



QUARTERLY PROGRESS REPORT— 3RD QUARTER 2007

COMMUNITY PARTNERSHIPS FOR SUSTAINABLE
RESOURCE MANAGEMENT (COMPASS II)

COVERING PERIOD: 1ST APRIL-30TH JUNE 2007

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ACRONYMS

Abbreviations and acronyms have been kept to a minimum in the text of this document. Where abbreviations or acronyms have been used, they are accompanied by their full expression the first time they appear, unless they are commonly used and generally understood abbreviations such as NGO, Kg, etc. However, in the many tables in this report, in the interests of brevity, many acronyms have been used, without explanation in the text. Their meaning will be found below.

APS	Annual Program Statement
BVC(s)	Beach Village Committee(s)
CBNRM	Community-Based Natural Resources Management
CBO(s)	Community-Based Organization(s)
COMPASS	Community Partnerships for Sustainable Resource Management
CWPP	Community-Watersheds Partnerships Project
DAI	Development Alternatives, Inc.
FGLG	Forest Governance Learning Group
FHI	Family Health International
FIDP	Farm Income Diversification Programme
GDA	Global Development Alliance
GETF	Global Environment & Technology Foundation
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
IFMSLP	Improved Forest Management for Sustainable Livelihoods Programme
IFSP	Info Centre for Fuel and Food Security Promotion
MFI(s)	Microfinance Institution(s)
MMCT	Mulanje Mountain Conservation Trust
NASFAM	National Smallholder Farmers' Association of Malawi
NEMAC	Njema Environmental Management Committee
NRBE(s)	Natural Resource Based Enterprise(s)
NRM	Natural Resource Management
PFM	Participatory Forest Management
RFA	Request for Applications
SBDARA	Smallholder Beekeepers Development and Research Association
SCFT	Smallholder Coffee Farmers Trust
TAMIS	Technical and Administrative Management Information System
TLC	Total Land Care
USAID	United States Agency for International Development
VNRMC(s)	Village Natural Resources Management Committee(s)
WESM	Wildlife and Environmental Society of Malawi

PREFACE

Development Alternatives Inc. (DAI) was contracted by the United States Agency for International Development (USAID)/Malawi to implement the second phase of the Community Partnerships for Sustainable Resource Management (COMPASS II) under Contract # 690-C-00-04-00090-00. USAID and DAI signed the contract on April 30, 2004 with effective dates of April 19, 2004 to March 31, 2009.

The contract engages DAI and its implementing partners¹ to assist USAID/Malawi in achieving progress toward the Strategic Objective of sustainable increases in rural income, and specifically the Intermediate Result of household revenue from community-based natural resources management activities increased.

The purpose of COMPASS II is to enhance household revenue from participation in community-based natural resource management (CBNRM) initiatives that generate income as well as provide incentives for sustainable resource use in Malawi. This is part of a strategy to mainstream community management of natural resources within a development framework that progresses toward eventual graduation from foreign aid, one of the USAID global operational goals for broad-based prosperity in stable, democratic countries such as Malawi. Building on solid foundations from previous investments by USAID and others of increased capacity among Malawian government and nongovernmental organizations to adopt strategies that ensure long-term economic and environmental sustainability, COMPASS II seek to accomplish three objectives:

1. To increase the decentralization of natural resource management,
2. To enhance rural communities' capacity to sustainably manage their natural resources, and
3. To increase sales of natural resource-based products by rural households.

Achievement of progress toward these objectives requires a multi-faceted approach toward devolving *authority and responsibility* to manage natural resources to field levels, facilitating the acquisition of *skills and tools* to dispatch that authority responsibly, and profiting from sustainable utilization of those natural resources as an *incentive* to manage the natural capital assets sustainably.

DAI is required by the contract to submit a Quarterly Progress Report to USAID/Malawi, “updated every quarter” to guide fieldwork. The “Quarterly Progress Report shall include...activities with indicators that relate to partial or complete fulfillment of each module expected results, training and implementation timelines, and expenditure for the period.” This document is the 3rd Quarterly Progress Report for 2007, covering the period 1st April through 30th June 2007, the third quarter in the third year of implementation of COMPASS II (2004-2009).

The Quarterly Progress Report consists of two sections. The first is an overview of COMPASS II activities and progress achieved to date, including a very brief review of the achievement and challenges of CBNRM in Malawi, as well as brief description of the strategies COMPASS is employing to meet those challenges. The 2nd section details the specific activities undertaken between 1st April and 30th June 2007 and planned activities by the field team for the third quarter (1st July to 30th September 2007). Detail on actions planned under each of the various contracted Tasks and Sub-Tasks is provided, as well as the expected resource requirements.

Annex A is an end-of-quarter financial summary for USAID readers; Annex B provides a summary table of performance monitoring indicators; and Annex C is an updated list of COMPASS II publications.

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“*Advancing Human Prosperity*”

16 July, 2007

¹ Wildlife & Environmental Society of Malawi and Spectrum Media

COMPASS ACTIVITY OVERVIEW AND RESULTS

This document is the 2nd Quarterly Progress Report—2007 of the Community Partnerships for Sustainable Resource Management (COMPASS II) activity of the United States Agency for International Development (USAID) Malawi country mission. The Quarterly Progress Report covers the period from 01 April through 30 June 2007.

This section briefly presents an overview of the activity, as well as some of the main achievements and challenges experienced by COMPASS II during the past three months. It is intended to provide brief information to those unfamiliar with previous activity documents, such as Annual Work Plan - FY 2007

INTRODUCTION AND BACKGROUND

The purpose of COMPASS II is to enhance household revenue from participation in community-based natural resource management (CBNRM) initiatives that generate income as well as provide incentives for sustainable resource use in Malawi. This is part of a strategy to mainstream community-based management of natural resources within a transformational development framework that progresses toward eventual graduation from developmental foreign aid, one of the USAID global operational goals for broad-based prosperity in stable, democratic countries such as Malawi. Building on solid foundations from previous investments by USAID and others of increased capacity among Malawian government and nongovernmental organizations to adopt strategies that ensure long-term economic and environmental sustainability, COMPASS II seek to accomplish three objectives:

1. To increase the decentralization of natural resource management,
2. To enhance rural communities' capacity to sustainably manage their natural resources, and
3. To increase sales of natural resource-based products by rural households.

Achievement of progress toward these objectives requires a multi-faceted approach toward devolving *authority* to manage natural resources to field levels, along with the responsibility to manage well; ensuring the *ability* to manage by facilitating the acquisition of skills and tools to dispatch management authority responsibly, and brokering the *incentive* to manage sustainably through profiting from sustainable utilization of those natural capital assets.

COMPASS began as a conservation-oriented effort aimed at sustainable use of natural resources, expanding awareness of CBNRM and supporting the Government of Malawi to implement a policy framework conducive to expansion of CBNRM. By conceptualizing COMPASS as a development initiative, USAID/Malawi encourages the Government of Malawi and partner organizations to embrace CBNRM not simply as an approach to conservation but also as a way to stimulate broader-based economic growth in rural areas. This goal reinforces Malawi's Growth and Development Strategy and USAID's Economic Growth Objective, specifically focusing on the Natural Resources & Biodiversity Element within the Environment Program Area.

The conceptual evolution of CBNRM from being conservation-oriented toward household income generation as the reason to conserve is ongoing, however, within government departments and at village levels. So, USAID/Malawi designed a follow-on activity to COMPASS that is more solidly focused on achieving sustainable increases in rural incomes and more openly advocating the use of natural resources utilization to first address community needs for livelihoods while still promoting local management as a means to achieve long-term conservation by demonstrating tangible direct benefits to managers.

COMPASS II is supporting widespread awareness of the conceptual evolution described above; put differently, **COMPASS II seeks to mainstream CBNRM as a viable rural development strategy for Malawi.** The expected result is that communities which are making significant income from natural resources stewardship have personal and collective incentives to ensure the long-term health of the resource base, which in turn secures the rural economic health.

USAID/MALAWI CONTEXT: OPERATIONAL PLAN FRAMEWORK²

Within the USAID draft Operational Plan framework for 2007 and beyond, the Economic Growth Objective is “Generating Rapid, Sustained, Broad-Based Economic Growth.” This objective is to be achieved through eight program areas, each composed of one or more program elements. These are:

1. Macroeconomic Foundation for Growth – composed of fiscal policy and monetary policy;
2. Trade and Investment – comprising trade & investment enabling environment and capacity;
3. Financial Sector – including financial sector enabling environment and financial services;
4. Infrastructure – composed of modern services in energy, communications, and transport sectors;
5. Agriculture – comprising the enabling environment and agriculture sector productivity;
6. Private Sector Competitiveness – including business enabling environment and productivity;
7. Economic Opportunity – composed of inclusive financial markets, policy environment for micro and small enterprises, micro-enterprise productivity, and economic law and property rights; and
8. Environment – comprising natural resources and biodiversity and clean human environment.

PROGRAM ELEMENT 8.1: NATURAL RESOURCES AND BIODIVERSITY

The portion of the USAID/Malawi Operational Plan Framework that applies to COMPASS II is the Natural Resources & Biodiversity program element, which is composed of sub-elements covering natural resource policy and governance; sustainable natural resource management and production; biodiversity policy and governance; biodiversity conservation; international cooperation; and science, technology and information. Progress in achieving the objectives of these sub-elements is measured by seven indicators, as follows:

1. **Number of hectares under improved natural resource management**—defined by having a management plan completed and/or a management agreement signed between the local natural resource management organization and the relevant government department;
2. **Number of hectares in areas of biological significance under improved management**—defined by having a management plan completed and/or a co-management agreement signed between a local community and relevant management authority for an area included within a protected area, or area of recognized conservation value (e.g. Ramsar Convention);
3. **Number of hectares of natural resources showing improved biophysical condition as a result of US Government assistance**—with a definition of “improved condition” pending;
4. **Number of hectares in areas of biological significance showing improved biophysical condition**—disaggregated by terrestrial and “marine” (water-based) areas;
5. **Number of policies, laws, regulations promoting sustainable natural resource management and conservation that are implemented;**
6. **Number of people with increased economic benefits from sustainable natural resource management and conservation;**
7. **Number of people trained in natural resources management and/or biodiversity conservation.**

Data gathering against these indicators is ongoing, and preliminary results for FY2007 are reported in this and subsequent quarterly progress reports.

² The material in this sub-section is taken from the most recent published and publicly available information from USAID/Malawi. During the reporting period, a draft Country Operating Plan was submitted by USAID/Malawi for review and approval by USAID/Washington. The final outcome of this review was not available at the time of reporting. As new information becomes available, revisions to ongoing monitoring and reporting may be required in order to align subsequent reports to the new structure and parameters.

Summary Results toward OP indicators as of 30 June 2007

The following table summarizes the preliminary performance data for these seven indicators in FY2007, with the caveat that the data analysis is ongoing.

Table 1: Progress on Operating Plan Indicators as of 30 June 2007

INDICATOR		END FY06 BASELINE ³	FY07 TARGET	FY07 RESULTS ⁴
# OF HECTARES UNDER IMPROVED NATURAL RESOURCE MANAGEMENT		0	60,000	10,191
# OF HECTARES IN AREAS OF BIOLOGICAL SIGNIFICANCE UNDER IMPROVED MANAGEMENT	MARINE ⁵	0	70,000	105,649
	TERRESTRIAL ⁶	0	5,000	--
# OF HECTARES OF NATURAL RESOURCES SHOWING IMPROVED BIOPHYSICAL CONDITION ⁷		0	40,000	N/A
# OF HECTARES IN AREAS OF BIOLOGICAL SIGNIFICANCE SHOWING IMPROVED BIOPHYSICAL CONDITION	MARINE	0	46,667	N/A
	TERRESTRIAL	0	3,333	N/A
# OF POLICIES, LAWS, REGULATIONS PROMOTING SUSTAINABLE NRM / CONSERVATION IMPLEMENTED ⁸		16	250	99
# OF PEOPLE WITH INCREASED ECONOMIC BENEFITS FROM SUSTAINABLE NRM / CONSERVATION ⁹	MALE	678	13,000	N/A
	FEMALE	120	8,000	N/A
# OF PEOPLE TRAINED IN NRM &/OR BIODIVERSITY CONSERVATION AS A RESULT OF USG ASSISTANCE	MALE	120	670	N/A
	FEMALE	80	680	N/A

N.B.: n/a = data not available

INTERMEDIATE RESULT 6.3: COMPASS ACTIVITY INDICATORS

Prior to Fiscal Year 2007, USAID/Malawi utilized a Strategic Objectives and Results Framework that placed the COMPASS II activity under Intermediate Result 6.3: "Household revenue from community-based natural resources management (CBNRM) activities increased." This has been measured by four indicators that are reported in all previous activity documents. These indicators have been:

1. Total revenue¹⁰ households receive from participation in community-based NRM activities
2. Number of communities adopting CBNRM practices
3. Number of households participating in CBNRM activities
4. Number of community members trained in CBNRM (M/F)

Data gathering methodology employed for monitoring and reporting consisted of field data gathering and assessments by COMPASS II staff members and regular reports from various partner organizations throughout the country. The data collection methods are detailed in Annual Reports.

Summary Results toward IR indicators as of 30 June 2007

The following table summarizes the performance data for these four indicators since the USAID/Malawi Country Strategic Plan was approved in 2001. The preliminary results for FY2007 are shown, with the caveat that the data analysis is ongoing. FY2006 results are considered final. USAID/Malawi officials conducted a data quality assessment in 2006.

³ Baseline is the end-of-year quantity for the previous year for cumulative indicators; reset to 0 at start of FY for non-cumulative indicators

⁴ These are preliminary results based on field reports, subject to confirmation and validation.

⁵ Includes any freshwater surface hectares, although not "marine"

⁶ Includes hectares within protected forest or grassland ecosystems

⁷ In the absence of USAID/Washington guidance, defined to include reduced incidence of bushfires, poaching, or other practices leading to degradation of ecosystem health; increased forest or wildlife populations, including natural regeneration; or other verifying evidence of improvement to biophysical condition as a result of management.

⁸ Cumulative number under active implementation since a law or policy is not "implemented" in any one reporting period or fiscal year

⁹ Cumulative number benefiting from ongoing enterprises rather than only new entrants within any one reporting period or fiscal year

¹⁰ The SO Team has clarified the definition of "income" to include non-cash (i.e., in-kind) income that households receive.

Table 2: Progress on Intermediate Result Indicators as of 30 June 2007

INDICATOR	BASE LINE		2002	2003	2004	2005	2006	2007
TOTAL REVENUE HOUSEHOLDS RECEIVE FROM PARTICIPATION IN COMMUNITY-BASED NRM ACTIVITIES (MEASURED IN US\$)	6,000 (2001)	TARGET	-	20,000	50,000	180,000	400,000	750,000
		ACTUAL	9,000	15,774	55,431	200,587	532,162	707,512
NUMBER OF COMMUNITIES ADOPTING CBNRM PRACTICES	315 (2001)	TARGET	300	350	500	650	900	1,000
		ACTUAL	457	599	642	714	1,293	1,497
NUMBER OF HOUSEHOLDS PARTICIPATING IN CBNRM ACTIVITIES	23,408 (2002)	TARGET		28,088	30,000	45,000	65,000	80,000
		ACTUAL		30,681	33,498	46,255	75,847	77,801
NUMBER OF COMMUNITY MEMBERS TRAINED IN CBNRM (M/F)	846 (2001)	TARGET	420	570	1,500	2,250	3,250	4,000
		ACTUAL	1,206	M: 1,363 F: 504	M: 1,363 F: 504	M: 2,736 F: 3,019	M: 3,066 F: 3,083	M: 3,421 F: 3,253

HIGHLIGHTS OF COMPASS II STRATEGY

Three principal themes underlie the strategy for continuing the progressively more sophisticated concepts behind efforts to see community-based management of natural resources become a genuinely mainstream development strategy. The following is an abbreviated version of information detailed in previous Quarterly Progress Reports and the Annual Report 2006.

SUSTAINABILITY

The first of these themes is to build the institutional strength across a wide range of institutions within Malawi for community-based management to continue after COMPASS II concludes. In order to avoid the familiar refrain of saying things will be sustainable, while not taking actions to make them so, the COMPASS team adopted a “**2010 Test**” to use in assessing sustainability. Simply put, this means that if we cannot find a way for an action or activity to continue beyond USAID support (which ends in March 2009), we keep searching for a different way to proceed.

Sustainability consists of three parts:

1. **ecological sustainability**—that the health of ecosystems – including their ability to provide a long-term supply of goods and services – at a landscape scale is resilient to disturbances, much as a human being is considered healthy if they are able to get well quickly when exposed to illness;
2. **economic sustainability**—that household financial and aggregate economic benefits from CBNRM are sufficient to encourage additional investments by private sector individuals and business, rather than rely on grants or other subsidized support; another aspect of economic sustainability is that the increased economic activity results in an expansion of the tax base, thereby providing the public sector with resources to maintain their support;
3. **social sustainability**—that tangible benefits from CBNRM accrue to a critical mass of households, to reduce or prevent conflicts over natural resource use and management while also encouraging those households to manage resources well; that the communities engaging in CBNRM are empowered to more fully participate in their other development efforts; and that genuinely decentralized governance is progressing closer to management units.

These elements of sustainability may be summarized as economic development efforts supporting the transformation of a country toward “**graduation**” from donor support. COMPASS is working toward the graduation of natural resources management from its current dependency, toward the day when conservation can pay its own way. Encouraging signs are emerging from the past 2½ years of fieldwork.

DIVERSITY

The second major theme of the COMPASS II strategy is to spread the natural resource conservation and economic development efforts to better insure against extraordinary risks that could lead to collapse. The need to diversify beyond wildlife hunting and photographic safaris is often cited by other CBNRM programs in southern Africa as a key challenge to their efforts to mainstream CBNRM into rural economies. For the COMPASS team, this is overlain by the wide range of contexts in different parts of the country. Therefore, we are focusing on two types of diversity:

1. **diversity of natural resources**—including fisheries, forests, and other biodiverse ecosystems within the realm of community-based management, and the full range of natural resource-based products and services that those ecosystems can produce; also includes the range of ownership or custodial regimes for these ecosystems, whether public sector protected areas, customary lands under traditional leadership, or privately held or titled lands;
2. **diversity of approaches**—recognizing the differences in both resource base and skills sets found among organizations in the target districts (see Figure 1 on page 6), applying a range of nuanced approaches to development rather than a standardized approach applied universally;

INTEGRATION

The third theme for COMPASS II efforts to mainstream CBNRM as a viable rural development strategy recognizes that successful economic development, no less than successful ecosystem function, requires that each of the components be interlinked with other parts of the economic system.

This does not necessarily mean that skills building of beekeepers must be part of a company processing honey, or that the company must be vertically integrated from beehive to retail shop; rather, that authority to manage a piece of forest land, and the skills needed by a beekeeper to meet the processor’s quality standards, and support to growth of the honey industry are thematically and geographically integrated.

This integration is best achieved in consultation and collaboration with relevant government departments and the private sector, so that institutionalized service provision is more complete. CBNRM service provision must be integrated into the Malawian economy rather than the donor economy, meaning that fees for services are tied to the ability to pay of those procuring services. This last point is crucial to genuinely mainstreaming community-based management of natural resources that outlasts donor support.

ACTIVITY DESCRIPTION

As noted above, the purpose of COMPASS II is to enhance household revenue from participation in CBNRM initiatives that generate income as well as provide incentives for sustainable resource use in Malawi. COMPASS II seeks to accomplish three objectives:

1. Increase the decentralization of natural resource management,
2. Enhance rural communities' capacity to sustainably manage their natural resources, and
3. Increase sales of natural resources-based products.

The contract Statement of Work (section C) defines the specifications for the team in implementing the COMPASS II activity. In order to have implementation contribute toward the USAID/Malawi objective of **Sustainable Economic Growth**, and specifically, Intermediate Result 6.3: “**Increased household revenue from community-based natural resources management (CBNRM) activities**”, the following three Results Modules and 10 Tasks provide the contractual framework. Actual fieldwork is conducted in a more integrated manner, as discussed above.

Table 3: Results Modules and Tasks specified in the COMPASS II statement of work

RESULTS MODULE	TASKS
More decentralized management of natural resources in Malawi	
	1) Promote greater decentralization of key natural resource decision-making
	2) Increase district-level capacity to support CBNRM
	3) Improved CBNRM stakeholder coordination
Enhanced community capacity for managing natural resources in a sustainable manner	
	1) Increase capacity for natural resources management at the community level
	2) Strengthen the capacity of CBNRM service providers
	3) Increase public awareness and understanding of CBNRM roles and opportunities
	4) Strengthen knowledge and accountability of Traditional Authorities and related officials in CBNRM
Increased sales of natural resource-based products by households	
	1) Enhance market access by entrepreneurs, households, and community groups that produce natural products
	2) Identify production and harvesting opportunities for new natural resource-based products to be actively exploited on a sustainable basis
	3) Develop and strengthen partnerships between communities and the private sector

The COMPASS II activity supports the USAID/Malawi goal of reducing poverty and increasing food security through broad-based, market-led economic growth by addressing the constraints to CBNRM and working to increase household revenues earned from CBNRM. The specific constraints to be addressed include those related to policy implementation, community tenure and rights of access, local institutional capacity, and natural resource-based enterprise development.

Key performance indicators and targets specified in the COMPASS II contract Statement of Work for each of these Results Modules are the following:

- 15 districts in which NRM devolution plans are adopted and fully implemented;
- 1,000 communities adopting CBNRM practices;
- 80,000 households participating in CBNRM activities; and
- \$750,000 in total revenue households receive from participating in CBNRM activities.

COMPASS II is expanding sales of natural products by identifying commodities that have the greatest potential to generate employment, increase household income, and support sound natural resource management. This approach promotes cooperation and coordination among the various members of the value chain to reduce transaction costs, enhance product quality, and reduce risks and uncertainty for buyers and sellers. COMPASS identified honey, tree seed oils, processed fruit, wild mushrooms, fisheries, and medicinal plants as high-potential commodities. COMPASS II is verifying the viability of markets for these products, and expanding the menu of options to include other natural resource-based products.

COMPASS II also promotes sound stewardship of the wildlife reserves, national parks, and forests that make up more than one-fifth of Malawi. Lakes Malawi and Chilwa and many large rivers form vital watersheds that are an important part of the food production base for the national economy.

GEOGRAPHIC FOCUS

During 2006, COMPASS II supported the mainstreaming of CBNRM in 13 districts: Chitipa, Rumphi, Mzimba, Nkhata Bay, Nkhotakota, Lilongwe, Ntcheu, Mangochi, Machinga, Zomba, Phalombe, Mulanje, and Chikwawa. Dedza and Nsanje districts completed initial preparatory efforts for fieldwork in 2007. The selection process to identify fieldwork locations included the following criteria:

- **Community commitment and leadership:** Strong community interest, as well as community leadership that is supportive of CBNRM initiatives. Supportive district authorities and the existence or potential for effective service provider partnerships or those districts with the strongest capacity to carry out responsibilities related to decentralization.
- **Ecological importance:** Malawi’s key eco-regions where natural resources of high conservation value exist and where sustainable use is a key to future prosperity are the target of this activity.
- **Income earning potential:** Areas with existing or potential for income generation from CBNRM. Most relevant is commitment from communities and private sector to leverage resources.

