmers World, SFFRFM, MBL, Simama, Transglobe, Nyiombo
Lack of use of lime	Almost all farmers do not apply lime Existing small scale lime operators can deliver lime for soybean production	Use of lime improves soil fertility and improves yield by 10-25%	APCL, IPs, farmers, local suppliers of lime
Lack of use of herbicides and pesticides	Almost all farmers do not apply herbicides and pesticides Existing distribution can deliver imported herbicides and pesticides for soybean production	Use of herbicides and pesticides control insects and disease and increase yield by 10-50%	APCL, FOL, C&M, ATC, IPs, farmers

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4.2 Productivity and Production of Soybeans

The immediate value chain upgrading production emphasis by INVC focuses on increasing the productivity of existing soybean varieties. INVC promotes agricultural productivity technologies and best bet agricultural management practices. INVC through implementing partners complements Malawi Government extension services in addressing the constraint of low productivity and production of soybeans. INVC will responsively be partnered with MoAIWD, MISST, IPs and cadres of local leader farmers to demonstrate improved varieties, use of inoculant, application of fertilizer, integrated pest management, appropriate use of fertilizer, and improving soil health.

Table 3: Production

Challenge : Low adoption of agriculture productivity and production methods and technologies by smallholder farmers			
Constraint	Current situation	Impact	Key players
Low adoption of agronomic practices	Agricultural productivity technologies and best bet management practices widely available Increase labor requirements Stereotypes amongst farmers influence low adoption	Increase plant population by 5-20% Weed control by 10-25% Pest control (insects and disease) by 10-50% Increase productivity by 20%	APCL, IPs, farmers, MoAIWD, MISST
Poor soil health as soils in Malawi are weathered and lack phosphorus	No soil testing Fertilizer containing phosphorus widely available	Use of lime and fertilizers increase yield by 10-25%	APCL, IPs, farmers, Rab, ETG, ADMARC, Agora, Farmers World, SFFRFM, MBL, Simama, Transglobe, Nyiombo
Limited use of mechanization	Reliance on hand hoe Very limited use of mechanization by less than 2% of farmers Very limited number of tractors for hire and high costs. Usually tractors limited to larger growers Very limited use of animal draught Small tractors not available Planters not available for smallholder farmers Tractors are available at DADO Oxen and implements available to EPA	Mechanization saves labor in land preparation, planting, weeding and harvesting.	APCL, IPs, farmers, Farming & Engineering Services, CAMEO, LUANAR, Chitedze Mechanization Unit, MoAIWD
Irrigation	1% of smallholder farmers use irrigation in soybean production in Malawi. 99% of smallholder farmers rely on rain-fed soybean production. Expensive	Irrigation increase yield by 50% Irrigated soybeans are of high quality	APCL, IPs, farmers, MoAIWD, Cameo
Lack of use of herbicides and pesticides	Almost all farmers do not apply herbicides and pesticides Existing distribution can deliver imported herbicides and pesticides for soybean production	Use of herbicides and pesticides control insects and disease and increase yield by 10-50%	APCL, FOL, C&M, ATC, IPs, farmers

4.3 Forward Linkages

Soybeans are harvested end March and April. The farmers thresh and clean the soybeans for sale or storage. Soybeans then move through four trading stages: intermediary buyers, processors,

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wholesaler/retailer, and consumers. Local traders collect the soybeans from the farmers in their villages and then transport them to trading centers like rural open produce market or road side market. From the trading centers, large buyers purchase the soybeans and sell them to processors and wholesalers located in towns (Lilongwe and Blantyre). The processors and wholesalers sell the soybeans to domestic and export markets.

The constraint is weak forward linkages. This results in high transaction costs and wastage of at least 30% of soybeans during the post-harvest handling, packaging and transportation. Farmers thresh soybeans on hard mud or wooden surfaces. They do not use mechanical threshers due to unavailability and high costs. The farmers are poorly linked to markets. They do not aggregate their soybeans and do not sell as a group. Organized group selling of soybeans is almost non-existent in Malawi. Lack of cooperation and finance amongst farmers inter alia limit soybean aggregation and collective marketing.

INVC partnered with IPs, ACE and MoAIWD by investing in market access and infrastructure such as a setup of 750 village aggregation centers, collection/assembly centers and certified warehouses. INVC strengthened forward linkages by providing market access and infrastructure to farmers. This helped to reduce transaction costs by bringing markets close to farmers.

Table 4: Marketing

Challenge : Lack of forward integration with buyers, processors and transporters			
Constraint	Current situation	Impact	Key players
Lack of organized farmer groups	Specialized farmers in growing soybeans Weak governance and management of the groups, Lack of cooperation Lack of finance and credit	Organized farmer groups receive extension services, credit and saving services, business planning.	VCCS, CBS, IPs, farmers, MOST, MoIT, SOYAMA, LDT, Processors
Lack of aggregation and collective marketing amongst farmers	Typically individual small holder farmer sells directly to traders small quantities of poor quality soybeans No grading and sorting of soybeans No forward integration with buyers and processors No bargaining power and farmers receive low prices Limited knowledge and technologies on post-harvesting handling and storage	Trained and organized farmer groups can aggregate and add value to soybeans to fetch better prices and create direct linkages with major buyers and processors including negotiation of more lucrative contract production and marketing deals, ease of receipt of skills training	VCCS, CBS, VACs, Bulking Centers, ACE, IPs, MoAIWD, MoIT, farmer groups, processors and buyers
Low utilization of capacity across the soybean processors	Operating below capacity 65% Use rudimentary equipment sourced from India and China Lack of modern knowledge and technology for processing Failure to meet quality and regulatory	By upgrading the capacity across processors, more soybeans sourced from farmers, and quality and safety standards met, more nutritious and safe products manufactured. Market linkages improved. Meeting cake demand for poultry industry Meeting meal demand for human	VCCS, CSB, MoIT, MoAIWD, Rab Processors, Tafika Milling, ETG, Transglobe, Universal Industries, Blessing, St. Gabriel, St. Anne, Ekwendeni, Domasi, Mulanje, WFP, Mary's Meals

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	requirements New capacity to be added as processors seek to capitalize industry growth CSB and TSP are nascent industries Soybean cake has no competitive substitute Palm oil is a competitor for soybean oil. Cake demand driven by poultry industry and market for human consumption (CSB, TSP) Soybean oil has 70% of the oil market and palm oil 25% Long term CSB market dominated by WFP and Mary's	consumption (CSB and TSP)	
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4.4 Access to Financial Services

Smallholder farmers lack access to seasonal working capital finance in Malawi. This results in failure to secure certified seed, inoculant, fertilizer, lime, herbicides and pesticides. The farmers resort to recycled seed, and low adoption of the agricultural productivity technologies and best bet agricultural management practices. This, further, results in side selling of soybeans by farmers.

INVC has partnered with local groups to address the development of village financial platform/village savings, credit and related support services as well as broader value chain finance for other actors such as local input retailers/agro-dealers. INVC has also explored other potentially relevant financial services for farmers including such as contract farming (Sunseed Oil Ltd), contract marketing (Charles Stewart Ltd). INVC is currently in exploring with USAID/Washington on new DCA guarantee loan facility to benefit the project beneficiary farmers. INVC will promote the availability of financial services and value chain actor networking and linkages

Table 5: Financial Services

Challenge : Lack of access to financial services by farmers			
Constraint	Current situation	Impact	Key players
Lack of access to credit and financial services by smallholder farmers	Commercial banks not interested in agricultural loans Existence of VSL and VFPOs ready to lend money Willingness of private sector to engage in contract farming and contract marketing Possibility of DCA guarantee loan facility extended to farmer groups	By extending seasonal working capital finance to farmers, smallholder farmers will be able to access and buy agricultural inputs and carrying small scale businesses like trading.	VCCS, VFPO,IPs, Sunseed Oil Ltd, Charles Stewart Ltd, CADECOM (Lilongwe) VFPOs, VSL

4.5 Policies

The business enabling environment for soybean industry is not conducive. The industry is not coordinated among stakeholders. MoAIWD sets minimum floor prices of soybeans and issues buying

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licenses for soybeans. MoIT on the other hand issues export licenses and regulates exports of soybeans. There is a standing executive order to restrict soybean exports.