During the course of 2006, Mulanje district presented an opportunity for collaborating with the Coca-Cola / USAID / Global Environment & Technology Foundation (GETF) Global Development Alliance (GDA) program on Community-Watershed Partnerships, and initial activities were undertaken toward implementing the Mt. Mulanje Community-Watershed Partnership Project in T/A Laston Njema, with a wide range of local organizations providing leveraged resources. This work is ongoing in 2007.

Malawi has 28 districts and it is expected that nation-wide coverage may take place depending on the presence of natural resource-based enterprise (NRBE) development (Figure 1).

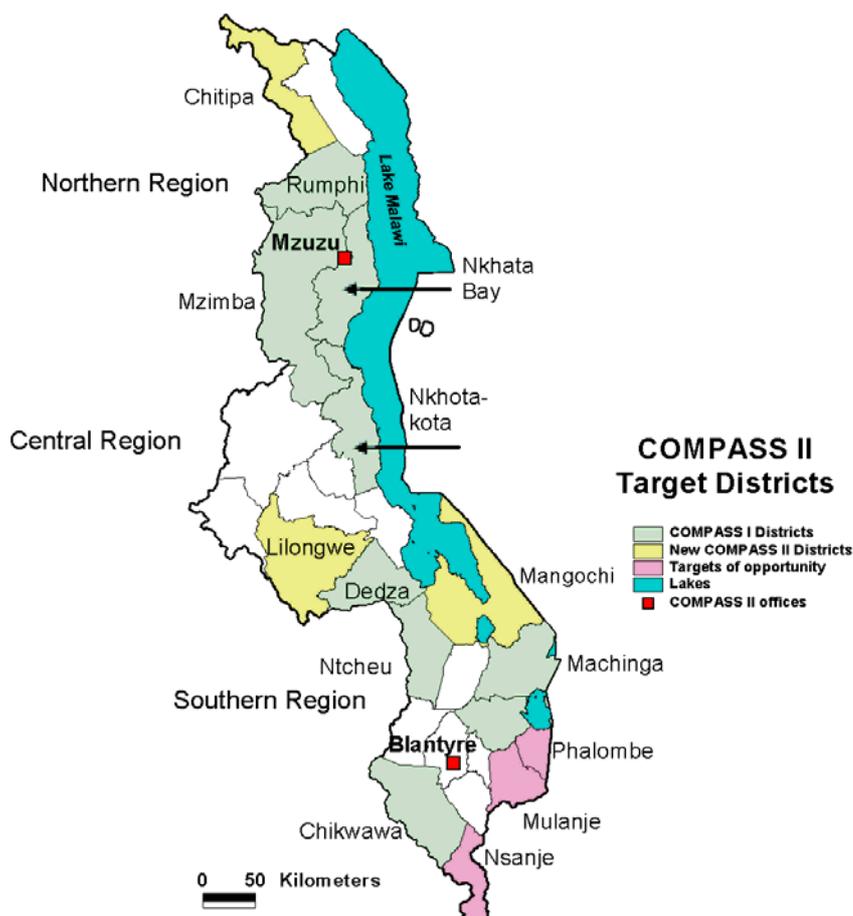


Figure 1:COMPASS II Target Districts

OVERVIEW OF COMPASS STRATEGIC APPROACH IN FY07

The Annual Work Plan—2007 provides the strategic framework, for COMPASS activity during 2007. It is based on experience gained during the first two years of field operations, the results of several studies and, the Annual Planning and Review Meeting/Annual Conference held in October 2006. More than 40 participants attended the conference, drawn from government, NGOs, media bodies, financing institutions and the private sector. They gave COMPASS the mandate to focus its efforts on the products derived from natural resources that have the potential to transform the livelihoods of rural households and to significantly benefit Malawi's economy.

In practical terms this means a **continuation of the strategy**, applied since the inception of COMPASS and described on pages 4-5 above, that places the development of enterprises based on sustainable utilization of natural resources in the forefront of the efforts to conserve those same resources. However, it also requires **modification of tactics** in order to ensure that every member of the field team gears her or his work towards the goal of product development and commercialization.

The development of products – based on the sustainable harvesting and processing of natural resources – that have a good national or international market and that provide substantial benefits to rural households is the fundamental objective of COMPASS. A large base of producers who stand to gain from continued conservation of their natural resource assets and to lose from their destruction is seen as the driver of conservation. This producer base should not only manage their resources sustainably but also provide a lobby group for regulation of the use of those resources and enforcement of those regulations.

The following subsection details the tactics to be employed in 2007 toward implementing the COMPASS II strategy of conserving biodiversity as the underpinnings of sustained economic growth through focusing on the products, linking production to conservation, and building the businesses.

FOCUSING ON MARKETABLE NATURAL PRODUCTS

During its first two years, COMPASS identified honey, mushrooms (both wild and cultivated) and fish (wild capture as well as pond and cage or pen culture) as three products that have significant potential to develop from subsistence level products used within the household or sold locally to traded products at a small-scale commercial level.

The criteria that the COMPASS II team has used to identify products are the following:

1. **Demonstrated market demand** – that the domestic demand for the product exceeds current supply, and that there are possibilities for regional or global export markets;
2. **Scale of impact** – that production, processing and trade in the product has the potential to significantly increase the income of hundreds or thousands of households in rural Malawi;
3. **Conservation incentive** – that there is a direct, identifiable link between profitable enterprises in the subsector and positive incentives for improved natural resource stewardship; and
4. **Non-exclusionary** – that the barriers to entry into the production, processing or trade in the product are low enough to not exclude participation by marginalized households such as those which are HIV-affected, women- or youth-headed, and others.

There are a number of other products that may fulfill these criteria, including wild fruits (for jams, wine), baobab (already being traded internationally), *Jatropha* (for bio-fuel), castor and mango or other fruits. COMPASS will conduct a rapid assessment of these and other potential products in the early months of this 2007 Work Plan period to identify those that meet the criteria for development into small-scale commercial products.

STRATEGIC ECOSYSTEMS – MARRYING BIODIVERSITY CONSERVATION WITH ECONOMIC GROWTH

Early in the first year of COMPASS II, a rapid appraisal of Malawi's ecosystems delivered a six-category classification of the country as development pathways for conservation enterprise (high and normal priority); natural resources-based enterprise (high and normal potential); agriculture; and agro-industry.

These development pathways formed the basis for selecting, with technical officers in target districts, priority ecosystems (see Figure 2) where COMPASS conducts fieldwork.

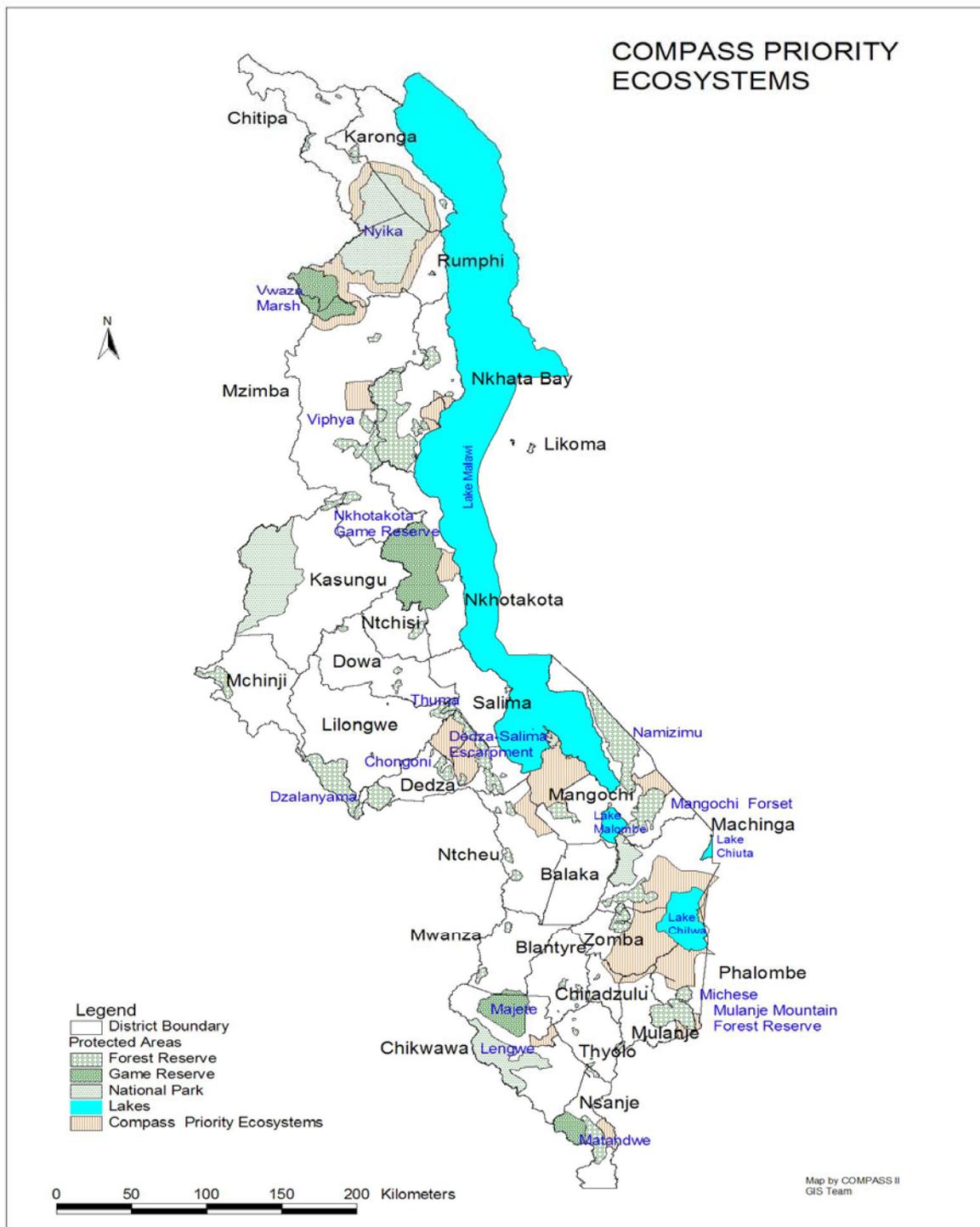


Figure 2: COMPASS II Priority Ecosystems

The COMPASS team works with district technical personnel to help refine the development pathways, in order that key planning decisions can be taken by district assemblies that will encourage the development of small-scale commercial harvesting and processing of natural resources.

Within each priority ecosystem, COMPASS supports and encourages the small-scale commercialization of selected natural products, with the primary objective of raising household incomes. The increased wealth generated from sale and processing of these products is expected to lead to demand from rural households for conservation of their resources.

ENCOURAGING SOUND BUSINESS MODELS

The third pillar of implementation strategy and tactics for 2007 is building the businesses that engage in production, processing and trade in natural resource-based products. The COMPASS field team is strengthening further its 2006 strategy of integrating decentralization efforts conducted with district technical staff with capacity building efforts at district and village levels, and especially having all of these support functions serve the needs of the enterprises. In 2007, the key elements of building sound businesses will be the organizations, their skills, access to finance, and the legal rights to resources.

Organizing producer groups & encouraging innovative partnerships for small-scale commercialization

The COMPASS team is placing emphasis on assisting the formation of producer groups from among rural households that currently harvest natural products. Groups work together to achieve economies of scale, increased equity, and to enhance their bargaining power in the market place. They can improve efficiency and learn from each other to enhance the quality of their product while increasing production volumes. We also support small groups of producers, for example at village level, to form associations of producer groups that can add more value through primary processing of products – the producer group enterprise concept described in Occasional Paper #16.

A crucial factor, however, will be to broker strong linkages between such groups and markets. COMPASS is working with groups, buyers and processors to create innovative market linkages, some of which have already been initiated, that will help rural households better market their products and to join the mainstream value chain in their trade, becoming partners in the industry.

Sustainable skills development and business service provision

In order for rural households to take better advantage of markets for, and adding value to, their products, they need skills that they do not have currently. Not only technical skills are needed but also skills related to business and organizational development, to ensure that they can financially gain from the enterprises.

During the past year, COMPASS pioneered an approach to technical skills and business service provision by establishing a cadre of private beekeeping service providers who provide training to beekeepers based on the Malawi Gold Standard Honey Production System and charge for their services at affordable rates. The approach, while challenged by the continued provision of free training by other organizations, holds out the promise of sustainability. This approach is being continued and strengthened during 2007, as well as being extended to cover other products, especially farmed fish.

COMPASS also supports efforts within the private sector to develop business service providers at main trading centers in rural areas, to meet the need of emerging rural enterprises for legal and financial advice.

Financing natural products commercialization and development

COMPASS has been assisting National Bank of Malawi and NBS Bank to develop loan products that will mainstream financial assistance, specifically tailored to small-scale commercialization of natural products. This support is continued in 2007, along with anticipated introduction of equipment leasing options through qualified agents. In addition, the Enterprise Fund has added an Innovations product to its portfolio, aimed at reducing the commercial risks of upgrading processing technologies and processes for new or existing natural products. This Innovations product is offered alongside the Pre-Commercial and Pilot Commercialization co-financing products offered for new commodities.

Through the public awareness section of COMPASS, the availability of these co-financing products is being widely advertised.

Institutional development, licensing and regulation

As small-scale commercialization of natural products gathers momentum, the danger of unregulated exploitation increases. COMPASS is continuing to work with households and communities to help them develop management plans and regulations needed to guard their natural assets against over-utilization. These local natural resource management organizations also have the legal authority to assess access fees and issue permits to harvesters of forest or fishery products. Producers need the legal right to harvest, process and sell natural products. Currently, the procedures for obtaining such rights are not only slow but also unclear, contradictory, and ambiguous.

COMPASS has been requested by the Departments of Forestry and of Fisheries to assist with reviewing legislation to remove barriers to the acquisition of legal rights, represented by permits and licenses.

HIGHLIGHTS OF PROGRESS THIS QUARTER

This subsection of the Quarterly Report briefly summarizes progress by the COMPASS II field team toward completing the tasks listed in Table 3. Highlights from 3rd Quarter 2007 include:

1. Another four agreements were signed, applying the Guide to the Registration of Local Forest Organizations that devolved authority to district offices; these four are in Chikwawa district;
2. Finalized another 110 agreements, covering almost 183,000 ha of customary forestland, fisheries and protected areas; once Registrar General issues certificates, department heads will sign;
3. Delivered desk-top computer and peripherals, including basic GIS software, to Nyika National Park to support completion of boundary definition for collaborative management agreements;
4. Concluded comprehensive survey and analysis of charcoal industry in urban areas of Malawi, in collaboration with Forest Governance Learning Group and EU-funded forestry programme.
5. Conducted organizational governance and financial management training for 112 people (33% women) from 31 committees, clubs and associations in Machinga, Mangochi and Zomba districts
6. Supported Malawi Gold Standard beekeeping service providers through discussion forums and business linkages; also conducted individual follow-up visits and encouragement;
7. Produced 121st through 132nd editions of *Chuma Chobisika* radio program, 44th through 50th TV program, and feature articles in *Sunday Times* newspaper;
8. Launched the Malawi Gold Standard Pond Aquaculture Production System package of print and video extension materials; dissemination and fish farmer training underway;
9. Disseminated the Malawi Gold Standard Honey Production System materials: 394 Beekeeper's Handbook, 96 Trainer's Guide, 105 DVD sets and 169 Beekeeping Business Management Plan;
10. Continued developing and testing four technologies appropriate for producer groups: fish cages, honey extractor, cooler box for transporting fish to markets, and dryer for wild mushrooms and mangos; construction completed, with fish cages stocked; also developing extruder/pelletizer;
11. Initiated steps toward obtaining organic certification for honey from selected pastures in Nyika;
12. Concluded comprehensive study of charcoal, documenting the \$41.4 million industry provides livelihood for 92,800 people, with 9,300 producers meeting market demand of 6 million bags per year from 15,000 hectares of forestland (60% of it under protected status);
13. Launched a "relationship honey" initiative between organized associations and processors, with agreement for processors to provide 1,500 hives immediately for this coming season; and
14. Total disbursements to the commercial bank holding the NRBE Investment portfolio reached MK24.2 million (US\$175,350) in approved loans to companies in natural products sectors.

SPECIFIC HIGHLIGHTS FOR MORE DECENTRALIZED NRM

Three Tasks guide efforts to achieve Results Module #1: More Decentralized Management of Natural Resources in Malawi. These Tasks, and noteworthy progress attained this Quarter, are as follows:

PROMOTE GREATER DECENTRALIZATION OF KEY NATURAL RESOURCE DECISION-MAKING

1. Continued disseminating the Guide to Registration of Local Forest Organizations to district forestry offices and briefing personnel on its contents.
2. Involved traditional leaders and district authorities in negotiating community-based forest management of the 200 km² Kandoli Mountain area in Nkhata Bay district.
3. Completed revised management plans and registration documents for participatory fisheries management in Lake Chilwa, Lake Chiuta and Mpototo Lagoon (about 80,00 hectares of Ramsar Convention wetlands) by 48 BVCs/RVCs in six associations with 3,700 members.
4. Continued negotiating resource use agreements between beekeeping associations around Nyika National Park and Dept. of National Parks and Wildlife; also Nkhotakota Wildlife Reserve.

INCREASE DISTRICT-LEVEL CAPACITY TO SUPPORT CBNRM

1. Collaborated with Improved Forest Management for Sustainable Livelihoods program (EU-funded) to conduct a Forest-Based Enterprise Fair in Blantyre; well attended and productive.
2. Continued developing village drama groups as a means of building awareness and capacity among community members and district field staff in fisheries and forestry sectors.
3. Concluded factor classification for production suitability maps supporting honey and pond aquaculture industries; final maps to be generated after expert peer review of weightings used.

IMPROVE CBNRM STAKEHOLDER COORDINATION

1. Concluded collaboration with Forest Governance Learning Group and IFMSLP on charcoal study; invited by IIED sponsors to further develop collaboration in areas of mutual interest.
2. Participated in regular meetings of the Nkhotakota Wildlife Reserve Stakeholders Group to finalize constitution for a proposed Nkhotakota Wildlife Reserve Development Trust.
3. Continued local coordination in T/A Laston Njema on Mulanje CWPP (GDA), particularly on engineering assessments for piped water rehabilitation, and training water user committees.

Key actions expected in the 4th Quarter 2007 include the following:

- Submit final revised documents for Lake Chilwa and Lake Chiuta participatory fisheries agreements to Director of Fisheries, with possible signing ceremony within the quarter;
- Finalize registration and forest management agreements in Lilongwe, Nkhata Bay and Mzimba;
- Conclude resource use agreements between Nyika area beekeeping associations and Department of National Parks and Wildlife, possible signing ceremony for Nkhotakota Wildlife Reserve;
- Continue developing village-based drama to build awareness and understanding of community-based natural resource management policies and procedures;
- Complete resource assessments for Mkuwazi, Kandoli, Eswazini and Nyika areas; and
- Print and distribute of pond aquaculture and honey suitability maps for selected districts.

Details of these actions are provided in Section 2 of this report.

SPECIFIC HIGHLIGHTS FOR ENHANCED COMMUNITY CAPACITY

Four Tasks guide efforts to achieve Results Module #2: Enhance Community Capacity for Managing of Natural Resources in a Sustainable Manner. These Tasks, and noteworthy progress attained this Quarter, are as follows:

INCREASE CAPACITY FOR NATURAL RESOURCES MANAGEMENT AT THE COMMUNITY LEVEL

1. Conducted governance and financial management training for Kumtumanji, Machinga West & Machinga Fisheries Associations and their BVCs/RVCs. In total 53 people were trained comprising mainly chairpersons, treasurers, and secretaries of these committees.
2. Conducted organizational and business management training for beekeeping groups at Katema and Balakasi in Mangochi district. In Katema, there were 27 participants (7 women) drawn from 8 zones and in Balakasi, there were 32 participants (28 women) drawn from five villages.

STRENGTHEN THE CAPACITY OF CBNRM SERVICE PROVIDERS

1. Conducted follow-up visits to beekeeping service providers in the central and northern regions and provided back-up support and encouragement on approaching their service delivery as a business.
2. Brokered beekeeping service providers with communities and organizations in need of training services for a fee. Market linkages were brokered between beekeepers at Chulu in Kasungu and Mzuzu Coffee Planters Cooperative Union (formerly Smallholder Coffee Farmers Trust).
3. Conducted regular monthly meetings of Implementation Coordinating Committee for the Mt. Mulanje CWPP, including at least five local nongovernmental organizations.

INCREASE PUBLIC AWARENESS AND UNDERSTANDING OF CBNRM ROLES AND OPPORTUNITIES

1. Produced and broadcast 121st through 132nd editions of *Chuma Chobisika* radio program, 44th through 51st new television programs, plus feature articles in *Sunday Nation* newspaper.
2. Launched the Malawi Gold Standard Aquaculture Production System package of extension materials: Fish Farmers' Handbook (in Chichewa and English), Trainer's Guide & DVDs, and Fish Farming Business Management Plan at an event held at Bunda College of Agriculture.
3. WESM published 12,000 copies of *Nantchengwa* magazine and prepared to participate on cost-share basis in the World Environmental Education Congress in Durban, to be held in July.

STRENGTHEN KNOWLEDGE AND ACCOUNTABILITY OF TRADITIONAL LEADERS AND RELATED OFFICIALS IN CBNRM

1. Continued collaborating closely with T/A Laston Njema, GVH Songwe and other Mulanje Limburi area traditional leaders on operational aspects of the Mt. Mulanje CWPP project.
2. Engaged four Traditional Authorities and other traditional leaders in Nkhata Bay district in negotiations on forest management of the Mkuwazi Forest Reserve and proposed Kandoli Mountain community-managed forest area.
3. Involved traditional leaders in various discussions and training events on community-based forest management, commercialization of natural resource based enterprises, participatory fisheries management processes and in review of constitutions for fisheries and beekeeping associations.

Key actions expected in the 4th Quarter 2007 include the following:

- Conduct financial management training for BVCs, RVCs and fishing associations around Lake Chiuta and in Phalombe district portion of Lake Chilwa;
- Conduct Malawi Gold Standard beekeeping extension training targeting districts and areas in the northern region currently without service providers;

- Organize a forum for beekeeping service providers in southern region to provide support, share reports on quantitative and qualitative results, and discuss business approach to service delivery;
- Conduct Training of Trainers on Business Management skills and Organizational Development targeting service providers in the districts and rural based enterprise/business groups;
- Use drama as a public awareness tool in dissemination of natural resources management messages in rural communities;
- Conduct an assessment on the effectiveness of the environmental school clubs and develop a strategy on the way forward based on the findings;
- WESM to participate in the 4th World Environmental Education Congress in Durban in July.

Details of these actions are provided in Section 2 of this report.