SOYAMA is one of the initiatives started by the private sector in 2012 to support the legume industry in the country. Its main objectives are to advance and promote the development of a competitive soybean value chain, promote exports, and create new opportunities for farmers, entrepreneurs, and rural families to increase farm income and productivity while providing a safe, self-sufficient, and nutritious food supply. SOYAMA has been supported by INVC through its partner CISANET to develop its 2015-2020 strategic plans. SOYAMA is suited to sustain the soybean industry in the country. However, it is weak and still in its infancy. INVC will collaborate directly with SOYAMA to create market linkages and partnerships with farmers' groups.

LTD was established in 2011 through consultations with a wide range of stakeholders from across the legumes value chain. LTD is a coordinating body aimed at enhancing collaboration that would consolidate various efforts to develop a viable legumes sub-sector. The aim is to create a strategic forum to enhance competitive advantage of legumes. LTD comprises of all value chain players and service providers along the legumes value chain: namely input suppliers, farmers, farmer organizations, traders, processors, government departments, donor partners and other service providers. The trust has a Board of Governors from various sectors in the value chain. Currently, the trust is focusing on four main legumes (soybeans, groundnuts, beans and pigeon peas) and works through four thematic working groups on: production, marketing, processing and value addition, and policy and institutional development. INVC collaborates with LTD to open its membership to farmers' groups of NASFAM, FUM and CADECOM. INVC will promote participation of farmers' groups in the LTD. However, there is mistrust between SOYAMA and LDT. Both are competitors and require their members to pay membership fees..

Malawi Government is diversifying away from tobacco to legumes in order to broaden economic base through its various initiatives including the National Export Strategy (NES), the Agriculture Sector Wide Approach (ASWAp), the Farm Input Subsidy Program (FISP), and the Malawi Oilseed Sector Transformation (MOST) Program. These initiatives have identified soybean as a high-potential crop with strong demand. Soybean has high potential for wealth creation and economic spillovers to oil processing, soy extrusion (textured soy protein, corn soy blend) and animal feed industries. However, there is lack of coordination and collaboration in all these initiatives

Table 6: Policy Proliferation

Challenge : Lack of coordination and collaboration amongst soybean stakeholders			
Constraint	Current situation	Impact	Key players
Lack of focus, coordination and collaboration amongst several stakeholders	Existing several policies like: SOYAMA LTD MOST ASWAp FISP NES	Duplication of efforts and increase cost to doing soybean business like membership fee to LTD and SOYAMA, licenses with MoAIWD and MoIT	VCCS, APCL, IPs, SOYAMA, LTD, MoAIWD, MoIT, donors, NGOs, CISANET, FUM, AICC

4.6 Integration of Gender Issues in Marketing of Soybeans

Women are mainly involved in production of soybeans and they provide 60% of household farm labor with men providing 40%. However, women are not well represented in marketing of soybeans, and seldom participate in market information points (MIPS) and market information systems (MIS).

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INVC with technical cooperation from its gender advisor and implementing partners ensures that women and youth fully participate in the marketing activities of the soybean industry. The gender advisor will ensure women and youth are represented in the membership of the marketing groups as well as participate equally on executive committees. Opportunities to guide rural women and youth into village aggregation centers, bulking centers, MIPS and MIS will be optimized.