SPECIFIC HIGHLIGHTS FOR SALES OF NATURAL RESOURCE-BASED PRODUCTS

Three Tasks guide efforts to achieve Results Module #3: Increased Sales of Natural Resource-Based Products by Households. These Tasks, and noteworthy progress attained this Quarter, are as follows:

ENHANCE MARKET ACCESS BY ENTREPRENEURS, HOUSEHOLDS, AND COMMUNITY GROUPS THAT PRODUCE NATURAL PRODUCTS

1. Conducted screening of six natural product clusters for market size, household earning potential, conservation incentive, and non-exclusion of marginalized groups; subsector analyses of baobab, guinea fowl and processed foods (wild and cultivated fruits).
2. Accelerated growth of the honey industry, with Malawi Gold Standard Honey Production System materials disseminated through training, sales by trained service providers, and retail outlets; 669 copies of Beekeeper's Handbook distributed (603 sold / 66 complementary), 145 Trainer's Guide (99 sold / 46 complementary) 129 sets of DVDs (84 sold / 45 complementary) and 267 copies of the Beekeeping Business Management Plan (230 sold / 37 complementary) [cumulative #s].
3. Continued cage fish culture trials in Lake Chikukutu and Lake Malawi, with initial harvests expected in July; Lake Kariba (Zambia) cage design / construction nearly complete.
4. Developed further designs and ideas for appropriate technologies, including honey extractor, fish feed extruder/pelletizer, cold chain cooler box, mushroom houses, and mango dryers.
5. Concluded a comprehensive survey and analysis of consumption, trade and production of charcoal in four largest urban areas, documenting market demand of 6 million bags per year in an industry worth almost MK6 billion, with 9,300 producers; 60% comes from protected areas.
6. Co-hosted (with UNDP) a forum for Coffee Quality Institute and industry insiders to discuss quality improvements and export markets with Coffee Association of Malawi members.
7. Continued linking technical and business service providers, as well as equipment suppliers and bankers, to honey producers through promotional meetings at Tukombo, Nkhata Bay.

IDENTIFY PRODUCTION AND HARVESTING OPPORTUNITIES FOR NEW NATURAL RESOURCE-BASED PRODUCTS AND EXPLOIT THEM ON A SUSTAINABLE BASIS

1. Completed market assessment of fish farmers in Nkhata Bay and other areas servicing Mzuzu.
2. Initiated market linkage between guinea fowl producers and Lilongwe restaurants.
3. Conducted an inventory of mushroom producer clubs and members in Mzuzu area, discussed pricing and marketing strategies, and brokered linkage with commercial spawn supplier.

4. Conducted promotional meetings with beekeepers' associations in several locations on honey market trends and the honey value chain.
5. Continued working with existing associations and other groupings to help strengthen their organizational and business management skills as well as quality assurance requirements.

DEVELOP AND STRENGTHEN PARTNERSHIPS BETWEEN COMMUNITIES AND THE PRIVATE SECTOR

1. Brokered sales contracts between producers and buyers in mushroom, honey and fish subsectors.
2. Conducted two meetings of Technical Evaluation committee to review applications submitted in response to 2007 Annual Program Statement for Enterprise Fund, with one award recommended
3. Renewed agreements with commercial banks holding the NRBE Investment portfolio and Community NRBE Development microfinance portfolio; processed loan disbursements.

Key actions expected in the 4th Quarter 2007 include the following:

- Strengthen fish farming industry with continued dissemination of Malawi Gold Standard Aquaculture Production System package of extension materials;
- Complete distribution of 1500 hives under "relationship honey" initiative in Nyika and NKK;
- Continue brokering sales contracts between honey, mushroom, farmed fish, and guinea fowl producers and processors, restaurants, or other buyers;
- Support honey industry with producer association strengthening, national industry association formation, samples to export markets, extractor prototype, and organic certification in Nyika;
- Support fish farming industry with cage expansion, hatchery establishment, feed milling and cold chain equipment prototypes, and organizational strengthening of producer associations;
- Support mushroom industry with cultivation expansion, market assessment, awareness raising, and market chain strengthening to benefit wild mushroom pickers by next season;
- Disseminate results of agroforestry home garden field trials to interested manufacturers, suppliers, and potential customers for drip irrigation technology;
- Disseminate results of charcoal study to policy makers, revenue authorities, Ministry personnel, parliamentarians, and general public;
- Continue implementing Mt. Mulanje Community-Watershed Partnership Project in T/A Laston Njema around Mulanje Mountain, including rehabilitation of Pwera piped water system; and
- Continue review of APS applications from investors, as well as provide capital disbursements to banks for approved commercial and microfinance loans.

Details of these actions are provided in Section 2 of this report.

Due to the reduction in funding obligations to COMPASS II, it is proposed that a number of sub-tasks that are either substantially complete or that can no longer be expected to produce benefits for our client communities be removed from our work programme. Furthermore, we recommend that our areas of focus be reduced to 12 locations in 9 districts where we can improve efficiency by increasing resources and, due in part to commitment from either district technical personnel or communities and traditional leaders or both, we can expect good results within the remaining period of COMPASS II operations. These locations are:

1. TA Laston Njema on Mulanje Mountain (Mulanje district) – focusing on water supply, water governance and watershed rehabilitation through the Coca-Cola GDA project;

2. Lake Chilwa basin and Mpototo Lagoon (Machinga, Phalombe, and Zomba districts) – focusing on implementation of participatory fisheries management;
3. Chingale area (Zomba district) – focusing primarily on pond aquaculture;
4. TA Nankhumba and TA Jalasi/Chowe areas (Mangochi district) – focusing on beekeeping;
5. Nkhotakota lakeshore (Nkhotakota district) – focusing on participatory fisheries management and cage aquaculture where appropriate;
6. Nkhotakota Wildlife Reserve (Nkhotakota district) – focusing on collaborative management, beekeeping, mushroom cultivation, and bamboo production among communities bordering the Reserve between the M18 and Bua River, plus cage aquaculture in Lake Chikukutu;
7. Nkhata Bay escarpment around Tukombo – focusing mainly on beekeeping;
8. Mkuwazi Forest Reserve (Nkhata Bay district) – focusing on forest co-management and beekeeping;
9. Kandoli Mountain (Nkhata Bay district) – focusing on community forest management, pond aquaculture and beekeeping;
10. Eswazeni area (Mzimba district) – focusing on community forest management, beekeeping, and possible nature-based tourism; and
11. Nyika National Park (Rumphi district) – focusing on collaborative management and beekeeping associations, especially in and around the southern boundary of the Park.

For various reasons, work in the districts of Nsanje, Chikwawa, Ntcheu, Dedza, Lilongwe and Chitipa is not as likely to produce meaningful results within the time and resources remaining.

DETAILED QUARTERLY PERFORMANCE AND TASK UPDATES

This section of the Quarterly Progress Report provides a detailed description of actions taken and tasks completed during the reporting period. In addition to reporting on accomplishments, a narrative of progress as well as problems encountered and resolutions (actual or proposed) is provided. Section 2 also details planned actions, person(s) responsible, expected timelines, and resource requirements for the next quarter.

Section 2 is organized according to the COMPASS II results modules, with each module subdivided into specific Tasks necessary for COMPASS to contribute toward achieving the Strategic Objective. The Tasks are in turn broken down into sub-tasks identified in the Annual Work Plan. A table summarizing progress toward the Performance Indicators in the Annual Work Plan forms Annex B.

RESULTS MODULE #1: MORE DECENTRALISED MANAGEMENT OF NATURAL RESOURCES IN MALAWI

In order to achieve success, conservation of natural resources by local communities must lead to improved livelihoods and enhanced income for them. For local governments to support CBNRM, it must provide them with an increase in revenue that can be used to support technical assistance and extension services to communities practicing CBNRM.

Working in complete integration with the enterprise development and capacity building teams, the focus for this results module throughout this financial year is to ensure that small-scale commercialization of natural resources-based production is not hampered by restrictions related to access to and utilization rights over natural resources that form the raw materials for enterprise.

The key performance indicator for this Module is the **number of districts in which devolution plans are adopted and fully implemented**. The target for this indicator is 15 districts by the end of the activity. Within the 2007 Work Plan period, the target is that all 15 target districts have begun the process of developing devolution plans.

Three tasks support this results module: (1) promote greater decentralization of key natural resource decision-making, (2) increase district-level capacity to support CBNRM, and (3) improve CBNRM stakeholder coordination.

TASK 1.1: PROMOTE GREATER DECENTRALIZATION OF KEY NATURAL RESOURCE DECISION-MAKING

The first task toward Decentralized NRM is to facilitate a process of engagement by the key natural resource sector agencies with district-level government, resulting in the latter obtaining responsibility — and accountability — for certain aspects of natural resources management.

Four sub-tasks contribute to facilitation of the process. These sub-tasks are: (1) develop guidelines for community management of natural resources; (2) promote devolution of authority to approve natural resource management agreements; (3) facilitate natural resource agreements between communities and district authorities; and (4) support efforts to harmonize sector legislation with decentralization policy. These are detailed below.

Within this Task, the COMPASS II team recommends to now focus primarily on Sub-task 1.1.3. This sub-task is the core activity whose successful completion will enable small-scale commercial producers of natural resources-based products to legally access the raw materials they need to establish and operate successful businesses.

Sub-task 1.1.1: Develop guidelines for community management of natural resources

This sub-task requires that the range of opportunities for small-scale commercial production of natural resources-related products and the actions needed to take advantage of these opportunities are made available in appropriate formats to a wide range of audiences. In the forestry sector this sub-task is complete, with a range of materials available targeting district forestry staff, other members of the district executive and community members.

In the fisheries sector, 18 months of field experience of implementing participatory fisheries management now provides a sound basis for developing a similar range of guidelines. However, while a text-based brief on the opportunities presented for collaborative resource management within the wildlife sector has been completed, more field experience is needed to produce more appropriate materials. The addition during the reporting period of a Protected Area Community Extension Officer to the COMPASS team is greatly facilitating their development.

Action this reporting period and Sub-Task update

Efforts this quarter have focused on ensuring that district forestry offices in all districts where COMPASS is active have received copies of the Guide to the Registration of Local Forest Organizations and the Technical Order (cf. 1.1.4) and have been thoroughly briefed on the contents and the implications of this refined approach to community forest management.

Problems encountered and actual or proposed resolution

No major problems encountered this quarter.

Performance indicator and planned actions for the next quarter

In the overall COMPASS II Performance Monitoring Plan, the indicator and target for this sub-task is “to complete guidelines for all sectors and to ensure that the information is disseminated to all districts and all interested communities and support services.”

The 2007 target is to have sector guidelines completed and disseminated for all sectors in 15 districts.

Table 4: Sub-Task 1.1.1: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Ensure that guidelines are disseminated in all districts	J. Dickinson	July–August	Slight LTTA time

Sub-task 1.1.2: Promote devolution of authority to approve NRM agreements

COMPASS is also engaged in advocacy for devolution of authority to approve management agreements from central to local government. Absent the fully devolved authority from central to district agencies, which cannot occur without elections of ward councilors to district assemblies, we are encouraging the delegation of authority to undertake routine tasks such as review and approval of management agreements.

A cabinet reshuffle during this quarter placed the Department of Fisheries within the Ministry of Agriculture and Food Security, a ministry that is already decentralized. This means that the Department of Fisheries is also effectively decentralized. However, at the close of the reporting period, Department headquarters has not relinquished authority for signing management agreements to district level.

Action this reporting period and Sub-Task update

Permit books for all BVCs in the Lake Chilwa basin were printed this quarter and distribution began. Also this reporting period, discussions were held with the District Commissioner for Nkhata Bay and the four concerned Traditional Authorities regarding community management of some 200 km² of *miombo*

woodland on Kandoli Mountain. The DC and the TAs are in agreement with the concept and will take a leading role in its implementation.

COMPASS staff have continued working closely with the Improved Forest Management for Sustainable Livelihoods programme (EU-funded) in the Department of Forestry to finalize the required documents for forest management agreements and forest product harvesting.

Problems encountered and actual or proposed resolution

Continued very low levels of funding to all three sectors at district level remains the primary constraint. It is hoped that in Fisheries Department, the move to the MoAFS will improve the situation and that the cabinet directive mentioned in last quarter's report for full decentralization of all departments will also lead to better financial situation

Performance indicator and planned actions for the next quarter

In the overall COMPASS II Performance Monitoring Plan, "success [for this sub-task] will be measured in terms of the number of district assemblies that have the authority to sign CBNRM plans." The failure to hold local government elections for district assemblies in 2006 delayed progress toward this indicator. For 2007, the target is that management plans for at least 250 communities have been endorsed by district executives in at least 10 districts.

COMPASS can affect the process of decentralization only minimally. Apart from providing technical support to districts, there is little further that can be achieved for this sub-task. Forestry Department has already devolved authority to districts for management plans involving customary forestland. The Dept. of National Parks and Wildlife is not intending to decentralize to district level and it is unlikely that they will devolve authority for signing collaborative management agreements to local protected area offices in the near future. Similarly, legal issues related to participatory fisheries management are such that it is unlikely that the Department of Fisheries will agree to devolution of authority any time soon.

Table 5: Sub-Task 1.1.2: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Print and distribute fisheries permits for BVCs/RVCs in five associations in northern part of Nkhotakota district	J. Dickinson	July to August	LTTA time, printing
Maintain contact with district assemblies to support expected decentralisation of financial authority	All field tem members	Ongoing	LTTA time; ODC time

Sub-task 1.1.3: Facilitate NRM agreements between communities and district authorities

This is a key task for COMPASS as establishment of small-scale commercialization of natural resources begins to accelerate. It is crucial that small commercial organizations have the legal right to harvest the resources on which their businesses are based *and* have the agreement of the wider community in situations where unallocated customary land resources are being used. For this reason, the technical team has been concentrating its efforts on this sub-task, during this quarter and will continue to do so during the remainder of the life of COMPASS II. This sub-task also provides the foundation for tracking and reporting on the first four of the Operating Plan indicators for FY2007 and beyond (cf. pp 2-3).

Action this reporting period and Sub-Task update

In the fisheries sector, management plans for all seven fisheries associations in the Lake Chilwa basin and five associations in Nkhotakota District comprising 48 beach village and river village committees around Lake Chilwa with a total of over 3,700 registered members; 14 BVCs with over 900 members around Lake Chiuta; and 37 BVCs and RVCs in Nkhotakota District have been completed and await signature by

the Director of Fisheries. Documents for registration of all associations under the Trusts and Trustees Incorporation Act have been submitted to the Registrar General's office.

Fishing permit books for Lake Chilwa and Chiuta BVCs have been printed and distribution has begun.

In the forestry sector the emphasis has been on bringing understanding to district staff on what the new guidelines to registration means. All beekeeping clubs and other enterprise-based organizations have been briefed on the need to register as a local forest organization with the district forest office. The process of setting up democratic governance institutions seem to be straightforward but the reality shows something else due to the mix up between governance institutions which are supposed to regulate the resource use and the business/enterprise entities which are geared to making money out of an activity.

In the wildlife sector, work on having resource use agreements around Nyika National Park and collaborative management agreements within Nkhotakota Wildlife Reserve has been initiated. One association in Nkhotakota District has now submitted its documents for registration with the Registrar General's office and final arrangements are being made together with the Department of National Parks and Wildlife to sign a collaborative management agreement for over 8,000 ha. of the Reserve.

Table 6: Progress toward NRM agreements, by district priority area

DISTRICT	PRIORITY ECOSYSTEM	# VNRMCS / BVCs REGISTERED	# CBNRM AGREEMENTS	# HA UNDER IMPROVED MGMT.
CHITIPA	NYIKA NATIONAL PARK BOUNDARY AREA	21 REGISTERED	21 UNDER DEVELOPMENT	DEVELOPMENT ONGOING
RUMPHI	NYIKA-VWAZA ASSN. BOUNDARY AREAS	65 REGISTERED	65 UNDER DEVELOPMENT	37,436 HA ALLOCATED; 43,000 HA IN PROCESS
MZIMBA	A) VWAZA MARSH BOUNDARY AREA B) HORA MTN. AREA	A) 18 REGISTERED B) 36 IN PROCESS OF REGISTRATION	A) 18 UNDER DEVELOPMENT B) 36 W/MGMT PLANS	A) DEVELOPMENT ONGOING B) 76 HA W/MGMT PLANS
NKHATA BAY	A) MPHENZI HILLS ESCARPMENT B) DWAMBADZI TO KANDE LAKESHORE C) MKUWAZI FOREST RESERVE D) KANDOLI MOUNTAIN	A) 18 IN PROCESS OF REGISTRATION B) AWAITING DATA FROM DISTRICT FISHERIES C) 13 IN PROCESS OF REGISTRATION D) AT LEAST 35 IN EARLY STAGES OF DEVELOPMENT	A) 18 IN PROCESS OF DEVELOPMENT B) AWAITING DATA FROM DISTRICT FISHERIES C) 14 MGMT PLANS UNDER DEVELOPMENT D) AT LEAST 20 IN DEVELOPMENT PROCESS	A) 273 HA IN PLANNING PROCESS B) UNKNOWN C) 1,700 HA W/ MGMT PLANS D) APPROX. 18,000 HA PROPOSED
NKHOTAKOTA	A) BUA RIVER / LAKE CHIKUKUTU BASIN AND LAKE MALAWI FISHERY B) NKHOTAKOTA WILDLIFE RESERVE	A) 37 IN FINAL STAGES OF REGISTRATION B) 9 IN FINAL STAGES OF REGISTRATION	A) 37 READY FOR SIGNATURE B) AT LEAST 30 IN PREPARATION; 9 READY FOR SIGNATURE	A) APPROX. 55,000 HA COVERED BY MGMT PLANS B) 8,417 HA AWAITING SIGNATURE; 12,500 HA IN PREPARATION
LILONGWE	VARIOUS CUSTOMARY FORESTLAND AREAS	27 REGISTERED	20 SIGNED 2 AWAITING SIGNING 5 UNDER REVIEW	73 HA 41 HA AWAIT SIGNING 71 HA UNDER REVIEW
DEDZA	WESTERN HIGHLANDS OF ESCARPMENT	AT LEAST 2 KNOWN	AWAITING DATA FROM DISTRICT FORESTER	DEVELOPMENT ONGOING
NTCHEU	BWANJE VALLEY	36 REGISTERED	36 UNDER DEVT.	91 HA REPORTED
MANGOCHI	A) T/A JALASI: CHOWE CUSTOMARY FORESTS B) T/A NANKHUMBA / PHIRILONGWE FR	A) AWAITING DATA FROM DISTRICT FORESTRY B) 20 IN PROCESS OF REGISTRATION	A) AWAITING DATA FROM DISTRICT FORESTRY B) 20 IN PROCESS OF DEVELOPMENT	A) APPROX. 6,850 HA IN PLANNING PROCESS B) 73 HA IN PLANNING PROCESS
MACHINGA	A) LAKE CHILWA BASIN B) LAKE CHIUTA	A) 15 REGISTERED B) 14 REGISTERED	A) 15 PREPARED, AWAITING SIGNATURE B) 14 PREPARED, AWAITING SIGNATURE	A) 26,818 HA B) 6,325 HA

DISTRICT	PRIORITY ECOSYSTEM	# VNRMCs / BVCs REGISTERED	# CBNRM AGREEMENTS	# HA UNDER IMPROVED MGMT.
ZOMBA	LAKE CHILWA BASIN	20 REGISTERED	20 PREPARED, AWAITING SIGNATURE	35,221 HA
PHALOMBE	LAKE CHILWA BASIN / MCHISI MOUNTAIN	13 REGISTERED	13 PREPARED, AWAITING SIGNATURE	11,430 HA
MULANJE	RUO-MULOZA WATERSHEDS	27 VILLAGE WATER COMMITTEES PENDING	27 PLANNED UNDER MT. MULANJE CWPP PROJECT	8,763 HA IN PROCESS, PLUS 8,929 CUSTOMARY
CHIKWAWA	MASENJERE ESCARPMENT	16 REGISTERED	4 SIGNED 12 IN PLANNING PROCESS	328 HA 264 HA IN PROCESS
NSANJE	WESTERN ESCARPMENT (MALAWI HILLS)	AWAITING DATA FROM DISTRICT FORESTRY	AWAITING DATA FROM DISTRICT FORESTRY	DEVELOPMENT ONGOING
TOTALS	22	245 REGISTERED 197 IN PROCESS	24 SIGNED 110 READY TO SIGN 41 UNDER REVIEW 281 IN PROCESS	182,865 HA UNDER MANAGEMENT MORE THAN 98,550 HA IN PROCESS

NOTES: **bold** lettering in the latter three columns indicates completed activities

- see also Sub-Task 1.2.2 below
- See map of priority ecosystems on page 9

Problems encountered and actual or proposed resolution

In the fisheries sector, the department is hesitating to sign management agreements pending a decision on the legality of local level regulations. A meeting to try to decide this issue is planned early in the next quarter.

Performance indicator and planned actions for the next quarter

In the overall COMPASS II Performance Monitoring Plan, “success [for this sub-task] shall be measured in terms of the number of formal natural resource management agreements that are approved and implemented. In the 15 target districts, the goal shall be to have at least 250 agreements approved and [being] implemented by the end of 2006 and; by the end of COMPASS II, the goal shall be to have at least 500 agreements under implementation in the target districts.” Given the major constraints that COMPASS has encountered in implementing this sub-task, 2006 targets were not achieved. The target for project life remains unchanged at 500 agreements signed and being implemented and the target for 2007 is set at 250 agreements signed.

The COMPASS II field team will concentrate most of their effort on this sub-task during the 4th quarter.

Table 7: Sub-Task 1.1.3: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Fisheries Sector: <ul style="list-style-type: none"> • Finalize registration of Lake Chilwa basin and Nkhotakota associations • Conduct meeting on final format for management plans particularly in relation to local fisheries regulations • Submit all management plans to Director of Fisheries for consideration 	J. Dickinson	July–August	LTTA time, meetings

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Forestry Sector: <ul style="list-style-type: none"> • Continue developing community forestry institutions in Nkhata Bay, Mzimba, and Nkhotakota districts; • Finalize forest registration agreements in Lilongwe, Nkhata Bay and Mzimba Districts 	P. Munthali	July—September	LTTA time, travel costs
Wildlife Sector: <ul style="list-style-type: none"> • Finalize resource use agreements for Nyika beekeeping associations • Finalize collaborative management agreement with TANAREMA • Continue developing collaborative management agreements in Rumphi (Nyika) and Nkhotakota districts 	R. Bita	July—September	Subcontractor LTTA time, travel costs

Sub-task 1.1.4: Support efforts to harmonize sector legislation with decentralization policy.

In 2007, COMPASS is encouraging efforts by government, particularly in forestry and fisheries sectors, to review and revise the relevant policy and legislation in order to provide better legal support for the rights of natural resources users.

Although current policy in the fisheries and forestry sectors is supportive of decentralization and CBNRM, the relevant legislation requires revision to provide the legal basis of decentralized CBNRM. Furthermore, the content of current legislation and policy is generally not known or only slightly understood by rural communities and even by district assemblies, district technical support staff, police and magistrates. It needs to be much more widely circulated in appropriate formats.