Table 7: Gender Issues

Challenge : Lack of integration of women and youth in marketing activities of soybeans			
Constraint	Current situation	Impact	Key players
Low participation of women and youth in marketing activities including market information points, market information system and collective marketing	Women and youth engaging in soybean farming Women not patronizing MIPS Women not participating in MIPS Women and youth not represented in marketing committees	Optimization of women and youth in marketing activities will socially and economically upgrade them.	VCCS, APCL, GA, IPs, stakeholders

5. SOYBEAN VALUE CHAIN UPGRADING STRATEGY

The upgrading strategy is to facilitate smallholder farmers' participation in higher value markets of soybeans and improve their production processes. The upgrading will enable smallholder farmers to capture some of the additional value such as increased household incomes and improved nutrition.

The strategies are to facilitate scaling up of adoption of agricultural technologies and input packages. INVC and its implementing partners will focus on increasing the productivity of smallholder farmers, including technologies to increase productivity per unit of land. In order to encourage widespread adoption, the technologies will be well-matched to smallholder farmers' resources and risk profiles. Inputs will be delivered to smallholder farmers through a variety of channels, including as embedded services from buyers, through producer association, and through input suppliers.

The strategies are also designed to facilitate increased in quantities and quality of soybeans produced by smallholder farmers and availed to processors and end markets. INVC and its implementing partners will make market and price information readily available to smallholder farmers. This is a relatively low cost way to expand the number of smallholder farmers who can perceive and correctly evaluate alternative market opportunities.

The interventions proposed will make investments that benefit large number of smallholder farmers, such as strengthening of 750 village aggregation and market centers and improvements in communications. The markets will be brought closer to smallholders in order to reduce transaction costs through aggregation and market centers.

The specific plans are outlined in the proposed interventions for soybean value chain matrix below. The matrix outlines the three value chain functions and identifies problems associated with them. The underlying cause of the problem is stated. An entry point is suggested for solving the problem with specific and applicable interventions matched with doable activities. The matrix further showed the expected outcome from the activities and risks involved.

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6. PROPOSED INTERVENTIONS FOR SOYBEAN VALUE CHAIN

Table 8: Proposed Interventions for Soybean Value Chain

Function	Problem	Underlying Cause(s)	Entry Point for Intervention	Proposed Intervention	Activities	Expected Outcome	Risk Factor
Input supply	Low use of certified soybean seed affects productivity and production of soybeans	Farmers rely on recycled soybean seed and do not apply fertilizer, lime, herbicides and pesticides	There are seed companies distributing 8 approved varieties of soybeans suitable for agro-ecological zones	Coordinate and collaborate with STAM and SSU to distribute the certified seeds to farmers	INVC, IPs, MISST and STAM to facilitate distribution of certified soybean seed	Increased productivity and increased price at the farm gate due to improved quality and quantity of soybeans	STAM may supply seed that is not tested for germination and may be of poor quality. The project might need to involve SSU in checking and vetting quality of soybean seed.
	Low use of inoculant affects nodulation of soybeans	Local inoculant manufacturer and supplier is not widely distributing quality and adequate amounts of inoculant to farmers	There is an existing local company manufacturing and distributing inoculant in Malawi	Coordinate and collaborate with AISML, supplier of Nitrofix inoculant in Malawi	Select beneficiary farmers Select agro-dealers Facilitate distribution of inoculant Train farmers on use of inoculant	Increased productivity and increased price at the farm gate due to improved nodulation of soybeans	AISML may supply poor quality inoculant, and farmers may fail to store the inoculant in recommended storage conditions.
	Use of fertilizer, lime, herbicides and pesticides is low as farmers do not know about the benefits of appropriate use of these inputs	Input distributors have not prioritize soybeans as one of key markets and do not have extension programs targeting the soybean farmers		Organize demonstration plots at lead farmer level in collaboration with MISST, IPs and input suppliers	Identify best practices and document them Provide cash to IPs for the demonstrations Select lead farmers' Train farmers on the best practices Create exchange visits, fields and field schools on the demonstration plots.	Increased productivity and increased price at the farm gate due to improved yields	The project has no experience working with suppliers of fertilizer, and lime except herbicides and pesticides wit FOL. The project will rely on IPs who may have experience working with private sector. The cash for buying inputs by IPs may call for appropriate monitoring to avoid any kind of misappropriation.