Action this reporting period and Sub-Task update

Within the forestry sector, the production of a Guide to the Registration of Local Forest Organizations was completed in the previous quarter. This document, endorsed by the Director of Forestry and accompanied by a Technical Order and a draft amendment to the 2001 Forest Rules, provides a fast track method of achieving community level forest management and decentralizes authority to the District Forestry Office. The process of systematic dissemination awaits a strategic plan from the Department of Forestry. The COMPASS team will continue to work with the district forestry offices in target districts to ensure better understanding and wider awareness of the document and that the registration process is implemented.

Problems encountered and actual or proposed resolution

No significant problems have been encountered.

Performance indicator and planned actions for the next quarter

In the overall COMPASS II Performance Monitoring Plan, this sub-task is to “help Government reconcile current resource policies with the Local Government Act [and] ensure consistent devolution of functions related to the local governance of natural resources.” During 2005, it was agreed that revision of the Local Government Act (1998) was not the most appropriate target of opportunity for COMPASS II to explore; rather, harmonization of the natural resource sector legislation to the Local Government Act. Therefore, the 2007 target is to make substantive progress toward review and revision of both the Forestry Act and the Fisheries Conservation and Management Act.

The COMPASS team considers that, with the publication of the Guide for Registration of Local Forest Organizations, this sub-task is substantially complete for the forestry sector. Little change is needed in the legislation for fisheries and wildlife; implementation is the inhibiting factor. Given the financial and time constraints now facing COMPASS we recommend that this sub-task be indicated as completed.

Table 8: Sub-Task 1.1.4: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Continue dissemination of information on the relevant sector Acts to district staff	P. Munthali	Ongoing	Slight LTTA time

TASK 1.2: INCREASE DISTRICT-LEVEL CAPACITY TO SUPPORT CBNRM

Devolution of authority to sign management agreements and to monitor and support communities newly empowered to manage their own resources significantly increases the level of responsibility held by district personnel. The lack of financial and human resources at assembly level, however, severely hampers their ability to respond to this increased level of responsibility.

COMPASS has shown that there is potential for the development of private sector, fee-based service provision related to enterprise opportunities available from natural resources harvesting and processing. The development of this concept into actual practice will greatly assist government service providers, not only by increasing the manpower available in each district but also by creating a demand for business-oriented services that resource-users will be prepared to pay for.

However, this willingness hinges on the recipient of technical and business advice moving from subsistence to semi-commercial production of natural resources-related products. COMPASS has, with significant success, increased public awareness of the potential for small-scale commercialization of natural resources-base enterprise to raise household incomes.

In line with the more focused approach taken by COMPASS, the three sub-tasks contributing to the skills acquisition process are slightly redefined as follows: (1) build awareness of opportunities for small-scale commercialization of natural resource-related production; (2) build district- and local-level capacity to support and deliver technical and business skills training and services; and (3) enhance district capacity to evaluate the potential of resources for small-scale commercialization and to monitor and track the development of natural-resource related business. These are detailed below.

Sub-task 1.2.1: Build awareness of opportunities for CBNRM (especially commercial NRBEs)

Awareness levels of rural populations in the areas where COMPASS is working related to the potential for natural resources-related enterprise is rapidly increasing. The level of demand for services is, in fact, outstripping the capacity of service providers whether from government, civil society or the private sector. COMPASS' task, therefore, is to continue working to help households understand that they can enter the mainstream of natural resources-based business, albeit at the small scale, while also helping to develop sustainable service provision for these new entrepreneurs.

Action this reporting period and Sub-Task update

A further honey promotion meeting was held in Nkhata Bay. Participation by current and potential beekeepers was encouraging but turn out by buyers/processors was disappointing.

The use of drama as a means of disseminating information is underway in Nkhotakota and Zomba. Activities on setting the drama in motion have been launched. In Zomba, two groups have been identified and briefed on the expected outcome whilst in Nkhotakota a meeting discussing the modalities was held, awaiting the availability of funds to our partner WESM for drilling the actors and thereafter conducting the shows.

COMPASS collaborated with IFMSLP to produce a Forest-based Enterprise Fair, held in Blantyre. The main purpose of the fair was to showcase to district forestry staff the range of potential products available from forest areas and suitable for small-scale commercialization.

Problems encountered and actual or proposed resolution

Apart from the increasingly low capacity of district offices due to lack of funding, staff transfers and so on, the only other significant problem faced was the unwillingness of the honey industry to participate in the promotion meetings.

Performance indicator and planned actions for the next quarter

In the overall COMPASS II Performance Monitoring Plan, “success [for this sub-task] shall be measured in terms of the number of districts that receive and use natural resource policy materials in key local languages relevant to each district. The goal shall be to accomplish this task in all of the 15 districts by 2006.” This has been accomplished, although dissemination of policy materials is ongoing. A new target, therefore, for this sub-task in 2007 is that the level of demand for extension services is demonstrably increased.

As well as holding further product promotion meetings in Nkhotakota and perhaps other districts, COMPASS will focus its efforts on developing drama for widespread awareness of the opportunities for natural-resources-based business and of the roles and responsibilities of CBNRM governance institutions.

Table 9: Sub-Task 1.2.1: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Continue developing drama to build awareness and expand its coverage	P. Munthali, R. Bitu	Ongoing	LTTA time, drama groups' costs
Conduct further natural product promotion meetings in Nkhotakota	S. Munthali, J. Lwanda	July–August	LTTA time, ODC time, field travel costs

Sub-task 1.2.2: Build district level capacity to support and deliver natural resources management services

As local level, small-scale natural resources-related enterprise begins to take off, so the demand for services of several kinds, technical training, bookkeeping, business related services and equipment provision will also rise. These services must be provided by a range of different organizations from the private sector, including individual service providers to district technical personnel.

COMPASS' task is to help these various service providers to be able to fulfill their respective functions, to coordinate their activities and to be able to meet changing demands (cf. 3.1.3).

Action this reporting period and Sub-Task update

COMPASS personnel have been very active in brokering linkages between Malawi Gold Standard honey production service providers and beekeepers. Technical training for a fee for beekeepers has begun to become established although, as might be expected, there is still resistance in many areas. COMPASS believes that as the quality of the training and the benefits that accrue to beekeepers that have been trained become apparent, the demand will rise significantly.

Training of BVC sub-committees on financial management has commenced in the Lake Chilwa area as a response to the increased income being earned by these institutions through participatory fisheries management.

Table 10: Engagement in district priority areas, by sector and product

DISTRICT	PRIORITY AREA NAME	MAIN SECTORS AND PRODUCTS INVOLVED	RECOMMENDATIONS FOR ENGAGEMENT
NSANJE	WESTERN ESCARPMENT (MALAWI HILLS)	FORESTRY—HONEY (TO BE VERIFIED) AGROFORESTRY—HOME GARDENS / DRIP IRRIGATION	NO ACTION ANTICIPATED THIS YEAR COMPLETED DEC. 2006 (FHI AND GOAL)
CHIKWAWA	MASENJERE ESCARPMENT (INITIALLY EAST BANK ACROSS FROM MAJETE)	FORESTRY—HONEY, FISH FARMING ALSO POSSIBLE AGROFORESTRY—HOME GARDENS / DRIP IRRIGATION	COMPLETE CURRENT WORK AND TAKE NO FURTHER ACTION COMPLETED DEC. 2006 (FHI)
MULANJE	RUO AND MULOZA WATERSHEDS (T/A LASTON NJEMA)	FORESTRY, LAND RESOURCES, WATER, AGRICULTURE AGROFORESTRY—HOME GARDENS / DRIP IRRIGATION	COMPLETE WADA WORK PLAN FOR MT. MULANJE CWPP (GDA) COMPLETED DEC. 2006 (NASFAM)
PHALOMBE	LAKE CHILWA BASIN AND MPOTO LAGOON (INCL MCHISI MTN.)	FISHERIES—CAPTURE AND POND FISH FARMING	CONTINUE ONGOING SUPPORT TO PARTICIPATORY FISHERIES MANAGEMENT IMPLEMENTATION
	MCHISI MOUNTAIN WATERSHED	FORESTRY, LAND RESOURCES	NO ACTION ANTICIPATED THIS YEAR
ZOMBA	LAKE CHILWA BASIN	FISHERIES—CAPTURE	CONTINUE ONGOING SUPPORT TO PARTICIPATORY FISHERIES MANAGEMENT IMPLEMENTATION
	CHINGALE AREA WEST OF ZOMBA MTN.	FISHERIES—FISH FARMING	CONTINUE INSTITUTIONAL STRENGTHENING AND ENTERPRISE DEVELOPMENT
MACHINGA	LAKE CHILWA BASIN	FISHERIES—CAPTURE	CONTINUE ONGOING SUPPORT TO PARTICIPATORY FISHERIES MANAGEMENT IMPLEMENTATION
	LAKE CHIUTA	FISHERIES—CAPTURE	CONTINUE ONGOING SUPPORT TO PARTICIPATORY FISHERIES MANAGEMENT IMPLEMENTATION
MANGOCHI	PHIRILONGWE FR ENVIRONS (T/A NANKHUMBA, T/A MPHONDE)	FORESTRY—HONEY, BAOBAB, FISH FARMING, MUSHROOMS	CONCENTRATE ON ENTERPRISE DEVELOPMENT WITH INSTITUTIONAL STRENGTHENING AS NEEDED
	NAMIZIMU/MANGOCHI FR (T/A JALASI)	FORESTRY—HONEY, FISH FARMING, MUSHROOMS AGROFORESTRY—HOME GARDENS / DRIP IRRIGATION	CONCENTRATE ON ENTERPRISE DEVELOPMENT WITH INSTITUTIONAL STRENGTHENING AS NEEDED COMPLETED DEC. 2006 (FHI)
NTCHEU	BWANJE VALLEY	FORESTRY—HONEY, BAOBAB	NO ACTION ANTICIPATED THIS YEAR
DEDZA	DEDZA ESCARPMENT (WESTERN SIDE)	FORESTRY—HONEY, WILD MUSHROOMS	NO ACTION ANTICIPATED THIS YEAR
LILONGWE	VARIOUS CUSTOMARY FOREST LANDS	FORESTRY—HONEY AGROFORESTRY—HOME GARDENS / DRIP IRRIGATION	COMPLETE CURRENT WORK AND TAKE NO FURTHER ACTION COMPLETED DEC. 2006 (NASFAM, TOTAL LAND CARE)
	DZALANYAMA FOREST RESERVE	FORESTRY—HONEY, TIMBER	NO ACTION ANTICIPATED THIS YEAR
NKHOTAKOTA	NKHOTAKOTA GAME RESERVE AND ENVIRONS SOUTH OF BUA RIVER	EAD, FORESTRY, FISHERIES, NP&W—HONEY, CAPTURE AND CAGE FISH FARMING, MUSHROOMS, MANGO	FOCUS ON COLLABORATIVE MGMT, CUSTOMARY FORESTLAND MGMT, AND PRODUCER GROUP ENTERPRISES
	NKHOTAKOTA GAME RESERVE AND ENVIRONS NORTH OF BUA RIVER	EAD, FORESTRY, FISHERIES, NP&W—HONEY, CAPTURE AND CAGE FISH FARMING, MUSHROOMS, MANGO	NO ACTION ANTICIPATED THIS YEAR
NKHATA BAY	MKUWAZI FOREST RESERVE AND LAKESHORE ESCARPMENT	FORESTRY—HONEY, MUSHROOMS	FOCUS ON INSTITUTIONAL DEVT FOR CO-MGMT OF RESERVE; BEEKEEPING

DISTRICT	PRIORITY AREA NAME	MAIN SECTORS AND PRODUCTS INVOLVED	RECOMMENDATIONS FOR ENGAGEMENT
	DWAMBAZI TO KANDE LAKESHORE	FORESTRY-HONEY	FOCUS ON BEEKEEPING BUSINESS & INSTITUTIONAL DEVT IN TUKOMBO
	DWAMBAZI TO KANDE LAKESHORE	FISHERIES – CAPTURE	NO ACTION ANTICIPATED THIS YEAR
	KANDOLI MOUNTAIN / CHIKWINA AREA	FORESTRY—HONEY FISHERIES – FISH FARMING	INSTITUTIONAL DEVT FOR CBFM AND ENTERPRISE DEVELOPMENT
MZIMBA	ESWAZENI EPA (HORA MOUNTAIN)	FORESTRY—HONEY	CONDUCT REVIEW OF PROGRESS
	VWAZA WILDLIFE RESERVE BOUNDARY AREAS	NP&W—ASSESSMENT NOT COMPLETE	NO ACTION ANTICIPATED THIS YEAR
RUMPHI	NYIKA/VWAZA ASSOCIATION AREA	FORESTRY—HONEY FISHERIES – FISH FARMING	FOCUS ON INSTITUTIONAL DEVT AND HONEY INDUSTRY STRENGTHENING
CHITIPA	NYIKA NAT'L PARK BOUNDARY AREA	NP&W, FORESTRY	NO ACTION ANTICIPATED THIS YEAR

Problems encountered and actual or proposed resolution

There remains a problem that many of COMPASS' target communities that are interested in or already doing beekeeping are not served by a service provider in their immediate area. The service providers' lack of transport constrains the distance they can travel. The proposed solution to this situation is to locate the areas where this problem is severe and encourage potential service providers to undergo training.

Performance indicator and planned actions for the next quarter

In the overall COMPASS II Performance Monitoring Plan, this sub-task was originally classified as two sub-tasks: one for district level capacity to support CBNRM, and the other on district-level capacity to deliver CBNRM services. As agreed during 2005, these two sub-tasks were combined into the present one. Because of the contract language, however, modification or alteration of the performance targets may require Contracting Officer approval. Rather than seek a formal modification to the contract to effect this slight change, COMPASS II is continuing to perform toward achieving the original targets for both sub-tasks. These are as follows:

1. For district-level capacity to support natural resources management, “success shall be measured in terms of the number of districts that have a formal process for integrating traditional authorities into natural resources management planning and decision-making. The goal will be to accomplish this in all of the target districts by 2006.” It must be noted, however, that formal processes for integration must be approved by the district assemblies, which have been disbanded due to the expiry of their terms of office, and the timing of new elections is uncertain.
2. For district-level capacity to deliver natural resource management services, “success shall be measured in terms of the number of communities receiving high-quality services from the districts. The goal shall be for at least 2,000 communities in the target districts to receive top-quality services by 2008.”

For 2007, the target for the latter of these is to have at least ten districts with capacity to support CBNRM with quality services, and at least 50 private service providers operating in support of small-scale commercialization of natural resource-based enterprises.

Given the extremely low capacity of and financial constraints facing the district technical offices, it is clear that COMPASS can have only very limited influence on encouraging districts to provide high quality technical services. The focus has therefore turned more to the development of private sector service providers, who can train and give advice to communities and groups interested in engaging in small-scale commercial production.

COMPASS has done as much as it can to ensure that district staff have the *skills* to provide high quality technical services, so that if the *capacity* is enhanced they will be able to do so. We therefore recommend that this sub-task be removed and the activities related to development of private sector service provision be retained under modules 2 and 3.

Table 11: Sub-Task 1.2.2: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Recommend sub-task be indicated as completed as far as COMPASS is able to go without influence over district finances	n/a	n/a	n/a

Sub-task 1.2.3: Build database of CBNRM best practice sites

There now exists in most districts the basic skills and resources to gather, manage and analyze natural resources related data for monitoring and planning purposes. Nationally, the main physical and economic requirements to assess an area's suitability for honey production and pond aquaculture are now known. These factors together provide the basis for district level analysis of natural resources potential and use for better planning and leading to improved district revenue collection.

Specific targeted assistance also is provided to Mulanje district for watershed management planning in T/A Laston Njema as part of the Mt. Mulanje CWPP.

Action this reporting period and Sub-Task update

The suitability assessments for bee pasture and fish farming are almost complete, awaiting only expert input on the weighting of key factors influencing suitability.

Resource assessments have been completed or are under way for TA Jalasi and Chowe areas in Mangochi District, the Thazima Beekeeping Association on the boundary of Nyika National Park, Mukuwazi Forest reserve and its surroundings, Kandoli Mountain and its environs and the Eswazini area in Mzimba District.

A draft map and topographic database for Nkhotakota Wildlife Reserve has been completed.

Problems encountered and actual or proposed resolution

No significant problems have been encountered. Customer feedback on the suitability maps is very good.

Performance indicator and planned actions for the next quarter

In the overall COMPASS II Performance Monitoring Plan, the target for this sub-task is to "expand the database of best practices to at least 70 sites.

For 2007, the target is to have at least 10 districts with the capability to collect, manage, and analyze data on natural resources distribution and utilization, including water resources in Mulanje.

Table 12: Sub-Task 1.2.3: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Complete resource assessments for Mkuwazi, Kandoli, Eswazini and Nyika	W. Kafakalawa, S. Chilombe	July–September	LTTA time, ODC time, field travel costs
Complete topographic map of Nkhotakota Wildlife Reserve	W. Kafakalawa, S. Chilombe,	By end September	LTTA time, ODC time, printing
Work with district technical and planning personnel to finalize NR data collection and analysis system	K. Sichinga, J. Dickinson	July–September	LTTA time
Finalize aquaculture and honey suitability analyses	W. Kafakalawa	By end August	LTTA time

TASK 1.3: IMPROVE CBNRM STAKEHOLDER COORDINATION

In line with COMPASS' strengthened emphasis on small-scale commercialization of natural resources-related production, stakeholder coordination focuses on enhancing the abilities of producers and buyers to efficiently develop their industries. NGO-based agencies that aim to provide a forum for discussion of and lobbying for community-based natural resources management suffer from reliance on donor funds to operate. Experience shows that such fora are short-lived, rarely lasting beyond the cessation of funding.

Industry councils, on the other hand, comprising private sector firms that *do* have a financial interest in the natural resources their businesses rely on, are likely to be more willing to provide the funds they need to operate, increasing the chance of long-term sustainability. Such groups can act not only as business fora but also as lobbying groups, pressuring government to support the emergence of small-scale commercial businesses that provide the raw materials for natural resources-based products.

Three sub-tasks contribute to improved coordination and lessons sharing. These are to: (1) strengthen national coordinating bodies; (2) strengthen district coordinating bodies; and (3) strengthen local coordinating bodies. These are detailed below.

Sub-task 1.3.1: Strengthen national coordinating bodies

The two crucial coordination agencies at national level are the newly formed Honey Council and the Parliamentary Committee on Agriculture and Natural Resources. The Forest Governance Learning Group, based out of the Department of Forestry, is another important inter-agency institution, with which COMPASS is involved.

Beyond these agents, WWF-SARPO is coordinating the Regional CBNRM Forum with Norwegian funding. Malawi was a founding member of this Regional forum during 2005 and COMPASS is playing a subsidiary supportive role in establishment of the National CBNRM Forum, with our involvement aimed at developing financially self-supporting national CBNRM coordination.

Action this reporting period and Sub-Task update

During this quarter, collaboration with the Forest Governance Learning Group, Department of Forestry and its Improved Forest Management for Sustainable Livelihoods Program (IFMSLP – EU funded) led to completing a comprehensive study of the charcoal industry. Detail is provided under sub-task 3.2.2.

Problems encountered and actual or proposed resolution

No problems were encountered. Both the National CBNRM Forum and FGLG are fulfilling respective roles as mechanisms for coordinating efforts at community management of natural resources in Malawi.

Performance indicator and planned actions for the next quarter

In the overall COMPASS II Performance Monitoring Plan, the target for this sub-task is to “ensure that [quarterly meetings] become the focus of coordination efforts.”

For 2007, the target is that a national organization of the honey industry will be established and operating on a sustainable basis with their own funding (cf. 3.2.3).

COMPASS personnel will continue attending meetings of the Forum as and when they are called, provided that it is felt that the Forum is progressing towards becoming a self-supporting advocate of CBNRM as promoted by COMPASS II.

Table 13: Sub-Task 1.3.1: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Continue to engage with and attend meetings of the National and Regional CBNRM Fora as and when convened	N. Moyo	Ongoing	Slight LTTA time, travel costs

Sub-task 1.3.2: Strengthen district coordinating bodies

As has been mentioned in many previous reports, the district environmental sub-committees, which were the original target of this sub-task, do not meet on any regular basis in any of the districts in which COMPASS is working. Informal coordination takes place in many districts but until funding of the districts' fisheries and forestry offices is channeled through the district assemblies, its effectiveness will continue to be limited.

Action this reporting period and Sub-Task update

The COMPASS II Decentralisation Specialist attended the second meeting of the Nkhotakota Wildlife Reserve Stakeholders Group. The main topic of discussion was the constitution for the proposed Nkhotakota Wildlife Reserve Development Trust. Apart from this no specific actions have taken place. However, COMPASS field personnel continue to work with district technical staff and the district assemblies and to encourage close liaison between all sectors. Nkhotakota remains one of the few districts where this collaboration is working tenuously.

Problems encountered and actual or proposed resolution

No specific problems were encountered.

Performance indicator and planned actions for the next quarter

In the overall COMPASS II Performance Monitoring Plan, the "goal [for this sub-task] is to channel resources to the best performing districts and thereby achieve the long-term goal of having 500 natural resource management agreements under implementation by 2008."

For 2007, the target is that at least six districts have demonstrably better coordination, and the district-level sectors are working toward integration with District Planning efforts.

COMPASS is of the opinion that it has achieved as much as is possible in terms of improving coordination at district level. Low capacity, even lower levels of funding and the fact that district technical officers are still reporting to and receiving funds from their regional and headquarters offices mitigates against more effective coordination being achieved. District Executive Committee meetings are held regularly, attended by fisheries, forestry and wildlife personnel, while DESCs meet rarely if at all. The COMPASS II team therefore recommends that this sub-task be removed from future work plans.

Table 14: Sub-Task 1.3.2: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Recommend sub-task be indicated as completed as far as COMPASS is able to go without influence over district finances	n/a	Ongoing	LTTA time, ODC time, field travel costs

Sub-task 1.3.3: Strengthen local coordination bodies

A key task during 2007 is formation of producer groups for the major natural resources-based products. This is covered under sub-task 3.2.3. Such groups play a coordinating role at local level, alongside local-level governance agencies such as the village natural resources management committees.

Now that clear benefits from natural-resources related enterprise are becoming visible, exchange visits and study tours will come into their own as very effective ways of raising awareness of the potential for small-scale commercialization.

As USAID/Malawi counterpart leveraging to the Mt. Mulanje Community-Watershed Partnership Project (Coca-Cola GDA), provided through COMPASS II, a local project coordinator has been engaged to oversee and coordinate all the partner organizations in Mulanje district and especially T/A Laston Njema.

Action this reporting period and Sub-Task update

The Local Project Coordinator continued this quarter to oversee and coordinate all activities of the Mt. Mulanje CWPP, with particular emphasis on engineering assessments for the rehabilitation of piped water systems, organizing and training village water committees, tending rehabilitated riverbanks, and securing land commitments from farmers involved in smallholder tea expansion during the next rainy season.

Problems encountered and actual or proposed resolution

Availability of engineering skills within the Mulanje district office was limited, so the regional water engineer was engaged to support field efforts. Forestry personnel continue to lag behind in their efforts to implement community-based forest management on customary lands or co-management of the Mulanje Mountain Forest Reserve. COMPASS II technical personnel are now assisting them. Study tours to nearby participatory resource management – such as Lake Chilwa fisheries – may aid in helping the district staff understand the processes required.

Performance indicator and planned actions for the next quarter

In the overall COMPASS II Performance Monitoring Plan, the “goal [for this sub-task] is to expose at least 1,250 people to best practices in CBNRM and enterprise development.”

For 2007, the target is to expose at least 500 people to successful small-scale commercialization of natural resource-based products.

Table 15: Sub-Task 1.3.3: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Organize and facilitate study tours for Nkhotakota fisheries association and BVC/RVC members to working examples of participatory fisheries management	N. Moyo, B. Sosola	Ongoing	LTTA time, field travel costs
Organize study tours for newly formed natural products businesses	S. Munthali, J. Lwanda	Ongoing	LTTA time, ODC time, field travel costs
Provide coordination, technical support, and institutional strengthening to all local partners involved in Mt. Mulanje CWPP	J. Mulenga	Throughout 2007	STTA time, field travel costs

RESULTS MODULE #2: ENHANCED COMMUNITY CAPACITY FOR MANAGING NATURAL RESOURCES IN A SUSTAINABLE MANNER

This section of the Quarterly Report highlights actions carried out in the third quarter and those planned for the fourth quarter of 2007 towards achieving COMPASS II targets in the number of communities adopting CBNRM practices, and the number of households participating in CBNRM activities. New USAID indicators relevant for this section include

1. Number of people with increased economic benefits derived from sustainable natural resource management and conservation as a result of USG assistance (disaggregated by M/F); and
2. Number of people trained in natural resources management and/or biodiversity conservation as a result of USG assistance (disaggregated by M/F)

During the first two years, COMPASS provided generic training to government personnel, NGO staff and directly or indirectly to communities on issues related to the *principles* of community-based natural resources management. Within the 15 target districts, this element of COMPASS activities is substantially complete, with the exception of the fisheries sector, in which skills development for fisheries department front-line extension staff remains to be finalized.

In line with the emphasis that COMPASS places on the *products* from natural resources management, during the next two years, the training component is focused on facilitating the acquisition of skills necessary for small-scale commercialization of natural resource-based products.

Four activities are required to accomplish the enhancement of community capacity for managing natural resources in a sustainable manner and these are: 1) increase capacity for natural resource management at the community level; 2) strengthen capacity of CBNRM service providers; 3) increase public awareness and understanding of CBNRM roles and responsibilities; and 4) strengthen knowledge and accountability of traditional leaders and related officials in CBNRM.

TASK 2.1: INCREASE CAPACITY FOR NATURAL RESOURCES MANAGEMENT AT COMMUNITY LEVEL

Sub-task 2.1.1: Train community representatives participating in VNRMCs and BVCs

This task is focused in 2007 on developing business, marketing and enterprise-related training, workshops and events to broker the transfer of skills and information necessary for households and producer group enterprises to be successful. Capacity building and skills development also focus on topics that upgrade the quality of Malawian natural products, increase productivity, diversify the natural products base, and adapt new technologies in production and processing so that these activities contribute to expanding producer group enterprise sales and revenue.

Because COMPASS does not have the human or financial resources to train all of the many hundreds or thousands of community organizations involved in managing natural resources, field efforts are focused on two leveraging mechanisms:

- district-level staff of sector agencies, and
- locally-based private service providers with demonstrated competence in providing natural resource-based enterprise support services.

This year, we are following a business orientation and therefore focus heavily on strengthening and developing producer group enterprises such as clubs, associations, cooperatives and/or beach village committees as rural or peri-urban small businesses. Producer group enterprises will be better able to operate and manage their enterprise along commercial lines working with a clear vision and shared commitment to making successful the linkages of which they are a part.

Initial focus toward this business orientation is on five selected areas: southwest and southeast Nyika National Park boundary, Nkhotakota district especially among communities along the Wildlife Reserve

boundary and beaches near the *boma*, the Chikangawa area of Mzimba and Nkhata Bay districts, and the Chingali/Domasi area of Zomba district. Products being supported through these efforts will be honey and beeswax, wild and cultivated mushrooms, and farmed or captured fish.

The underlying goal of the task is to enhance and develop capacity and skills so that small-scale producers and their enterprises understand market demands and the need to meet market standards, while learning to operate their businesses efficiently and effectively. In addition to the business modules, COMPASS is also supporting training on organizational development and strengthening to help enterprise leaders, managers, and their boards better understand their own roles and responsibilities and manage businesses with a commercial orientation.

There also is a need to continue enhancing skills in institutional development and financial management, particularly in fishing communities but also among communities involved with forest product harvesting. Specifically, the development of small-scale businesses based on natural resources requires that the institutions that govern their use and the functions of village-level organizations that act as regulators are very well understood. COMPASS' approach is to work closely with district and relevant NGO personnel to ensure that skills are provided through field-based training, peer learning and exchange visits.

Specific targeted technical assistance is being provided to water user groups in T/A Laston Njema, under the Mt. Mulanje CWPP, as well as technical extension support on irrigation technologies.

Action this reporting period and Sub-Task update

During the reporting period, the COMPASS team strengthened capacity of BVCs, RVCs and Fisheries Associations around Lake Chilwa in governance and financial management skills. This became necessary due to the large sums of money collected by these institutions through confiscated nets during the closed fishing season. Most of these funds were not properly accounted for. The training targeted chairmen, treasurers and secretaries from associations, BVCs and RVCs, focusing on transparency, accountability, bookkeeping and financial planning. Topics covered included the following:

- understanding of BVC as a beach community versus the 10 elected committee members;
- distinctive roles of BVCs, Associations and the office bearers (chairmen, secretaries & treasures);
- basic mechanisms for institutional transparency and accountability; and
- basic bookkeeping (cash book), banking and financial planning.

This quarter, three Associations, 16 BVCs, and 2 RVCs were trained attracting 53 participants (2 women). In these trainings, COMPASS provided only the technical expertise while the BVC/RVCs/Associations were responsible for own logistics and meals¹¹. Though, there were some complaints on the arrangement, there was generally positive appreciation at the end of the training on the knowledge and skills gained. The demand for allowances became a very serious issue with the Mwambo Association, however, to the extent that the training session had to be cancelled.

Also this quarter, COMPASS conducted organizational development training for beekeeping groups in Katema and Balakasi areas in Mangochi district. In Katema, there were 27 participants (7 women) drawn from 8 zones (Katumbili, Mpitilira, Mkwatula, Malire, Mpini, Chimbuyo, Tigwirizane and Madzulo) and in Balakasi, there were 32 participants (28 women) drawn from five villages (Balakasi, Kamwendo, Kabithu, Magwingwi and Luunda). The objective of the training was to orient these groups to using a business approach in operating their beekeeping activities.

Another activity during his reporting period was that bamboo growing clubs in TANAREMA were trained on basic vegetative propagation of *Oxytenanthera abyssinica* bamboo. Experimental plots were developed to assess the regeneration success of propagules using three planting methods and determine the most viable method to be used in Nkhotakota and other potential bamboo cultivation areas. No one

¹¹ This methodology is in sharp contrast to that of almost all other development organizations operating in Malawi, where projects provide all meals, transport and other logistics, plus pay daily allowances to training participants. The result of these efforts is typically that those who attend the training are locally powerful individuals attending for the cash rather than the skills.

in Malawi is knowledgeable yet cultivating *O. abyssinica*; however, a draft manual of vegetative propagation of *Oxytenanthera abyssinica* was developed by the International Network of Bamboo and Rattan.

Finally, the development of modules was completed this quarter on business management skills and organizational development, to be used as a guide for training producers and producer group enterprises.

Problems encountered and actual or proposed resolution

There is still the culture of dependency for external support by the associations, BVCs and RVCs members around Lake Chilwa as exemplified by the demand for training allowances from COMPASS. This discontentment affected in some way the motivation to learn and even cancellation of the training as was the case with Mwambo Association and its BVCs/RVCs. COMPASS remains committed, however, to demonstrating that training is a skills acquisition exercise rather than an income-generating one.

Performance indicator and planned actions for the next quarter

In the overall COMPASS II Performance Monitoring Plan, the target for this sub-task is “to serve at least 500 communities in both sectors—at least 350 VNRMCs and 150 BVCs.”

For 2007, the target is that at least 300 natural resource management committees (VNRMCs, BVCs, RVCs, or VNRCs) have the skills to regulate resource access and use within their area and/or community members are demonstrating skills in small-scale commercialization of natural resource-based products. The Mulanje CWPP target is 27 water user groups in T/A Njema supported through the project.

In the next quarter, COMPASS will continue providing governance and financial management training for Associations and BVCs/RVCs in Phalombe and Chiuta. Thereafter, the exercise will target BVCs, RVCs and associations in Nkhotakota district. Organizational development and business management training will be conducted for enterprise groups in Nkhata Bay, Nkhotakota and Mangochi.

COMPASS will also formalize roll-out of the Malawi Gold Standard Aquaculture Production System package of extension materials and develop a strategy for training fish farmers in consultation with the Department of Fisheries.

Finally, COMPASS will assess and facilitate capacity building for water user committees in the Mulanje CWPP sites during the upcoming quarter.

Table 16: Sub-Task 2.1.1: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Conduct governance & financial management training of fisheries associations, BVCs & RVCs in Phalombe and Lake Chiuta	N. Moyo, B. Namale	July–August	LTTA time, field travel costs
Conduct training needs assessment and consultations with fisheries associations, BVCs and RVCs in Nkhotakota	N. Moyo, B. Sosola	July	LTTA time, field travel costs
Conduct governance & financial management training of fisheries associations, BVCs & RVCs in Nkhotakota	N. Moyo, B. Namale	August–September	LTTA time, field travel costs
Develop and implement Malawi Gold Standard Aquaculture Production system roll out plan	N. Moyo B. Sosola T. Johnson	July–September	LTTA time
Conduct organizational development and training of producer groups in target areas	J. Lwanda, N. Moyo, B. Sosola	July–September	ODC time, LTTA time, field costs
Facilitate training on business & financial management for producer groups and associations	S. Munthali B. Sherchand, B. Namale	July–September	LTTA time, field costs

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Conduct training needs assessment and conduct training of water committees in Mulanje	N.J. Mulenga N. Moyo	July—September	LTTA time, STTA time, field costs

TASK 2.2: STRENGTHEN THE CAPACITY OF CBNRM SERVICE PROVIDERS

The second task under CBNRM Capacity Building is to build the ability of Malawian service providers to continue supporting CBNRM beyond COMPASS II or other donor programs. The objective of this task is to build a critical mass of local organizations and institutions at district level that can provide ongoing organizational strengthening, technical expertise, or business support services at market-based (i.e., not donor-priced) rates. The goal of this is that community-based organizations and natural resource-based enterprises have access to local services of good or better quality at prices they can afford and are willing to pay.

Two sub-tasks contribute to strengthening CBNRM service providers: (1) promote participation of qualified local firms and organizations; and (2) strengthen and support local NGOs.

Sub-task 2.2.1: Promote participation of qualified local firms and organizations

COMPASS has initiated the development of private service providers to train and provide extension back-up to small-scale commercial beekeepers. While not without challenges, this model promises to be more sustainable and more effective than current government and NGO efforts to provide business-oriented training to rural households and producer groups for natural resource-based (or any) product development.

During 2007, COMPASS is expanding the private service provider model. The geographical spread for beekeeping extension service providers is being extended to all parts of Malawi that potentially could produce marketable volumes of honey. The services of these service providers will be featured on the radio and television programs (Task 2.3) as one way of enlarging their client base. Regular forums will be organized to allow these service providers to meet to exchange ideas and learn from one another on how to be successful private extension agents.

Under the Mt. Mulanje CWPP, at least three sub-awards are expected to be made to qualified local firms or organizations to conduct hydrological studies, attitudinal studies, and a resource access and use study.

Action this reporting period and Sub-Task update

During the reporting period, COMPASS made follow-up visits to beekeeping service providers in the central and northern regions in order to encourage them to adopt the business orientation in their provision of services and also to assess the status of beekeeping activities in their areas. In the centre, the areas visited included Dedza, Kasungu, Nkhotoakota and Ntchisi. Generally, it was observed that there is great potential in honey production in Kasungu based on the high colonization rate (>85%) of beehives hung. Most of the farmers started beekeeping as a result of being trained by Malawi Gold Standard beekeeping technical service providers. Some have large individual forest estate lands that are being used as apiaries. During the same visits, a brokerage meeting for honey markets was done between the communities in Chulu (Kasungu) and Mzuzu Coffee Planters Cooperative Union (former SCFT) who agreed to provide steady markets for their honey.

However, it was apparent that the service providers in most areas still have challenges in charging for their services due to social obligations and lack of business ideas. The follow-ups therefore opened an avenue for encouraging them on their efforts and how they need to incorporate a business approach to their services. Some service providers have so far adopted the business approach to their services. This is evident for the Malawi Gold Standard beekeeping technical service providers in Nkhotoakota (Mr. Jekete and Mr. Mpinganjira) who have so far trained 91 people around Benga, south of Nkhotoakota at a fee of K350.00 per participant. Mr. Nyanjagha based at Thondwe in Zomba district trained 141 people this quarter and earned around K126,000.00 from his training and follow-up services. Mr. Nasiyaya of

Chiradzulu, who apart from offering training services for a fee has also gone into supplying beekeeping equipment like bee suits, smokers and beehives as a business. Mr. Harrison Kalua based in Blantyre has targeted the Chikwawa catchment areas where participants have been willing to pay for his services. It is expected that these experiences will be shared with other service providers during the consultative forum that will be organized in the next quarter.

A total of six beekeeping service providers were linked to beekeeping clubs in Eswazini, Mkuwazi and Nkhatakota Wildlife Reserve boundary to train them in Malawi Gold Standard honey production system. The available technical service providers have been publicized on MBC Radio 2 and Nkhatakota Community Radio.

Problems encountered and actual or proposed resolution

The majority of Malawi Gold Standards Beekeeping Technical service providers are still having problems to charge for their services because this phenomenon is not yet common in Malawi. COMPASS will continue to provide back-up support and encouragement so that this attitude and perception are changed.

Performance indicator and planned actions for the next quarter

In the overall COMPASS II Performance Monitoring Plan, the target for this sub-task is to “make preferential use of local organizations for training and targeted technical assistance at the community and district levels.” This is being done on an ongoing basis.

The target for 2007 is that high quality technical extension and business service provision is available in at least six districts. In addition, at least 3 sub-awards are targeted through the Mulanje CWPP to conduct hydrological, sociological and other studies.

Actions planned for the next Quarter include continuing to offer support and encouragement to Malawi Gold Standard technical service providers and brokering linkages for their services. COMPASS will organize a consultative meeting for the service providers trained at Lunzu RTC. The objective of the meeting will be to enable the service providers to share experiences on their service provision and explore ways of improving business-oriented service delivery. They will also be requested to provide data on numbers of beekeepers trained; fees charged for training services rendered; where the trainings took place; the status of the beekeeping activities in the area; how much honey is being produced; and what income is being earned by how many beekeepers.

COMPASS will organize another Malawi Gold Standard Beekeeping technical training, specifically targeting those areas with potential for honey production, but currently lacking extension services on beekeeping. The priority for this course will be areas in the northern region, especially Rumphu (Thazima), Nkhata Bay (Kandoli, Mpamba & Mkuwazi) and Mzimba (Eswazini). The course will run for 10 days and participants will meet own costs as has always been the case.

COMPASS also will, within the quarter, conduct a business and financial management training of trainers to develop local business services such as bookkeeping and simple financial and business management services at key locations. The intended participants for this skills development will be selected active Malawi Gold Standard technical service providers and other members from producer group associations. The idea is to have skilled people who could easily be accessed for bookkeeping and other services by enterprise groups in the districts and semi-urban areas.

Table 17: Sub-Task 2.2.1: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Organize training for Malawi Gold Std beekeeping service providers	B. Sosola, N. Moyo	July	LTTA time
Provide technical back-up support and mentoring to technical service providers	N. Moyo B. Sosola S. Munthali	Ongoing	LTTA time, field visits,

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Organize training on business and financial management for service providers and producers' association in the districts	N. Moyo B. Sosola S. Munthali B. Sherchand	July–August	LTTA time, field costs
Identify & train producers' association representatives in business management and bookkeeping service delivery in districts	N. Moyo B. Sosola S. Munthali B. Sherchand	May-June	LTTA time, training costs
Organize and conduct consultative meeting for Malawi Gold Standard service providers in southern region	N. Moyo	July–August	LTTA time, workshop costs
Link potential clients to technical and business service providers at district level (cf. 3.1.3)	N. Moyo, B. Sherchand, S. Munthali, B. Namale	Ongoing	Slight LTTA time
Develop terms of reference for Mulanje CWPP service contracts for studies	J. Mulenga T. Johnson	By end September	STTA time, LTTA time

Sub-task 2.2.2: Strengthen and support local NGOs

The capacity and ability of most local NGOs to move away from the donor-funded mentality and to focus on small-scale commercialization of natural resources management has been disappointing. This sub-task will be accorded a low priority but nevertheless, COMPASS personnel will continue to engage with NGOs to encourage a more business-minded approach.

In the case of those NGOs which have been engaged in delivering CBNRM services with support from COMPASS, a more rigorous and systematic mechanism of accountability will be applied.

Action this reporting period and Sub-Task update

During the reporting period, COMPASS has been involving NGOs like World Vision International, Evangelical Lutheran Development Service (ELDS) and RUFA on approaches for the management of resources around Kandoli mountain in Nkhata Bay and around Hora mountain in Mzimba.

NGOs who continue to be involved in the Implementation Coordinating Committee for the Mt. Mulanje CWPP include the Mulanje Mountain Conservation Trust (MMCT), Njema Environmental Management Action Committee (NEMAC), and private tea estates Lujeri and EasternProduce. Most attend regular monthly meetings of the Committee.

Problems encountered and actual or proposed resolution

None.

Performance indicator and planned actions for the next quarter

In the overall COMPASS II Performance Monitoring Plan, the target for this sub-task is to “make preferential use of local organizations for training and targeted technical assistance at the community and district levels.” This is being done on an ongoing basis. For 2007, the specific annual target is that high-quality business development training is being provided to producer group enterprises in at least six districts by highly-qualified training service providers.

Actions for this quarter include continuing to engage NGOs that have sponsored participants to attend the Malawi Gold Standard training to cultivate a business approach to their beekeeping and pond fish farming programmes. These include Evangelical Lutheran Development Service (ELDS), Concern

Universal, and Church Action in Relief & Development (CARD). World Vision is known to be active in fish farming and will likely get involved especially in the Chingale area of Zomba district.

Table 18: Sub-Task 2.2.2: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Continue to engage with local NGOs to promote small-scale commercialization for improved natural resource management	N. Moyo B. Sosola P. Munthali	Ongoing	Slight LTTA time
Conduct regular field monitoring of NGOs in the fisheries and forestry sectors to verify that communities are gaining and applying skills related to CBNRM	B. Sosola, N. Moyo P. Munthali	Ongoing	LT TA time, field travel costs
Continue engaging with MMCT, WESM, and others to implement Mulanje CWPP	N.J. Mulenga, T. Johnson	Ongoing throughout 2007	STTA time, LT TA time

TASK 2.3: INCREASE PUBLIC AWARENESS AND UNDERSTANDING OF CBNRM ROLES AND OPPORTUNITIES

The third task under CBNRM Capacity Building is to support an effective, broad-based public awareness program using a wide variety of communication tools, targeted at all levels of Malawian government and population, with special emphasis on rural audiences. The objective is to promote a transformational shift in the way people at all levels understand community-based natural resource management as a strategy for rural development through small-scale commercialization of natural resource-based products.

We are developing a range of messages for delivery to a variety of target audiences at different levels – from farmers, villagers and CBOs, to district-level leaders and government extension agents, up to senior Ministers and top political leadership – using the most appropriate medium for each message and audience. We employ a suite of communication tools, from low-tech resources, e.g. a poster or pamphlet or a drama troupe that travels from village to village using music and skits, to workshops and trainings, to presentations on DVD incorporating video and graphic elements, and radio and television programs.

The fundamental pieces of the design are to: (1) identify information deficits; (2) craft messages that will support the target audience(s) in overcoming deficits; (3) design communications products to deliver the messages using the tools described above; and (4) identify and develop synergies with partner organizations to leverage effectiveness of message delivery.

Three sub-tasks contribute to increasing public awareness about CBNRM: (1) expand environmental education program through school clubs; (2) develop a public relations outreach program in TV and radio; and (3) establish a website for environment and CBNRM activities.

Sub-task 2.3.1: Expand the environmental education program through school clubs

A common justification for encouraging sustainable management of natural resources is that these resources must be conserved for future generations. However, children are commonly excluded from discussion and decision-making regarding resource management. By working through schools and encouraging the formation of environmental clubs, school children can gain skills and knowledge that will enable them to understand the potential benefits to them of proper resource management and may allow them to influence decisions made by their parents.

The Wildlife and Environmental Society of Malawi (WESM) has been running a school environmental education program for a number of years. COMPASS will assist WESM to undertake an independent assessment of this program.

Action this reporting period and Sub-Task update

WESM has identified an independent individual to conduct an assessment of the effectiveness of the existing environmental school clubs and will proceed with recruitment in the next quarter.

Also this quarter, WESM finalized preparations to participate in the 4th World Environmental Education Congress this July in Durban, South Africa. COMPASS committed to supporting WESM to attend this event, on a cost sharing basis.

Problems encountered and actual or proposed resolution

None. WESM reported at the end of the quarter that they were awaiting availability of the selected consultant to conduct the evaluation. The individual is a professor at Chancellor College thus has limited windows of availability.

Performance indicator and planned actions for the next quarter

In the overall COMPASS II Performance Monitoring Plan, the target for this sub-task is to “support an expanded effort in primary and secondary school environmental education and various other clubs.” This will be guided by the action plan produced after assessing the effectiveness of existing school clubs.

Actions planned for the 4th quarter include conducting the assessment of the environment school clubs as well as attending the World Environmental Education Congress.

Table 19: Sub-Task 2.3.1: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Assess environmental education program and develop environmental education strategy	WESM	By end September	STTA time; slight LTTA time
Attend World Environmental Education Congress	WESM	July	LTTA time

Sub-task 2.3.2: Develop a public relations outreach program in TV and radio for Malawi

Since December 2004, COMPASS has produced around 131 editions of the successful weekly radio program *Chuma Chobisika* (Hidden Treasure), broadcast on Malawi Broadcasting Corporation radio 2 FM. The program is also rebroadcast in five community radio stations on a weekly basis. Beginning in April 2006, COMPASS has also produced more than 50 television programs featuring messages more focused on products, opportunities for small-scale commercialization, fundamentals of operating a business, and stories relating to improvements of household income through the narrators' efforts and development of natural resource-based products. In addition, the *Chuma Chobisika* broadcasts disseminate information about the policies and legislation relating to how rural producers should go about legalizing their natural products businesses. COMPASS also contributes articles regularly to the national press and has a weekly column in the *Sunday Times*.