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Production	Inappropriate land preparation, weeding, and harvesting practices lead to production loss	High cost of labor and labor intensive requirements deter the farmers on using labor for improved agronomic practices. Some of the practices that require more labor are spacing between ridges and planting stations, double row	There are labor saving technologies that can be used to reduce drudgery in soybean production like small walking tractors, mechanical planters and threshers	Coordinate and collaborate with Chitedze Mechanization Unit, MoAIWD and LUANAR on fabrication and use of labor saving technologies	Facilitate design and fabrication of planters by LUANAR Link farmers to oxen drawn ploughs available to EPAs Link farmers to tractor hire scheme available at DADOs Facilitate IPs to provide farmer groups with planters and threshers bought by the project.	Increased productivity	IPs may not be interested to provide the farmer groups with the required labor saving technologies. Chitedze Mechanization Unit has not been able to release the labor saving technologies due to bureaucracy in the approvals. LUANAR may not complete designs and fabrication of planters due to lack of fulfillment of the contractual agreement.
	Lack of control on harvesting period results in losses and wastage, and reduces price at the farm gate	Farms do not know how to plan and control harvesting time and techniques for increased price	DADOs will be interested to train farmers on controlling harvesting.	Partner with DADOs to promote techniques for harvesting soybeans.	Select staff from DADOs who are experienced and trained in soybean harvesting techniques Promote usage of appropriate harvesting techniques Organize demonstrations and field days to promote the usage	Increased market price due to efficiency in production and reduction in loss and wastage.	Care has to be taken so that immature green soybeans are not harvested.
		Lack of organized farmer groups	INVC through IPs developed business plans for selected farmer groups and plans to build capacity of selected farmer groups with business plans	Partner with IPs and DADOs in capacity building of farmer groups	Select farmer groups Train the farmer groups in governance, management, and group dynamics	Increase price	This depends on cooperation and trust, and willingness of stakeholder to build capacity of the groups.

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Marketing	High price volatility	Lack of aggregation and collective marketing	There are some local success stories on 750 village aggregation and marketing setup activity in ZOI in 2015 marketing season	Strengthen local success case in aggregation and collective marketing	Assess VACs Train VACs on aggregation and collective marketing Organize exchange visits Link VACs to markets	Increase price	The success of VACs activities depends on group dynamics which vary significantly from VAC to VAC. The same success may not be replicated.
		Low utilization of capacity across the soybean processors	Farmers are not producing based on the requirement of the processors like quantity and quality. There is a mismatch.	Collaborate with soybean companies to inform farmers about their requirement and to share market information	Select processors Link the processors to farmer groups Conduct exchange visits and tours Promote contract farming and contract marketing	Increase price and reduce costs	Business enabling environment including macroeconomics influence utilization of capacity across processors
		Lack of modern processing facilities	Rudimentary equipment is used in the processing facilities affecting quality and safety	Collaborate with national companies, Michigan State University, Malawi Bureau of Standards and Codex Alimentarius to produce and market quality and safe processed soybean food products	Organize food safety training for food processing companies Determine the need Partner with selected food companies	Increase price	This depends on the willingness of food processing companies to invest in food safety in order to meet quality and safety standards.
		Lack of direct access to the lucrative end markets	There are some local success stories on market linkages through Buyers Tours undertaken in 2015 marketing season	Promote local success case in group marketing to create direct access to market options	Identify farmer groups to scale up success case Organize exposure visits Organize follow up buyers tours Support farmers tours based on the learning	Increase price	The success of group based activities depends on group dynamics which vary significantly from group to group. The same success may not be replicated.

Annex 2- Grants Management

INTRODUCTION

This quarter, funds amounting to US\$ 286,926 were distributed to four grantees. Grantee expenses amounting to US\$ 996,498 were cleared during the same period. Cumulative grantee expenses cleared by FtF-INVC are now 96% of total funds disbursed to grantees.

Eight grant modifications were formalized during this quarter. These modifications were to provide an increase in ceiling and period of performance extensions. Work continues to close out the IITA and CISANET grants.

Three Fixed Amount Award (FAA) grants were signed with ACE, FUM and CADECOM for grant activities from 1 November 2015 to 30 June 2016 (31 July 2016 with ACE). The first milestone payments were also made to those grantees.

The audit of USAID funds utilised by FUM has been completed while the NASFAM and ACE audits began in this quarter.

Twenty-two meetings including six coaching sessions were held with a total of 43 staff (30 male and 13 female) from grantee entities. The topics covered in such meetings included issues pertaining to, among others, work plans and budgets, FAA, cost allocability and Village Financial Platforms (VFP). The coaching sessions were on FAAs, which is a new grants instrument and very much different to a standard grant.

About the Fund

The \$11 million “Investing in Innovation Fund” (IIF) is an integral element of FTF-INVC’s programming across Components 1, 2, 3 and 4. 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. It is intended primarily to support the refinement and scaling of partner programs that align very closely with FTF-INVC objectives in value chain competitiveness, productivity, and community nutrition activities. ISF grants will also enable FTF-INVC to build partner capacity to meet the objectives of USAID’s FORWARD Policy.

The Grants Manual was amended by DAI Washington to address the specific changes for the project on and also those due to changes in the Code of Federal Regulations (CFR). The approval was received on 15 December 2015.

USAID CONCURRENCE

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

Table 1: Cumulative progress in USAID concurrence and signature

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	3	3
Improving productivity	6	7	13	5	5
Improving community capacity to prevent under –nutrition	2	2	4	2	2
Investing in innovation	0	2	2	2	2
Developing local capacity	4	1	5	1	1
Grant Total	25	18	43	13	13

The Chief of Party sought and obtained USAID’s concurrence to increase the ceiling of the Standard Grants for the following grantees:

- Agricultural Commodity Exchange of Malawi (ACE)
- Farmers Union of Malawi (FUM),and
- Pakachere.

Summary of Standard Grants signed

Grantee	Grant modifications signed this quarter (US\$)	Total Signed Grants Value (US\$)
ACE	180,000	1,141,640
NASFAM		3,597,237
MMPA		336,088
IITA		591,610
FUM	74,000	928,777
CADECOM		633,003
PAKACHERE	27,832	358,981
NKHOMA		643,279
MIM		77,480
CISANET		166,786
TOTAL	281,832	8,474,881

The 3 grants signed during this quarter were all Fixed Amount Awards (FAA) and were for the following grantees:

- Agricultural Commodity Exchange of Malawi (ACE)
- Catholic Development Commission in Malawi (CADECOM), and
- Farmers Union of Malawi (FUM).

Prior to being signed these grants were concurred with by USAID. This was done after approval of the amended Grants Manual.

Summary of Fixed Amount Awards signed

Grantee	Total Signed Grants Value (US\$)
ACE	279,294
FUM	248,618
CADECOM	117,971
Total	645,883

ACCOMPLISHMENTS

MANAGEMENT OF POST-GRANT AWARD ACTIVITIES

Grant Modifications

During this quarter, 8 grant modifications were effected. These grant modifications provided 3 grantees with increased ceilings for their activities and 5 grantees for period of performance extensions upto 31 October 2015. In the case of ACE, its grant modification also provided a period of performance extension upto 15 November 2015.

Grant Closeouts

The final payment was made to IITA after receiving their final financial and technical reports. A property disposal request has been prepared and sent to USAID by DAI Washington, for its approval.

We are awaiting CISANET's final financial and technical reports, while a reconciliation is available on the former. A draft property disposal request has been prepared and sent to DAI Washington, for vetting and onward transmission to USAID.