Action this reporting period and Sub-Task update

During the quarter, 11 editions of *Chuma Chobisika* radio program were produced, in addition to seven television programs. The following table provides an updated status report on all *Chuma Chobisika* programs produced to date, as well as rebroadcasts. In addition to these programs, COMPASS has a feature article in the *Sunday Nation* weekly newspaper and initiated a weekly column in *Daily Times*.

Table 20: Updated status of *Chuma Chobisika* broadcast & print dissemination (30 Jun 07)

FORMAT OF DISSEMINATION	BROADCAST & REBROADCAST ¹² HOURS / EDITIONS PUBLISHED				BROADCASTING / DISTRIBUTION
	FY2005	FY2006	FY2007	CUM. TOTAL	
RADIO	PRODUCED: 41 PROGRAMS BROADCAST: 20.5 HRS	PRODUCED: 53 PROGRAMS BROADCAST: 26.5 HRS REBROADCAST: 165 HRS	PRODUCED: 37 PROGRAMS BROADCAST: 18.5 HRS REBROADCAST: 156 HRS	PRODUCED: 131 PROGRAMS BROADCAST: 65.5 HRS REBROADCAST: 321 HRS	1. MBC 2 FM 2. RADIO MARIA 3. RADIO ALINAFE 4. NKK RADIO 5. DZIMWE RADIO 6. TIGABANE
TELEVISION	3 PROGRAMS 3.5 HRS	22 PROGRAMS 22.5 HRS	28 PROGRAMS 28 HRS	53 PROGRAMS 54 HRS	TVM
NEWSLETTER	3 EDITIONS	5 EDITIONS	1 EDITION	9 EDITIONS	1. 4 GOVT DEPTS. 2. 12 NGOS 3. 10 MEDIA 4. ALL TRAININGS

Also this quarter, WESM published 12,000 copies of *Nantchengwa* magazine, with financial support from COMPASS II. In addition, the Public Awareness Specialist's weekly column was recognized as the 2nd-best in the country for environmental reporting during World Environment Day commemorations.

The Malawi Gold Standard Aquaculture Production System package of extension materials was launched this quarter at an event held at Bunda College of Agriculture. Participants at the launch included Bunda Chancellor and Vice Chancellor, faculty from the Department of Fisheries Science and Aquaculture, the national Department of Fisheries, WorldFish Center and members of the Innovative Fish Farmers Network, as well as key COMPASS II personnel involved in the production of the package. Widespread dissemination of the materials is being planned for the upcoming quarter (cf. 2.1.1 and 2.2.1).

Problems encountered and actual or proposed resolution

Some programs were not broadcast in the month of June due to the observance of the mourning period in the country following the death of the First Lady late May, 2007.

Another challenge this quarter was the Cabinet reshuffle resulting in movement of the Department of Fisheries to Ministry of Agriculture and Food Security. The new Ministry has a much more cumbersome process for release of extension materials, and was still reviewing the Malawi Gold Standard Aquaculture package at the end of the quarter.

Performance indicator and planned actions for the next quarter

In the overall COMPASS II Performance Monitoring Plan, "the target [for this sub-task] is to raise the production of *Nantchengwa* to 10,000 per issue and work toward placing one hour of natural resource management and conservation programming per month on TV and four hours per month on radio."

The targets for 2007 are regular print runs of 10,000 copies of *Nantchengwa* magazine, 3-4 hours of radio programming monthly, and at least two hours of television programming average per month. In addition, COMPASS will publish the results of the public perceptions survey described in the contract and above.

In the next quarter, COMPASS will continue producing weekly *Chuma Chobisika* programmes on radio and television. In addition to featuring natural resource-based products, these editions will highlight and try to begin shifting listeners from awareness and motivation toward action and implementation of the ideas incorporated into the messages.

¹² Each original program is broadcast on MBC 2 Saturday evenings at 20:30-21:00; Radio Maria and Radio Tigabane both rebroadcast once per week; Dzimwe Radio, Nkhotakota Community Radio, and Radio Alinafe each rebroadcast twice per week.

Table 21: Sub-Task 2.3.2: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Produce weekly <i>Chuma Chobisika</i> radio programs on natural resources-based products and technical service providers	P. Mphaka with input from COMPASS team	Ongoing	ODC time, radio airtime
Produce a weekly radio program highlighting natural resources policies and their implementation	P. Mphaka with COMPASS team	Ongoing	ODC time, radio airtime
Prepare weekly television broadcasts on natural resources-based products, their producers and technical service providers	P. Mphaka with input from COMPASS team	Ongoing	ODC time
Prepare weekly newspaper articles promoting natural resource-based enterprises to increase household income	L Manda with input from COMPASS team	Ongoing	LTTA time
Work with drama groups and conduct awareness campaigns on natural resources management (cf. 1.2.1)	P. Munthali L. Manda	July and ongoing	LTTA time
Conclude report and release results of survey on listenership and impacts from COMPASS public awareness efforts	K. Sichinga, L. Manda	By end September	LTTA time

Sub-task 2.3.3: Establish a web-site for Malawi environmental and CBNRM activities

COMPASS is still exploring options with potential host agencies to locate a CBNRM/environmental web site for Malawi that will continue to be updated and maintained without relying on donor funding. In the meantime, COMPASS itself has initiated the process of establishing a website to publicize its activities.

With the COMPASS II team focused on natural products and developing market linkages in the sector, it may be more logical and useful to work with the natural products industry in Malawi to build a website to feature Malawi's products and producers. Collaboration and hosting arrangements involving government, private sector firms, organizations such as the Malawi Confederation of Chambers of Commerce and Industry and Phyto-Trade Africa will be explored.

Action this reporting period and Sub-Task update

During the reporting period, identification and compilation of content for the website proceeded. It has been maintained that the priority audience for the website is an external one for the time being, so that the site complements the various information channels being used for dissemination of information within Malawi.

Problems encountered and actual or proposed resolution

There are still challenges in identifying potential host agencies that would continue maintaining and updating the website after COMPASS phases out.

Performance indicator and planned actions for the next quarter

In the COMPASS II Performance Monitoring Plan, the indicator for this sub-task is that a website is up and running and accessible by various stakeholders. The 2007 target is that both the COMPASS II website and a Malawi natural products industry website are established.

Actions in the next quarter include finalizing the content and format for making information available on the website, using either the broadband full-graphics or low-bandwidth low-graphics versions under development. It may be necessary to engage short-term technical assistance for the site design and uploading of content, as well as the underlying information management system.

Table 22: Sub-Task 2.3.3: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Continue developing content for the COMPASS website	COMPASS Team	Ongoing	ODC time, slight LTAA time

TASK 2.4: STRENGTHEN KNOWLEDGE AND ACCOUNTABILITY OF TRADITIONAL LEADERS AND RELATED OFFICIALS IN CBNRM

The sustainability of CBNRM efforts in Malawi requires active participation and support of traditional leadership. Traditional leaders form the key governance structure at local level over customary land and its resources. It is important therefore that traditional leaders are engaged in collaborative discussions on issues related to CBNRM. The COMPASS team has engaged substantively with traditional leadership structures on all field activities, and prefers that traditional leaders be fully integrated into management planning and implementation of agreements, rather than segregated, to promote greater transparency and accountability while reducing potential sources of conflict.

Two sub-tasks contribute to accomplishing this Task: (1) train traditional leaders in CBNRM; and (2) host the annual traditional authority conference. The COMPASS II field implementation team recommended in the 2007 Annual work Plan that the 2nd be removed. USAID has agreed with this recommendation.

Sub-task 2.4.1: Train traditional leaders in CBNRM

Malawi's traditional leadership still plays a major role in rural life and their functions are essential if natural resources management institutions are to operate with the authority they need. During the first two years of COMPASS II, traditional leadership has been engaged at many levels from paramount chiefs to village headmen. This engagement has primarily been integrated into engagement with communities, rather than separate activities that tend to cause suspicion among the rural population.

The role of traditional leaders in the commercialization of natural resources use is less obvious. The team continues to engage traditional leaders and ensure that they are apprised of developments in relation to natural resources management, institutional development, and commercialization of natural products.

A significant part of implementing the Mt. Mulanje CWPP involves collaborating closely and coordinating with the traditional leadership of the project area in T/A Laston Njema.

Action this reporting period and Sub-Task update

Under the facilitation of COMPASS team, traditional leaders have been engaged in negotiations on how Mkuwazi biodiversity area and proposed Kandoli forest area should be managed. For example, T/As Timbili, Mkumbira, Mankhambira, Munyaluwanga and GVH Chibaka, GVH Ching'anya, GVH Jumbo, GVH Phetera were engaged in forest management negotiations in Nkhata Bay and beekeeping services negotiations. The regional and district forestry staff and NGOs like World Vision International and Evangelical Lutheran Development Service have been part and parcel of these negotiations. Around Nkhotakota Wildlife Reserve, GVH Mbewa, GVH Khufi, GVH Kawerenga, GVH Kabululu, GVH Tongole and GVH Pendwe have been engaged in discussions between beekeeping clubs and Malawi Gold Standard beekeeping technical service providers.

The MGS beekeeping service providers have also collaborated with traditional leaders in sensitizing the communities on commercialization of beekeeping activities and provision of technical services.

Also this quarter, close coordination continued with T/A Laston Njema as well as GVH Songwe and other Mulanje Limbulo area leaders on the implementation of the Mt. Mulanje CWPP project.

Problems encountered and actual or proposed resolution

There is resistance from the northern regional forestry office to let Kandoli Mountain be a community-based managed forest area. The regional forestry office is pursuing the option of gazetting the forest area

into a forest reserve despite the Department's meager resources to manage the forests and this will demoralize the chiefs. The COMPASS field team continues to engage in negotiation, and remains hopeful that the T/As' and District Commissioners' expressed desire can be realized to have Kandoli Mountain be one of Malawi's largest areas of community-managed forestland.

Performance indicator and planned actions for the next quarter

In the COMPASS II Performance Monitoring Plan, the target for this sub-task is that 500 recognized traditional authorities have completed training "geared to helping traditional authorities monitor and track the effectiveness of CBNRM initiatives, along with associated enforcement systems, within their jurisdictions." This target is being met on an ongoing basis, and tracked continually in TAMIS. The target for 2007 is that traditional leaders are demonstrably supporting the small-scale commercialization of natural products in their areas. The Mulanje CWPP Coordinator will also provide specific technical and managerial support and guidance to T/A Njema.

In the next quarter, COMPASS personnel will continue appraising traditional leaders on developments in relation to natural resources management, institutional development and commercialization of natural products in their areas.

Table 23: Sub-Task 2.4.1: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Maintain active engagement with traditional leaders in all target areas	COMPASS II team	Ongoing	LTTA time, ODC time
Provide specific technical and managerial support to T/A Laston Njema and other traditional leaders involved in Mt. Mulanje CWPP implementation	J. Mulenga, T. Johnson, P. Munthali	Ongoing throughout 2007	STTA time, LTTA time

Sub-task 2.4.2: Host the annual Traditional Authority conference

In the COMPASS II Performance Monitoring Plan, the target for this sub-task is to "facilitate an annual forum or conference of traditional authorities involved in CBNRM activities... [with]...specific focus on the key policy issues affecting CBNRM implementation." An event was held in 2006, but with little discernable result that can be attributed to the conference. The COMPASS II team reached a consensus opinion that segregating traditional leaders from other individuals and organizations involved in CBNRM provides little return on the investment, and may instead contribute to suspicion in some communities about traditional leaders' motivations and actions. The team prefers that traditional leaders be fully integrated into management planning and implementation of agreements, as we have been doing, to promote transparency and accountability while reducing potential sources of conflict.

The COMPASS II field implementation team recommended in the 2007 Annual Work Plan that this sub-task be removed from the contractual obligations of the field implementation team, on the understanding that national, regional, district, or local events related to CBNRM and growth of the natural products industry incorporate to the greatest practical extent as many traditional leaders as relevantly may be involved in such events. USAID/Malawi technical managers have agreed with this recommendation, and this sub-task will be removed at an appropriate time during regular contract modification (e.g., with the next incremental funding obligation or other convenient opportunity)

RESULTS MODULE #3: INCREASED SALES OF NATURAL RESOURCE-BASED PRODUCTS BY HOUSEHOLDS

As noted before, the performance indicator for this Results Module is **total revenue households receive from participating in CBNRM activities**. The life-of-project target is US\$750,000 earned by households by the end of COMPASS II. The revenue target for 2006 (\$400,000) was exceeded by more than \$132,000 and the target for 2007 is at least \$750,000 in cumulative revenues (Table 2; pg 4). This implies that cumulative household revenue from CBNRM should experience an average annual growth rate of 156.57% from 2004 to 2007. Actual annual growth rates from 2004 to 2006 have been 213.59%. COMPASS expects to achieve the 87.5% growth expected for 2007, and for this growth increment to come primarily from four sources:

1. Increased quantity and quality of honey and farmed fish products entering the market—due to the Malawi Gold Standard publications achieving mass replication of improved management in these production systems—and resulting in both expanded sales and profitability for individual producers.
2. Expanded line of natural products through direct investments by COMPASS in co-financing (i.e., through the Enterprise Fund described below), as well as selecting new candidate products for promotion and extension publications after screening and analysis of the market, product, and harvest sustainability aspects of the candidate. We expect to identify and develop extension materials for 3-5 natural resource-based products this year.
3. Greater number of communities and households participating in CBNRM activities—two of the other primary indicators of COMPASS success. The number of communities adopting CBNRM during 2007 is expected to be at least 207¹³ (Table 2), with at least an additional 4,153 households engaged in CBNRM activities. This means that each of the households needs to earn an average of at least \$10.
4. More comprehensive and systematic data gathering and reporting, so that the impact of fieldwork is being accurately documented, and that the overall scale of CBNRM in Malawi can be more widely appreciated as part of generating the political will to provide support beyond COMPASS.

Having been informed by USAID in October 2006 of changes being made to the global indicators and reporting systems, the COMPASS II team has begun to track and report on annual growth in rural income rather than cumulative, with the changes to be incorporated into reporting for 2007 and beyond. This is discussed in more detail under sub-task 3.1.4 below.

Three tasks support increasing sales of natural products by households: (1) enhance market access by entrepreneurs, households, and community groups that produce natural products; (2) identify production and harvesting opportunities for new natural resource-based products and actively exploit them on a sustainable basis; and (3) develop and strengthen partnerships between communities and the private sector.

TASK 3.1: ENHANCE MARKET ACCESS BY ENTREPRENEURS, HOUSEHOLDS, AND COMMUNITY GROUPS THAT PRODUCE NATURAL PRODUCTS

The COMPASS II team's approach to increasing sales of natural resources-based products by households is based on small-scale commercialization of the businesses. This is crucial to rural households shifting from subsistence-level extraction of natural resources to profit-making incentives to conserve those resources. The team follows a series of well-defined steps to encourage commercialization:

1. identify existing or new natural products that have potential national and/or international market;
2. provide technical support to producers and processors in developing market linkage if necessary;

¹³ The 2007 target of 1,000 communities adopting CBNRM practices was reached in 2006; a new target of 1,500 communities was proposed in the Annual Report, and in 2007 Work Plan.

3. assist producers in organizing themselves into groups to improve market access, gain economies of scale and better add value to their product;
4. increase producers' access to skills that will help them to increase their production volumes while improving quality;
5. promote the product to encourage more producers, processors and buyers to enter the market;
6. facilitate financing for production, processing, packaging, marketing or for the development of new, untested products, input supply chains, or business services provision

In the 2007 Annual Work Plan, four sub-tasks are required to enhance market access for existing products. These are: 1) identify clusters and complete sub-sector analyses for key natural products; 2) organize national and regional natural product conferences; 3) promote sustainable business development services; and 4) build capacity for monitoring and sustainable monitoring. A fifth sub-task from the 2005 work plan: "implement small grants program" was combined under sub-task 3.3.2 "explore and promote sustainable financing strategies" beginning with the 2006 Work Plan year.

Sub-task 3.1.1: Identify clusters and complete sub-sector analyses for key natural products

In addition to honey, aquaculture (pond and cage), and mushroom (wild and cultivated), which had been identified and analyzed in previous quarters, subsector analyses were conducted during this quarter for three additional products: guinea fowl, processed foods, and baobab products. All three products were identified through a screening process that examined the potential of six different clusters of natural resource-based products, screening them against a set of four criteria:

1. have verified domestic and/or external markets sufficient to absorb increased production in commercial quantities;
2. have the possibility of significantly increasing the incomes of hundreds or thousands of households by an average of US\$100 or more per year;
3. form the basis for vibrant small-scale commercial production that provides incentives to revive rather than diminish the natural capital base; and
4. to the extent possible, provide business opportunities for HIV-affected and other marginalized households (such as those headed by women or youth).

The three identified have both a good national and possibly international markets. These products not only have the potential to significantly enhance rural household incomes, but also share the possibility of increasing incentives for natural resource conservation.

Action this reporting period and sub-task update

HONEY

Promotion of the Malawi Gold Standard Honey Production system continued during the quarter through extension materials sales and linkage of communities with technical service providers. Sales of the extension materials have been so high that at the moment the Trainers Guide and English version of Beekeepers Handbook are sold out. By the close of the quarter, 669 copies of the Beekeeper's Handbook have been distributed (603 sold¹⁴; 66 complementary), 145 of the Trainer's Guide (99 sold; 46 complementary) 129 sets of the DVDs (84 sold; 45 complementary) and 267 copies of the Beekeeping Business Management Plan (230 sold; 37 complementary).

To allow for better understanding among all the players in the honey industry, and building up on the success of the first honey promotion meeting in Mpamba, Nkhata Bay, a second meeting was held in Tukombo, Nkhata Bay during the quarter. Participation from honey processors was disappointingly low, raising questions as to whether the exercise should be extended to other areas as earlier envisaged. Most

¹⁴ Upon agreement with USAID, the materials are sold at their printing cost, with all preparation and production costs covered through the COMPASS contract funds. This makes the Handbook retail at MK350, for example, a modest amount affordable by many rural beekeepers.

of the processors indicated their unwillingness to attend the meetings due to financial constraints. Only Mzuzu processors attended the meeting. Evaluating their response to such gatherings, COMPASS attempted another approach to link processors to producers.

Borrowing from the specialty coffee industry, the concept of establishing “relationship honey” was proposed to the processors as a way for them to establish a more direct relationships with communities who could serve as their supply-base and partners in the honey value chain. As a result of this change in approach, two processors (commanding close to 40% of the market share) have agreed to pre-finance a total of 1,500 hives to kick-off the smallholder honey production commercialization effort in two districts (Rumphi and Nkhatakota). This effort underscores the importance of partnership and investment in communities to unlock constraints restraining smallholders gaining from enterprise. Such investments will doubtlessly help smallholders and their communities to produce commercial volumes, resulting in not only higher income for the producers but also reduced costs for the processors.

Also this quarter, 310 additional individuals from Nkhata Bay to Mangochi participated in meetings to learn more about beekeeping as a business. In Mangochi, 190 interested community members from Katema, TA Mponda, and TA Jalasi attended a COMPASS-organized meeting to learn about advancing beekeeping as a business. In addition, Funwe Farm, a local commercial farm interested in expanding into beekeeping business as well as in supporting surrounding communities to engage in beekeeping, also participated in the meeting. The meeting addressed business issues including marketing and production practices, particularly since many of the participants practice destructive methods such as using fire as a harvesting method. This practice contaminates honey and also kills a lot of bees in the process.

Another product promotion meeting took place in Chulu, Kasungu where one of the MGS extensionists has mobilized communities and formed 10 beekeeping clubs. The clubs have already started making and hanging some bee hives using their own resources. They managed to get a colonization rate of 85% within two weeks of installing the hives, an indication of the suitability of the bee pasture in the area which is close to Kasungu National Park. These beekeepers have since been linked to Mzuzu Coffee Planters Cooperative Union (MzCPCU; formerly SCFT) as a potential market, while at the same time they are negotiating with the NBS Bank for financial support to expand their operations. Market awareness meetings were also held with beekeeping communities in GVH Chibaka and Jumbo with MzCPCU. The meetings were meant to create awareness among the beekeepers about the existence of markets for honey as well as informing the producers about adhering to good quality standards in order to be competitive on the market.

From the industry perspective, discussions for formalization of the industry body continued with some key members of the task force, but given the private sector’s tight schedules, it was therefore not possible to meet during the quarter (cf. 3.2.3). This means the task of setting honey quality grades and their associated stipulations remains collectively unaddressed this quarter. However, those involved have promised to conclude the necessary steps next quarter.

This quarter, COMPASS initiated the Nyika Organic Certification inquiry process. The process of obtaining organic certification will involve two steps: first, to establish Nyika as a woodland supporting wild-harvested organic honey; and second, certification of honey-collectors/smallholder associations and the processor(s). While there is no local organic certified honey processor yet in Malawi, MzCPCU has indicated interest in pursuing this line of production since they are already engaged in honey processing and have been thinking about double certification to get the price premium offered to certified products. If all the information is provided, the certification process can take as long as 3 months or more.

During the quarter, honey samples were sent to key buyers in the US, UK and the Netherlands, which are also potential export markets.

On honey processing mechanization, efforts are still being made to identify an appropriate replacement for honey pressing machine which is not favored because of quality problems associated with it. The honey extractor that has been under evaluation since December last year has both technical and financial shortfalls: on the technical part its efficiency is very low, financially, its estimated cost is beyond the reach of most entrepreneurs for which it was intended.

POND AQUACULTURE

During this quarter, several interviews were conducted with select fish farmers from Nkhata Bay areas since Nkhata Bay is one of the districts supplying fish to Mzuzu and surrounding markets. The objective of this survey was to get a better understanding of the constraints and limitations challenging pond aquaculture and the supply/marketing chain. Farmers from Mpamba, Nkhwali, Chombe, Limphasa, Chikwina, Chintheche, Tukombo and Kande were targeted. It was established that there are 318 farmers owning 425 ponds of varying sizes ranging from 80 to 650m². The dominant fish in these ponds are *Oreochromis shiranus* (Makumba) and *Tilapia rendalli* (Chilinguni). Total production from these ponds was not established, but it is more or less a subsistence activity for now, with very small volumes sold locally.

The predominant constraint is the low volume of production and inconsistent supply such that it doesn't justify selling to distant markets. Furthermore, important issues such as poor quality of fish, low productivity, and availability of product or lack thereof dissuade serious fish traders from going to these areas. Presently pond fish is mostly sold in the production areas and therefore fetch lower prices than in the urban markets.

The *Malawi Gold Standard Aquaculture Production System* package of extension materials will prove valuable to communities such as those engaged in pond culture in Nkhata Bay since most of them suffer from lack of technical and management information and training. While almost all farmers complain about lack of fingerlings, a quick assessment of their ponds and practices strongly suggests the need for better advice and improved technology in terms of not only better quality fingerlings but also feed production, pond management and marketing. With proper and targeted technical advice by extension staff, the farmers can achieve higher production of good quality fish using locally available feed ingredients like cassava leaves, cassava tubers, rice or maize bran, all of which are abundantly available in the district. Fishermen were complaining about low growth rate of their fish, poor taste, etc all of which could be a result of poor feeding regime. Some farmers said it takes up to 8 months for their fish to reach table size.

Because production is low, farmers may not see the need for cold chain improvement. However, current practices of storing and transporting pond fish are severely discounting price for the producers. As such, this is an area that needs to be considered once the MGS Aquaculture is rolled out as it will most likely result in increased fish production that will necessitate use of cooler boxes, supply of ice and others to maintain good quality of fish.

CAGE AQUACULTURE

In the area of cage culture, this quarter COMPASS conducted a technical assessment of cage fishing viability in Lake Malawi because the water and wind dynamics are very different from Lake Chikukutu thus requiring a stronger cage. The assessment team visited Sungu Island, Nkhotakota spit, and various lagoons and bays off of Kaliba beach. Two sites were identified for pilot testing the cage; both sites were deemed to have sufficient water depth and protection from the high winds, especially during the windy season of June through August. The information collected from the assessment will provide the manufacturer the basics to begin construction and testing. We expect the cage to be launched early next quarter.

The fish in the cages in Lake Chikukutu are being managed and monitored by the BVCs and their respective members in Kufi. This quarter, a third cage was added to the earlier two in the same part of the lake being managed by three BVCs. Like the previous two, the third cage also was stocked with approximately 1,500 fingerlings. The first cage is scheduled to be harvested early next quarter.

COMPASS continued to work with the Malawi Industrial Research and Technology Development Center (MIRTDC) on further refining and honing the production of the fish feed extruder/pelletizer. The development of this prototype began last quarter with the intention of making these commercially available to BVCs or associations so that standard fish feed can be produced as a business. During the quarter, MIRTDC successfully concluded its internal testing with promising results. They expect beta-testing to begin next quarter. In the meantime, COMPASS carried out a demonstration to provide a preview of fish feed pellet production to the community in Kufi by using a small hand-driven pelletizer.

To prepare these communities in marketing their product (fish) as a business, several sets of business development and management skills training were offered to communities in Kaliba, Khufi and Mbewa. For example, several of them were also assisted with establishing their enterprises and developing simple business plans for their businesses. In addition to business related training, a short hands-on training in fingerling-sexing was provided by the Norwegian volunteer tasked to the Nkhotakota Department of Fisheries. This training was necessary to address the issue of procuring quality fingerlings, which is a serious constraint in and around Nkhotakota. Further to the training, COMPASS has been working with the Department of Fisheries to assess surrounding fish farms' capability to serve as source of fingerling for the cages. The Department has agreed to collaborate with COMPASS to begin a spate of training on quality fingerling production and fish-sexing to begin next quarter.

AGROFORESTRY HOME GARDENS (FIELD TRIALS USING DRIP IRRIGATION TECHNOLOGY)

In the reporting period, data collection for impact assessment of drip irrigation was completed, and data entry and analysis for 775 household was done. The 775 households are only those who mounted drip irrigation kits and submitted the filled questionnaires. The report on agroforestry home garden drip irrigation trials is almost concluded in this quarter to be presented early next quarter.

MUSHROOMS

This quarter, like in the previous quarter, COMPASS conducted cooking demonstrations in two local restaurants to generate more demand at the local level. The demonstration focused on the many ways to cook oyster mushrooms. After the demonstration, a free sampling of the cooked mushrooms was carried out. The aim of the demonstration was to address the often cited reason for low demand for cultivated mushroom: *Not knowing how to cook them tastefully*. In addition to cooking demonstrations, COMPASS also helped air a radio jingle through Nkhotakota community Radio station to promote public awareness of community produced cultivated mushroom and boost sales.

This quarter, COMPASS also worked with both communities engaged in cultivated mushroom production to facilitate the communities' first foray into business negotiation. Since the mushrooms have been to fruit, COMPASS assisted Mbewa and Kawarenga communities to successfully negotiate with two major buyers of their fresh oyster mushrooms. This resulted in their first sales agreement, which requires both communities to deliver the mushrooms on a weekly basis to the respective locations. Under this subsector, five clubs from Kawarenga GVH are trading as *Mtonya Mushroom Enterprise*, while the nine villages from Mbewa are trading as *TANARAMA Mushroom Enterprise*. Both community enterprises are in the process of being formally registered at the Registrar General's Office.

During the quarter we also developed an inventory of oyster mushroom production clubs in Mzuzu, since the city has a sizable urban population. Mzuzu city has 172 households working with 19 mushroom clubs. After scrutinizing the operations of these 19 clubs, 15 of them (150 households) were selected as having some promise of benefiting from additional technical assistance. Each club has at least one mushroom house, each producing approximately 4 kg/week/house, when spawn is available. Spawn availability is, however, very unreliable, hence 4kg/week production is also not guaranteed at the moment. These clubs are selling their mushrooms at MK 550.00/kg, and although supply is low, they are already finding it very difficult to sell their product, due primarily to the high price tag they have set on their product. At this high retail price, the only markets they have at present are PTC, Mzuzu Hotel and Ilala Crest Lodge. Even these buyers sometimes reject the mushrooms if they have had poor patronage, for instance.

In addition to high retail prices, the clubs also could use some technical help on improving their productivity since the present production level has been a source of discouragement for many. In addition to lack of proper technical mushroom production skills, spawn supply is also a serious problem. At present, these clubs are either purchasing from third parties or from as far away as Bvumbwe research station and ESHA Farms, south of Blantyre. With targeted production and marketing related technical support to these clubs, we believe that they could be made into viable operations supplying the city of Mzuzu consistently with additional options for relish to complement the national staple dish of *Nsima*.

However, it is imperative that the clubs learn to price their product realistically if they are to be in business at all.

CHARCOAL & FUELWOOD

The comprehensive survey and analysis of consumption, trade and production of charcoal in the four largest urban areas of Malawi was concluded this quarter. The purpose of the study was to document the charcoal industry in Malawi, in order to stimulate a debate among government officials, parliamentarians, interested parties, and the general public on how charcoal could be produced to meet market demand in a better manner. The study consisted of three components:

- (1) a statistically robust household consumption survey to quantify the volume and values of use in main urban centres, stratified by socioeconomic status and population density within these centres;
- (2) a detailed description of the charcoal value chain, including retail and wholesale vendors, traders and transporters, financiers and producers, and the value addition accruing to each link (including value accruing to rent seekers involved in the trade); and
- (3) a detailed description of the current locations, species, methods, and volumes of production.

Based on a survey of 3,945 households in Blantyre, Lilongwe, Mzuzu and Zomba from January to March 2007, a joint team from COMPASS, the Forest Governance Learning Group, and Improved Forest Management for Sustainable Livelihoods Program estimated that urban market demand for charcoal is more than six million standard bags¹⁵ per year. This volume also was estimated to be worth MK5.78 billion¹⁶ (roughly US\$41.3 million or €30.4 million).

The value chain analysis portion of the study found that approximately 92,800 people derive income from the charcoal industry, which is made up of approximately 9,300 producers, broken down as follows:

1. 7,041 small-scale producers averaging less than 30 bags per month, producing more than 96,000 metric tons per year, or 42% of the total;
2. 1,950 medium-scale producers averaging 30-100 bags per month, producing about 58,000 tons per year (25% of total production); and
3. 338 large-scale producers (more than 100 bags per month) producing about 77,000 tons per year (33% of total production). These are fully-fledged businesses and have enough financial capital to undertake such large-scale production.

The value chain analysis also recognized that the industry has one of the better-functioning supply chains of any product in Malawi. This is true despite the lack of regulation (or taxation), and an estimated 12-20% of retail price being collected in “rent-seeking” behavior by various public officials involved.

The final part of the study covering charcoal production itself estimated that 1.4 million cubic meters of wood are consumed each year in supplying the market, estimated to represent 15,000 hectares of forest using published estimates of stocking densities for miombo woodlands. The production study also identified that nearly 60% of the charcoal is produced in Forest Reserves and National Parks; almost 40% comes from customary land; and 2% of charcoal enters Malawi from Mozambique.

The next steps are to disseminate the results widely, along with a companion report evaluating options, so that political consensus can be forged around fundamental shifts in attitude and operations of an industry that exemplifies both the challenge and opportunity of natural resource management in Malawi.

¹⁵ A standard bag is a 50 kg maize sack. It contains about 38 kg of charcoal, so 6.08 million bags equal approximately 231,000 metric tons.

¹⁶ By comparison, 2006 export statistics place the value of tea at MK5.9 billion from 44.7 K tons, and sugar at MK5.4 billion from 103.9 K tons. These two commodities are 2nd and 3rd, respectively, in overall national export value.

OTHER NATURAL RESOURCE-BASED PRODUCTS

As noted at the beginning of this sub-task, a subsector screening and analysis assignment was conducted during the reporting period by a team from ECIAfrica. The clusters of prospective products screened for market size, household earning potential, incentive to conserve natural resources, and non-exclusion of marginalized groups was:

- fruits – wild and domesticated—for juices, jams/jellies, dried, or other processed products;
- traditional-use plant products—for culinary, medicinal, or other purposes;
- bamboo and related products—for furniture, crafts, fish cages/pens, and other purposes;
- tree-seed oils and related extracts—for cosmetic, food, industrial or other purposes;
- wildlife products—including farmed game meat, guinea fowl, crocodiles, and other products;
- wood products—including processed indigenous species that are not classified as protected

Following that screening exercise and a presentation of results to USAID/Malawi, the three highest-ranking subsectors – baobab, guinea fowl, and processed foods – underwent more detailed subsector analyses. In their reports on these subsectors, the ECI team described the functionality of the subsectors and market channels, market and pricing trends, production trends, the policy and regulatory framework, and constraints, opportunities, and recommendations. These will be incorporated into the 2008 Annual Work Plan as appropriate given resources available.

GUINEA FOWL

This quarter, guinea fowl was one of the three additional subsector analyses conducted. COMPASS carried out a test marketing of dressed guinea fowls targeting a Lilongwe based restaurant. While the response was good, there were several issues raised by the buyer. The key issue was the inconsistency in weight of the dressed birds. The size of market demand is also an issue since commercial production calls for investment that rural communities can ill afford. The subsector analysis provides some guidance to these questions.

SPECIALTY COFFEE

Early this quarter, the Coffee Association of Malawi (CAMAL) approached COMPASS for technical and informational support in their quest to improve the coffee industry, particularly in the area of Specialty Coffee. While a large proportion of the country's coffee is being produced on estates, a fairly sizable share is being produced by smallholders. Approximately 3,226 smallholders through the Mzuzu Coffee Planters Cooperative Union – formerly Smallholder Coffee Farmers Trust – are engaged in producing about 400 tons of green beans per year. Many of these smallholders live in close proximity to the Nyika National Park. And while about 15% of the smallholders earn around \$500 a year, a large proportion remains poor, forcing them to depend on the park for survival. While COMPASS will not engage in the production side of coffee, we believe that with a large proportion of the 3,226 coffee smallholders still making a living from around the National Park, it might be prudent to assist these smallholders in key strategic areas that help boost income. It is hoped that with increased income gained from quality and marketing improvements, those households living around the parks and reserves will exert less pressure on these natural resources to contribute to their survival.

With this in mind, this quarter, COMPASS kick-started the coffee quality improvement support to the coffee industry by inviting two specialty coffee volunteers to talk about coffee quality, coffee marketing options and buyer trends and market development.

Problems encountered and actual or proposed resolution

No noteworthy problems were encountered this quarter.

Performance indicator and planned actions for the next quarter

In the COMPASS II Performance Monitoring Plan, the target for this sub-task is that at least 8 sub-sector analyses be completed for target commodities, on “constraints and opportunities in the way value chains are organized and operate (linkages), as well as the quality and availability of skills, knowledge, interests, policies, technologies, and supporting industries and institutions (microeconomic conditions).”

The target for 2007 is that at least three additional commodities have undergone sub-sector analyses, and at least three others have been identified for further analysis from market characterization screening. Also, we expect to have small-scale commercialization of honey, mushrooms (both cultivated and wild), and farmed fish active in at least four districts.

Actions planned for the 3rd quarter include the following:

- Finalize logistics for hive making for the smallholder honey commercialization program in Nyika (Thazima, Phoka north and Phoka south) and Nkhotakota;
- Facilitate documentation and signing of loan and sales contract between honey processors (SCFT and Nali) and the clubs/associations;
- Continue business organizational development trainings and follow ups for registration of PGEs;
- Continue to work with the honey industry body in its effort toward formalization;
- Identify and train MGS technical service provided to undergo Business Management training;
- Organize fish traders meeting in the southern and central regions;
- Organize fingerling production and sexing training to smallholders hoping to be suppliers to cages in Nkhotakota, done in collaboration with the Nkhotakota district fisheries office;
- Continue to work with associations and traders in cold chain improvement; promote fish cooler box;
- Facilitate technical training in cultivated mushrooms, particularly in Mzuzu;
- Assist with market development for mushrooms in Nkhotakota and Mzuzu;
- Facilitate with linking mushroom, honey and cage groups to financial institutions;
- Launch the beta-testing of the fish feed extruder/pelletizer developed by MIRTDC;
- Continue dissemination of Malawi gold Standard Honey Production System extension materials;
- Finalize the agroforestry home garden drip irrigation report and disseminate to interested parties; and
- Develop and disseminate appropriate extension training material on drip irrigation.

Table 24: Sub-task 3.1.1: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Honey subsector: 1. Organize honey promotion meetings in Nkhotakota and Mangochi, to facilitate interaction between the various stakeholders 2. Support development and commercialization of honey extractor 3. Continue dissemination of MGS materials 4. In-store promotion of honey 5. Finalize logistics for honey commercialization in Nkhotakota and Nyika with Nali and MzPCU 6. Identification of MGS technical trainers to undergo business management training 7. Quality Assurance & Quality Control Training for beekeepers	B. Sherchand J. Lwanda S. Munthali B. Namale N. Moyo B. Sosola	1. July—August 2. July—August 3. ongoing 4. ongoing 5. July 6. July 7. July—August	LTTA time, ODC time, field travel costs
Aquaculture subsector: 1. Commercialization of prototype fish feed extruder/pelletizer 2. Cold chain improvement and promotion 3. Malawi Gold Standard Aquaculture Production System roll out 4. Fingerling production training to select smallholders to supply cages in Nkhotakota 5. Identification and linking of fingerling suppliers with buyers	B. Sherchand J. Lwanda S. Munthali	1. July—September 2. August—Sept. 3. July—September 4. August 5. August—Sept.	LTTA time, ODC time, field travel costs
Wild & cultivated mushrooms subsector: 1. Identify & organize mushroom communities in Chikangawa 2. Resolve spawn supply problem in Mzuzu 3. Provide technical production skills development for Mzuzu clubs 4. Assist with market promotion in Nkhotakota and Mzuzu for cultivated mushrooms 5. Support business management skills development	B. Sherchand J. Lwanda S. Munthali	August—September	LTTA Time, ODC time, field travel costs
Agroforestry home gardens: 1. Conclude and disseminate report on field trials of drip irrigation 2. Develop appropriate extension training material and disseminate 3. Continue promoting commercial uptake of the technology	J. Lwanda	July—September	ODC time
Edit and disseminate report on analysis of charcoal industry	K. Sickinga, T. Johnson, Tech. Editor (STTA)	July or August	LTTA time, FPPO

Sub-task 3.1.2: Organize national and regional natural products conferences

These are forums where various actors in natural resource based enterprises meet and interact. They help in creating awareness about where the product exists, where the markets are and the requirements

necessary for increasing competitiveness. These meetings also help to establish relationships by linking not only producers and processors, but also with those “actors” that often play a critical role in-between producers and processors by helping move product to market

Action this reporting period and sub-task update

A honey market promotion meeting was organized at Tukombo Development Centre in Nkhata Bay to encourage the honey industry that is quickly taking shape there. The meeting was attended by representatives from National Bank, NBS Bank, as well as buyers including Chiwogoro Apiaries, and Mzuzu Coffee Planters Cooperative Union. The meeting was also attended by 57 beekeepers engaged in beekeeping around Tukombo Development Farm. The event focused on encouraging producers by introducing them to the market and routes for finance. Many issues were put to the banks and processors by beekeepers for them to respond on how they can take up bee keeping as a business. Satisfied with response of the industry and service providers, the communities are organizing themselves into clubs for organized way of working as a business.

In addition to the honey market promotion meeting, this quarter COMPASS in collaboration with the UNDP/Growing Sustainable Business (GSB) and the Coffee Association of Malawi (CAMAL) helped organize and co-host a coffee industry gathering in Lilongwe to address issues concerning strategic coffee marketing, improving coffee quality, and exploring alternative approaches to selling Malawi coffee. The Coffee Quality Institute, Atlas Coffee and the Agricultural Commodities Exchange (ACE) for Africa were some of the speakers at this gathering. COMPASS presented the highlights of the 19th SCAA convention held in May 2007 in California. A major part of the presentation focused on strategic marketing and factors that strengthen competitiveness, especially in the US Specialty Coffee market.

During the quarter, COMPASS also organized a meeting with the fish traders and vendors in Mzuzu city to get a better handle on the constraints and problems that challenge them. As important players in moving products from rural areas to distant markets, traders also need technical support in order for them to improve their competitive market position and successfully grow their businesses, ultimately benefiting rural producers. This point was reiterated strongly by the fish traders at the meeting. They claimed that development institutions and workers generally tended to ignore them, their needs and their role. They requested assistance in accessing information as well as training to help them improve their business skills and competitiveness.

For the mushroom subsector, COMPASS responded to a request for guidance and marketing assistance from a group of mushroom producers and traders from Mzuzu. There are approximately 19 mushroom producers groups in and around Mzuzu City that are struggling with oyster mushroom production and sales due to lack of proper technical and marketing guidance. The lack of success from their effort to date has led many to be discouraged. In addition to a shortage of proper technical guidance, the industry also faces shortages in spawn supply. After a brief assessment, COMPASS met with 15 (representing about 150 households) of the 19 groups in one gathering attended by over 25 members to go over their technical and marketing assistance needs and approaches to benefit from the sizable urban population of Mzuzu.

Also this quarter, COMPASS collaborated with IFMSLP to organize and conduct an “FBE Fair” on forest-based enterprises with commercial potential. The event was well-attended and targeted district-level Dept. of Forestry personnel as well as producer groups.

Problems encountered and actual or proposed resolution

The major problem this quarter under this subtask was the poor participation of the processors in meetings with producers in the villages. These meetings are designed to facilitate linkages between suppliers and buyers such that the buyers have a reliable source of product while the sellers have a ready market. However, with the absence of many processors at the meeting, it cast a shadow of doubt among some producers about market certainty. However, with the espousing of the new “relationship honey” approach, this should be less of a problem.

Performance indicator and planned actions for the next quarter

In the COMPASS II Performance Monitoring Plan, the target for this sub-task is to “identify public and private sector partners to help organize and promote Natural Products Competitiveness and help to establish business relationships between the private sector and community groups, entrepreneurs and households that produce natural products.”

The target for 2007 is to organize and conduct localized natural products trade shows and producers fairs in at least six districts.

Table 25: Sub-task 3.1.2: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Honey: 1. Organize local events for honey promotion strategic market centers focused on encouraging producers 2. Continue to work with the honey industry to bring on board members from related industries such as packaging, other bee products manufacturers etc.	B Sherchand S. Munthali J. Lwanda	1. ongoing 2. July–August	LTTA time, ODC time, workshops, travel
Mushrooms: 1. Organize product promotion fair in Nkhotakota drawing participation from at least six districts 2. Organize traders meetings in Lilongwe 3. Organize meetings with wild mushroom communities in Nkhotakota and Chikangawa	B Sherchand S. Munthali J. Lwanda	1. August–Sept 2. July 3. September	LTTA time, ODC time, field costs
Fisheries: 1. Organize fish traders meeting in Blantyre and Lilongwe 2. Fish farming industry and Dept. of Fisheries roll-out of Malawi Gold Standard Aquaculture materials 3. Facilitate the commercialization of aquaculture-related prototypes fish feed pelletizer and cooler box	S. Munthali B. Sherchand N. Moyo P. Mphaka	July	LTTA time, ODC time, workshops, travel
Agroforestry Home Gardens: 1. Present results from agroforestry home gardens drip irrigation field trials to interested parties	J. Lwanda	July or August	ODC time, workshops

Sub-task 3.1.3: Promote sustainable business development services

The natural resource based enterprises sector is still lacking confidence in their ability to pay for reliable business development service providers. Such weak demand threatens continuity of activities initiated by projects and other donor initiatives. In an effort to change this trend, COMPASS strives to promote involvement of the private sector in delivery of quality services so that the activity can be self sustaining. Efforts are continually being made to identify various business development service providers who would be more readily accessible, preferably from within their own communities, to the various enterprise owners and groups across the regions.

Action this reporting period and sub-task update

In the honey sector, producers were linked to technical service providers through honey promotion meetings, as well as through individual visits to the communities. During the quarter, for example, beekeeping clubs in Nkhata Bay were linked to two technical (honey) service providers. The same clubs

were also linked to MzCPCU as a potential market for their honey. Several clubs were linked to bee suit, smoker and other beekeeping equipment suppliers as well. During the honey promotion meetings, communities also had the opportunity to interact with lending institutions like NBS Bank and National Bank of Malawi. After the meeting in Tukombo, field visits were made to some fish farmers in Nkhata Bay for the NBS official to appreciate the situation on the ground and interact with the farmers as well.

Problems encountered and actual or proposed resolution

This segment continues to experience problems given that demand for services continues to be weak given their willingness to pay in hard cash is often limited even for training required to set up their production units. MGS service providers have been known to be paid in kind (chickens, maize and honey) for their services to help communities establish apiaries for example. However, with the introduction of proper business training linked to processors for example, the smallholders are slowly opening up to such services.

Other services such as availability of key beekeeping materials (e.g., damp-proof material to keep hives dry) continue to be difficult in Malawi. Business management services, necessary once a business is operational, are also virtually non-existent. The few service providers that are available are unaffordable. As a short term solution to this problem, COMPASS II is providing these services to help community businesses and enterprises understand not only the importance of the skill, but also appreciate the value and centrality of such service to the success and sustainability of their enterprises. An approach under consideration is to equip those interested and skilled individuals from the existing 135 MGS technical service providers to add business management to their repertoire of services. These MGS service providers would then combine their technical skills training with business management to provide distant communities. One such service provider was recently identified in Mzuzu and we have since started negotiations on the fees that he expects to charge. The negotiations are expected to be concluded within July, but it is anticipated that the fees will be close to what technical service providers are demanding from these communities (MK 300.00/participant/week), which is considered to be affordable.

Performance indicator and planned actions for the next quarter

In the COMPASS II Performance Monitoring Plan, the contract target for this sub-task is to “develop sustainable mechanisms for providing basic business development and financial management training to entrepreneurs and local user groups” through “identifying a sustainable source of competent technical assistance which could be provided by strategic partners in the value chain (through embedded services), approved [accredited] business service providers, local government extension staff, and NGOs.”

The target for 2007 is that high-quality business development services are available to producer group enterprises (including associations) in at least six districts.