Analysis of the submission of expense reports

Grantee	Expense reports submitted and reconciled this quarter (US\$)	Expense reports submitted and reconciled (US\$) – Cumulative to date
ACE	126,628	1,027,795
NASFAM	315,128	1,996,127
MMPA	-	307,441
IITA	14,072	214,206
FUM	198,438	884,144
CADECOM	42,242	508,005
PAKACHERE	121,770	341,136
NKHOMA	178,220	648,123
MIM	-	54,926
CISANET	-	113,558
TOTAL	996,498	6,095,461

Grantees are expected to submit their expense reports on the 10th day of the following month. However, in practice, they submit their expense reports between the 15th and 20th day of the following month. US\$ 996,498 in expenses were 'cleared' by DAI during the quarter, after we were satisfied that documents submitted were compliant with DAI and USAID requirements.

The NASFAM account reconstruction was halted as it was recognized that it was more important to clear NASFAM expense documentation than to see exactly which advance the cleared expenditure documents should be set off against. An intern was employed for a period of 3 months ending 31 January 2016. This intern assists the Grants Accountants with their filing work, which is quite considerable, and is also assisting the Grants Manager in tabulating NASFAM invoices.

Meetings with the Grants Accountants are much less now as the emphasis at the office is more on clearing debts than wasting time on discussions that are not always followed up with concrete action!

Prepared the Grants FY16 workplan and write up and sent to the Chief of Party.

NASFAM had invoiced INVC for motor vehicle recharges since the inception of the project. While a few of these invoices had been cleared by INVC, the majority had not been. Therefore the Grants Manager requested DAI Washington's help to clear the charges. This resulted in copies of log sheets being called for, from NASFAM. Once these were received the mileages were checked for reasonableness in Washington and then at INVC by the NASFAM coordinator at INVC. The INVC drivers too checked the log sheets for mileage reasonableness considering the locations travelled to. Once that was done, all NASFAM vehicle charges were paid upto March 2015.

NASFAM, FUM and CADECOM who procured vehicles with INVC funds have been requested to change ownership, of the vehicles/motor cycles, to INVC USAID project. This is in line with Standard Grants policy where the title of Non-Expendable property procured does not revert to the grantee until USAID concurs.

Standard Grant regulations require grantees who receive more than US\$ 300,000 within a financial year to be audited according USAID grant regulatory procedures. NASFAM has begun this process and a meeting was held at NASFAM, as its Entrance Meeting, by Graham Carr, the auditors. They are expected to provide a draft report by the 1st week of December 2015. The Grants Manager also attended the ACE Entrance Meeting on 17 November, called by Graham Carr in relation to the USAID audit.

CADECOM has been slow in beginning the process of their USAID audit. A visit was therefore paid to their Finance and Administration Director who was urged to begin the process.

The Grants Manager, with the assistance of a visiting Technical Expert, Matt Buzby, made a presentation of the Fixed Amount Award (FAA) to 12 INVC staff members. This is a new grant instrument and the presentation was made so that staff appreciate the significant differences when working with the new instrument. Five more briefing sessions to grantees followed on:

- 26 October 2015 – ACE
- 27 October 2015 – FUM
- 28 October 2015 – CADECOM
- 29 October 2015 – NASFAM, and
- 30 October – FUM and CADECOM – Accountants and technical staff.

Grantees were informed that their standard grants ended on 31 October 2015 and that they should send all outstanding expense documentation by 20 November 2015. All grantees responded accordingly.

Grant Audits

Graham Carr, the appointed auditor, has commenced the FUM (FY 14), NASFAM (FY 13 and 14) and ACE (FY 14) audits. It is understood that the draft report of the FUM audit has been submitted to

FUM. CADECOM has not begun the FY 14 audit and this has been reported to CADECOM’s Secretary General in Lilongwe.

Workplans and budgets

Workplan and budget meetings pertaining to the FY16 grants were held with ACE, FUM, CADECOM and NASFAM during the quarter. FAAs were signed with the first 3 grantees.

Cost share expenses

NASFAM sent in their cost share expense documentation. These need to be checked.

Submission of Financial Reports

Most grantees submit accurate Financial Reports every quarter end.

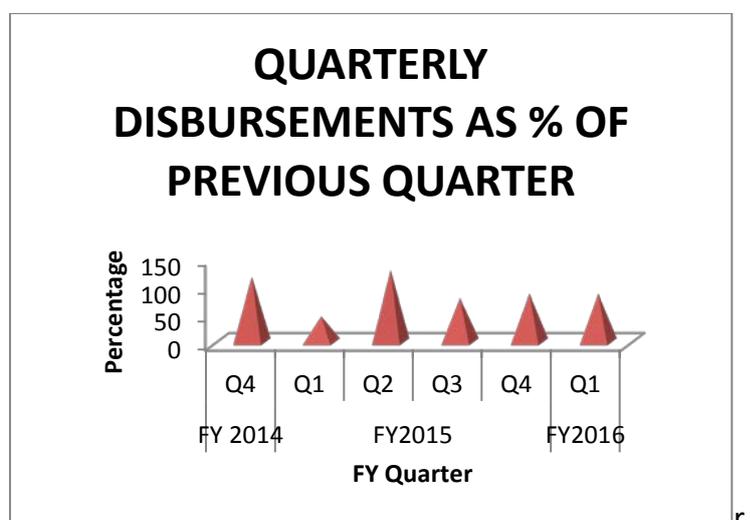
Grantee Disbursements

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

Summary of funds disbursed and advances cleared

Grantee	Funds disbursed by DAI this quarter (US\$)	Funds disbursed by DAI (US\$) – Cumulative to date	Cleared Advances (US\$)	Cleared Advances as a% of Funds Disbursed
ACE	174,473	1,020,694	1,020,694	100
NASFAM	14,914	2,024,604	1,963,970	97
MMPA		307,441	307,441	100
IITA	86,352	209,501	209,501	100
FUM		914,890	855,662	94
CADECOM		669,908	607,986	91
PAKACHERE	-	339,281	324,367	96
NKHOMA	9,749	610,968	570,567	93
MIM	-	54,926	54,926	100
CISANET		128,397	128,397	100
TOTAL	286,926	6,280,610	6,043,511	96

Shown below is a graph denoting the trend of grants disbursed during the quarter as a percentage of the previous quarter.



Grantee Training on Grants/Finance/Reporting Issues

Interaction with Grantees

During the quarter, 22 meetings including 6 coaching sessions were held with a total of 43 staff (30 male and 13 female) from grantee entities. The topics covered in such meetings included issues pertaining to, among others, work plans and budgets, FAA, cost allocability and Village Financial Platforms (VFP). The coaching sessions were mainly presentations on FAA, which was a new grants instrument and very much different to a standard grant.

Grantee Engagement

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

CHALLENGES

Grantees slackened considerably on timely presentation of expense reports and thereby, liquidation of their advances. This could only be attributable to the fact that the standard grants have now been closed.

NASFAM's October 2015 technical report was only sent to us in the 2nd week of January 2016! This reflects grantees' attitude towards technical reporting and in particular that of NASFAM's program manager on this project.

Currently we are clearing outstanding advances and most of these pertain to activities going back to 2014 and early 2015. Such expenditure is therefore attracting a lot of queries from the Chief of Party including why they are being submitted so late to INVC. In some cases, mostly from NASFAM, the Head Office queries have not been answered in a timely manner by their field offices and it is only now that they are being resubmitted to INVC. This is possibly because of the 20 November 2015 deadline INVC instituted for submission of documents.

PRINCIPAL ACTIVITIES PLANNED FOR Q2

- Closing grants that expired on 31 October 2015
- Closely following up FAA activities during the quarter
- Close out IITA and CISANET grants.
- Visit grantees and check progress they are making to achieve their milestones