Table 26: Sub-task 3.1.3: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Train MGS technical service providers in business management on a cost sharing basis	S. Munthali B. Namale B. Sosola N. Moyo	July—September	LTTA time, field costs
Assist beekeeping service providers to develop and implement sound business plans and link with clients	S. Munthali B. Namale	Ongoing	LTTA time, field costs
Select and facilitate training of district-based service providers to participate in Malawi Gold Standard Aquaculture System roll-out (with Dept. of Fisheries)	B. Sosola, N. Moyo	Ongoing	LTTA time, field costs
Organize and conduct follow-up meetings with MGS beekeeping service providers	S. Munthali, B. Sosola, N. Moyo	Ongoing	LTTA time, field costs

Sub-task 3.1.4: Build capacity for monitoring and sustainable harvesting

As described in previous COMPASS II reports and work plans, a three-tiered “pyramid” of monitoring efforts has been used throughout implementation, consisting of the following levels:

1. “Top of the pyramid” landscape-scale monitoring of ecosystem health or natural resource condition;
2. Middle- or Program-level monitoring of progress toward the various targets listed throughout this Annual Work Plan, and
3. “Bottom of the pyramid” community-level participatory monitoring as part of the adaptive management plans that are the basis for natural resource management agreements (see 1.1.3).

COMPASS has been investing in developing capacity among the sector agencies and district government to determine sustainable harvest rates, based on the reproductive capacity of a given resource. Progress has been very slow, given the low base of knowledge among technical personnel, and absence of any incentive for regular monitoring of growth rates by government agencies. The monitoring burden shifts to the resource users and producers so they can verify to the government improved resource conditions.

In October 2006, USAID/Malawi provided further impetus to fully implementing the tiered monitoring and evaluation structure. Beginning in 2007, the COMPASS II team will be required to report on the changes in biophysical condition being experienced on hectares that are under improved natural resource management, and on hectares of biological significance which are under improved management.

Therefore, COMPASS will work with the fisheries, forestry, wildlife, and environment sectors to support improvements to their monitoring systems, including district-level databases of customary forestland management agreements, participatory fisheries management areas under agreements, collaborative management areas in and around national protected areas, and so forth (cf. 1.2.3).

In order to report on changes in biophysical condition at village and landscape scales, reliable baseline information will be needed. Presently, WESM conducts regular annual game counts of wildlife—including birds—in many of the national parks and reserves, but little reliable information is available about populations of wildlife outside of these areas. The Dept. of Forestry has little if any information on the quality of forests—or even their true extent—within its forest reserves and virtually nothing is known about forests on customary land.

Water resource monitoring is expected to be one result of the Mulanje Mountain Community-Watershed Partnership Project co-financed by a USAID/Washington Global Development Alliance with the Coca-Cola Company, USAID/Malawi (through COMPASS II), Southern Bottlers Ltd. (local Coca-Cola bottler), and a range of local organizations in Mulanje. Water is widely viewed as perhaps the most important environmental service and resource provided by the Mt. Mulanje ecosystem and one of the reasons for the specific focus on T/A Laston Njema for the CWPP project.

Action this reporting period and sub-task update

During the quarter, COMPASS continued to share important messages and information with the various communities in all three regions in order to help them incorporate sustainable harvesting practices. For example in the honey subsector, producers are advised to leave some combs for the honeybees for survival during the non-flowering seasons. They are also informed about not harvesting or destroying brood combs since the broods are the future worker-bees. Cutting trees down to access traditional hives is also viewed as an unsustainable practice, and by now many producers are aware of this.

Problems encountered and actual or proposed resolution

None reported.

Performance indicator and planned actions for the next quarter

In the COMPASS II Performance Monitoring Plan, the contract target for this sub-task is to “work with producer organizations to ensure that a strategy for building capacity for sustainable production and harvest techniques is incorporated into each organization’s business development plan.”

The target for 2007 is that methodologies are developed, and guidelines produced and disseminated for measuring production potential and resource condition. Producers in at least six districts will be trained on the methodologies.

In the coming quarter, monitoring systems will be developed that link to the website (cf. 2.3.3) and the district-level databases (cf. 1.2.3). STTA from DAI home office may be necessary to support efforts.

Table 27: Sub-task 3.1.4: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Disseminate results of charcoal demand, value chain and production centers study with IFMSLP, Dept. of Forestry, and FGLG	T. Johnson K. Sichinga	July or August	Slight LTTA time
Develop comprehensive monitoring plan of 3 tiers in COMPASS monitoring pyramid	K. Sichinga J. Dickinson	By end September	LTTA time
Apply integrated spatial planning framework to NRBE development efforts for ecosystem-based approach to verify overall impacts on biophysical condition	W. Kafakalawa S. Chilombe K. Sichinga	Ongoing throughout 2007	LTTA time, field costs

TASK 3.2: IDENTIFY PRODUCTION AND HARVESTING OPPORTUNITIES FOR NEW NATURAL RESOURCE-BASED PRODUCTS AND ACTIVELY EXPLOIT ON A SUSTAINABLE BASIS

The purpose of this task is to encourage expansion of the range of natural resource-based products on the markets in Malawi and perhaps externally. Several tactics are being used to accomplish this expansion of the natural resource-based product line. One is the specific parts of the Enterprise Fund design that target new products for pre-commercial refinement of the product or better definition of its market (e.g., through a feasibility analysis) or pilot commercialization for a product that is ready to be tested in the marketplace. These co-financing windows were widely advertised throughout eastern and southern Africa, to solicit ideas and investments from neighboring countries. This is covered in more detail under sub-task 3.3.3 below.

Four sub-tasks contribute to accomplishing this task: (1) to provide technical assistance in performing natural products inventories and train local service providers in inventory techniques, (2) to provide market analysis and other information to entrepreneurs and associations, (3) to create and support producer associations, and (4) to establish quality standards and control procedures.

Sub-task 3.2.1: Provide technical assistance in performing natural products inventories and train local service providers on inventory techniques

Working within the targeted districts, COMPASS is tasked to help identify products and their quantities while building capacity about the conduct of inventories. Although the focus of this task and its sub-tasks is new natural resource-based products, techniques for conducting inventories of well-established products such as fish, fruits, wild mushrooms, and most wood products are not widely known, even among technical extension staff. The NRBEs involved in producing these products also do not have the capability to assess their local resource bases, although participatory forest resource assessment training conducted during 2006 is helping to correct this deficiency (cf. 2006 Annual Progress Report).

In addition, if the screening process described under sub-task 3.1.1 for bamboo, nature-based tourism, and wildlife products, among others, shows that market demand for products is robust, COMPASS will inventory those products to determine if a sufficient production base exists to develop the subsector.

Under the Mt. Mulanje CWPP, technical assistance will be provided in T/A Laston Njema on conducting water inventories in conjunction with district water authorities and local leaders.

Action this reporting period and sub-task update

Following the completion of sub sector screening by ECI Africa, preliminary evaluation of guinea fowl, baobab and processed fruits were undertaken this quarter. The analytical effort indicates that there are substantial market demand and growth opportunities in these subsectors for smallholder participation. However, there are inconsistencies that continue to encumber the competitiveness of these subsectors.

It is proposed that detailed market analysis especially for guinea fowl is carried out in various potential market outlets, including restaurants and supermarkets. Capital Hotel, Sun ‘n Sand and Shire Highlands Hotel are already offering guinea fowl meat on their menu; they should therefore have a clearer picture about the demand. It is also important that we establish the current supply of guinea fowls in terms of volume and location.

Problems encountered and actual or proposed resolution

None.

Performance indicator and planned actions for the next quarter

In the COMPASS II Performance Monitoring Plan, the contract target for this sub-task is to “provide technical assistance in performing natural products inventories in the targeted districts to identify those products that exist and in what quantities and train local service providers in natural products inventory techniques to ensure that local capacity will exist even after the end of the activity.”

The target for 2007 is that natural products inventories are conducted for screened products showing market potential, and that local service providers (private extensionists, local government personnel, or NGOs) are trained through joint conduct of such inventories. Mulanje water surveys will be completed.

Table 28: Sub-task 3.2.1: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Conduct resource assessment exercises in Nyika, NKK Wildlife Reserve, other areas	W. Kafakalawa S. Chilombe	July—September	LTTA time, ODC time, field costs
Conduct detailed inventory of guinea fowl producers in target districts	B. Sherchand S. Munthali	August—September	LTTA time, field costs
Initiate hydrological studies and water inventory in T/A Njema areas of Mulanje	N.J. Mulenga P. Maele (STTA)	July—August	STTA time, field costs

Sub-task 3.2.2: Provide market analysis and other product information to entrepreneurs, associations and other potential investors

In line with the strong belief that small-scale commercialization of natural products can only be successful if the products respond to the markets, COMPASS must help producers and processors/buyers access information about those markets into which they are selling. Under this sub-task, COMPASS identifies markets for products (concurrent with the screening process described above under 3.1.1), and gathering as much detail as can be determined regarding product specifications, quality, and other information.

COMPASS will undertake rapid assessments of value chains and market structures of potential products that have yet to be fully developed. The results of these assessments will be made widely available to producers through radio and print media and to potential investors and entrepreneurs through television and radio broadcasts and investment profiles.

Action this reporting period and sub-task update

Product promotion meetings for honey were held in areas around Mkuwazi Forest Reserve (GHV Chibaka, Ching'anya and Jumbo), Tukombo, and Chulu in Kasungu to sensitize communities about the existing markets for honey. At these meetings the communities were also sensitized about honey value chain, the importance of pricing their products competitively and the repercussions the industry might face if the current farm gate prices are not adjusted to market realities. They were also briefed about the risks and dangers of bottling honey at producer level in the rural areas, instead of selling their bulk honey to processors/ consolidators or at PGE level. It was emphasized that for them to realize more income, they should aim at increasing production volumes which will help them get increased incomes even at reduced farm gate prices, as the reduced prices will make more consumers afford the product. These messages need to be continuously conveyed to the communities until we see a change in their attitude, while experiencing the benefits from increased production and productivity. At these meetings processors also talked about the need for quality control during handling the product.

The same messages were given to mushroom growers and traders in Mzuzu. Low productivity is their major set back, which has resulted in decreased income. So in order to achieve a sizeable income, the mushroom producers and traders resort to over pricing their product. Such a pricing strategy has not achieved the hoped for result, instead it has kept the consumers at bay since many in Mzuzu are unable to meet the high price (mushrooms are at present being sold at MK550/kg) set by the producers and traders.

A meeting was also held with a group of fish traders and vendors in Mzuzu to brief them about the trends in fish supply and demand, and the importance of having access to market information as a tool to achieve profitability. Importance of product quality through improved cold chain, through the use of simple and affordable technologies such as the cooler box was also discussed.

Problems encountered and actual or proposed resolution

Mushroom growers in Mzuzu find it difficult to get spawn, hence increasing production is difficult. At times they end up buying poor quality spawn through third parties. To address this problem, COMPASS has linked them to Esha Farms based in Blantyre. However, COMPASS is also working in partnership with ASNAPP, another USAID supported regional activity, to support the expansion of spawn producers as a business, preferably in Lilongwe to meet the demand from central and northern regions.

Performance indicator and planned actions for the next quarter

In the COMPASS II Performance Monitoring Plan, the contract target for this sub-task is to “provide additional market analysis and information about potential products and their markets to entrepreneurs and associations interested in investing in these products.”

The target for 2007 is that market assessments for at least seven natural resource-based products have been conducted and market information is widely available.

Table 29: Sub-task 3.2.2: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Conduct market assessment for oyster mushrooms in major trading centers	B. Sherchand, S. Munthali	July—September	LTTA time, field costs
Link mushroom spawn producers to investments in order to expand reach to northern and central regions	B. Sherchand, S. Munthali	July—September	LTTA time
Assist the fish producers, traders and associations to setup a market information system	B. Sherchand	July—September	LTTA time

Sub-task 3.2.3: Create and support producer associations

The underlying goal of this subtask is to assist the development and/or strengthening of producer organizations to enable them to better operate and manage their organization whether they are associations, clubs, or cooperatives. Better management entails applying sound business principles and operating along commercial lines. It also calls on the organizations to work with a clear vision and shared commitment to making the value chain they are part of robust and successful.

Action this reporting period and sub-task update

COMPASS continued to work closely with producer and traders organizations in order to support the strengthening and development of strong groups, and this reporting period, COMPASS focused on working closely with several communities in Nkhatakota, Nkhata Bay and around Nyika for them to better understand the principles of organizational development and business management. Registration of their businesses was initiated in the period, and now there are almost 13 groups that are in the process of being fully registered. Malawi's financial institutions require organizations to be legally registered prior to accessing financial assistance from local banks.

COMPASS support to producers and producer organizations includes business training along three lines:

1. business organization development (how to form a business or business group),
2. business management and market development (how to run a business and market products), and
3. business financing and management (how to finance a business).

These modules have been designed and are presently being used in the field to strengthen new and existing producer associations and groups engaged in enterprise. At the end of the training, producers and their groups better appreciate the importance of properly managing their business and understand the importance of running a business profitably, efficiently and effectively. These communities are also trained in understanding the various roles and responsibilities of office bearers, as well as chiefs versus associations. In this period, COMPASS supported 67 producer group enterprises which include association and clubs through linking them to service providers, training in organizational and business development and management skills, linking them to market as well as financial institutions.

Problems encountered and actual or proposed resolution

None encountered during this period.

Performance indicator and actions planned for the next quarter

In the COMPASS II Performance Monitoring Plan, the contract target is to "work to strengthen existing associations and create new ones." The target for 2007 is that at least 10 functioning organizations exist that group natural resource-based products producers, processors, or traders into clubs or other appropriate aggregations.

Table 30: Sub-task 3.2.3: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Facilitate strengthening or development of producer associations in Rumphi, Mzimba, Nkhata Bay, Nkhatakota, Zomba and Mangochi district.	B. Sherchand J. Lwanda S. Munthali	July—September	LTTA time, ODC time, field costs
Facilitate development of producer group enterprises as an approach for improved consolidation, marketing and adding value	B. Sherchand J. Lwanda S. Munthali	July—September	LTTA time, ODC time, field costs

Sub-task 3.2.4: Establish standards and quality control procedures

The driving force behind establishing standards and quality control measures is to improve quality and hygiene of food products so that consumer confidence in food quality and food safety is maintained. COMPASS will continue to work with natural products industry representatives and Malawi Bureau of Standards to help develop products standards and criteria for grading a range of products. Once established, these will be communicated as widely as is practical.

Action this reporting period and sub-task update

The Malawi Bureau of Standards finalized the honey standards last quarter, but it is yet to be officially released. At the producer level, COMPASS plans to set the ball rolling by embarking on sensitizing producers on the need for adhering to quality and hygiene requirements. In fact, this process has already begun in earnest. Every opportunity is taken to address such topics as quality control and quality assurance, hygiene, and good production practices. For example, even during honey promotion meetings issues of quality are also emphasized conveying the stern message that those products that don't meet industry standards could be rejected altogether. Quality awareness sensitization among producers will continue during this coming quarter as well. Once the honey industry body has been put in place and honey grades are unanimously developed, producer as well as their PGEs and traders will be informed so that they all aim to produce good quality product that fetch premium prices.

This quarter, a meeting was also organized in Mzuzu to sensitize fish traders and vendors on the importance of presenting good quality fish on the market. The importance of cold chain management in contributing to retaining quality was also emphasized. COMPASS shared the example of a locally fabricated fish cooler box as a simple yet effective tool to help maintain the cold chain, cost effectively.

Problems encountered and actual or proposed resolution

Mzuzu Coffee Planters Cooperative Union and Eco Products Ltd, the major forces in the honey industry, seem to be too busy with other business commitments to attend to matters of the proposed honey industry body. However, they have promised to finalize the formalization of the honey body next quarter.

Performance indicator and actions planned for the next quarter

In the COMPASS II Performance Monitoring Plan, the contract target for this sub-task is to “ensure that producers meet the quality requirements of domestic and international markets for natural products and provide training on quality control to build awareness and capacity throughout the value chain.”

The target for 2007 is that national standards and agreed grading systems are in place for at least 2 natural resource-based products.

Table 31: Sub-task 3.2.4: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Follow up with MBS on status of honey standards release	B. Sherchand	July--September	LTTA time
Continue with organic certification process	B. Sherchand	July--September	LTTA time
Finalize honey industry formation/honey grading system	B. Sherchand S. Munthali	July--September	LTTA Time
Initiate collaboration with UNDP/GSB on fair trade certification especially through Mzuzu Coffee Planters Cooperative Union	B. Sherchand S. Munthali	July--September	LTTA time
Organize food safety & quality training events for producers and processors in the honey, fisheries and mushroom sectors	J. Lwanda B. Sherchand S. Munthali	July—September	ODC time, LTTA time

TASK 3.3: DEVELOP AND STRENGTHEN PARTNERSHIPS BETWEEN COMMUNITIES AND THE PRIVATE SECTOR

The purpose of this Task is to facilitate linkages between producers and buyers of natural resource-based products, with emphasis on preparing Malawian small-scale commercial entrepreneurs for entry into international markets. This task consolidates and replicates the individual success of the tasks above that concentrate on existing and new natural resource-based products. The basic strategy here is to facilitate and broker continued strengthening of linkages between and among various parts of the value chains for the different products.

Four sub-tasks are specified toward accomplishing this Task: (1) to broker partnerships, (2) to explore and promote sustainable financing strategies, (3) to increase understanding of the marketing chain among rural households, and (4) to encourage innovative partnerships between communities, entrepreneurs, and one or more potential partners. In the 2007 Annual Work Plan, we recommended combining the 1st and 4th of these sub-tasks.

Sub-task 3.3.1: Broker partnerships

This sub-task emphasizes the importance of facilitating partnerships and securing linkages between buyers and rural natural products-based enterprises as a way to foster demand and expand markets for smallholder production. Such linkages and partnerships create opportunities to not only serve as ready markets, but in the process can also help enhance smallholder capacity to participate more formally and equitably when integrated as a partner into the value chain of the commercial companies.

Action this reporting period and sub-task update

In this quarter COMPASS helped broker sales negotiations for two communities (with a total of 14 clubs under them) with buyers for cultivated mushroom. These two communities (Mbewa and Kawarenga) in Nkhatakota district have been assisted by COMPASS given that the villages participating in mushroom production live around the Nkhatakota Wildlife Reserve. Kawarenga concluded their sales agreement with Nkhatakota Pottery & Lodge to deliver a batch of fresh mushrooms on a weekly basis, while the mushroom enterprise from Mbewa sealed their sales agreement with Sungu Motel to deliver a batch on a weekly basis as well. In addition, the enterprises are being assisted to sell their products in the local marketplace in order to increase consumer awareness and experience. In addition, a business-to-business relationship was also established with the Kawarenga community being linked directly with a commercial spawn producer. This kind of B2B relationship was established early in the process to ensure relationship continuity and independence from donor facilitation and support. The Kawarenga community has since bought 7.5 liters of spawn in the quarter for continuity of their program.

Partnerships were brokered between mushroom producers in Mzuzu and spawn suppliers in Bvumbwe. Partnerships with potential mushroom markets like PTC, Tutla Supermarket and restaurants in Mzuzu are in progress. Preliminary discussions with fish traders in Mzuzu were held to sensitize them about potential fish supplies from pond fisheries in Nkhata bay.

As mentioned in earlier sections, COMPASS borrowed the concept of “relationship coffee” from the specialty coffee industry to establish, what we term as “relationship honey” between honey processors and beekeepers of Malawi. Two processors have embarked on implementing this concept so that a more direct relationship can be established with communities who can serve as their supply-base and partners in the honey value chain. As a result of this change in approach, these two processors (commanding close to 40% of the market share) have agreed to pre-finance a total of 1,500 hives (costing roughly \$30,000) to kick-off the smallholder honey production commercialization effort in two districts (Rumphi and Nkhatakota). Such kind of partnerships brokered between producer groups and the private sector not only contribute to improving relationships but also help move the industry forward and faster.

In other locations, such as in Nkhata bay and Chulu in Kasungu, COMPASS continued to link beekeepers with buyers such as Mzuzu Coffee Planters Cooperative Union. The buyer has since started further discussions with the concerned beekeeping clubs for furthering the relationship.

Problems encountered and actual or proposed resolution

None of significance.

Performance indicator and actions planned for the next quarter

In the COMPASS II Performance Monitoring Plan, the target for this sub-task is to broker 500 producer-buyer sales contract agreements by 2009. The contract target, however, states simply that “success will be measured by the value in US dollars of natural products marketed by Malawian producers and local communities through these linkages.”

The target for 2007 is that producers of at least 4 natural resource-based products within the 15 target districts have negotiated at least 150 sales contracts with proactive brokering support from COMPASS.

Table 32: Sub-task 3.3.1: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Establish supplier-buyer relationships for mushroom producers and supermarkets and restaurants	B. Sherchand S. Munthali J. Lwanda	July—September	LTTA time, ODC time, field costs
Continue exploration of market linkages and brokering of sales contracts	B. Sherchand S. Munthali	Ongoing	LTTA time, field costs
Submit honey and wax samples and trial shipments to encourage broker-buyer relationships	B. Sherchand	July—September	LTTA time

Sub-task 3.3.2: Explore and promote sustainable financing strategies

During 2005, COMPASS designed an innovative financing program to facilitate access to capital for natural resource-based enterprise start-ups without replicating the disadvantages of counter-productive grants. The Enterprise Fund is a combination of five financial products in two categories:

1. Loan financing to producers, processors, or traders of natural products through two loan products, capitalized at reduced risk to commercial banks and microfinance institutions
 - a. Microfinance loans of \$2,500 or less to community-based enterprises, and
 - b. Investment loans of \$5,000 to \$50,000 to SME-scale natural products enterprises
2. Support for prospective producers of new natural products through co-financing to facilitate entry into the market
 - a. Pre-commercial feasibility analyses to finalize product specification, market analyses, etc., in amounts up to \$50,000 each with at least 35% applicant co-financing;
 - b. Pilot commercialization of new products that are ready to be tested in the marketplace, in amounts up to \$100,000 each with at least 50% applicant co-financing; and
 - c. Innovation window for introducing new technologies into Malawi that can increase capacity, efficiency, and profitability for processors of new or existing natural products; also includes provision of technical or business services to the natural products industry, as long as the service design is innovative and likely to be sustainable beyond the co-financing support.

The first category uses risk-reduction through lowered cost of capital to commercial lending institutions as an encouragement to invest in previously under-represented parts of their portfolio, specifically natural resource-based production, processing and trade. The second category is implemented through a 2007 Annual Program Statement, by which COMPASS II solicits investment ideas and business concepts from new or existing businesses. The NRBE co-financing (termed the Enterprise Fund) is summarized below:

Table 33: Summary of Natural Resource Based Enterprise Fund categories and parameters

CO-FINANCING PRODUCT	PURPOSE OF PRODUCT	RANGE OF CO-FINANCING	TIME FRAME	INVESTOR CONTRIBUTION
PILOT COMMERCIALIZATION	Market testing of new products to demonstrate commercial viability	MK1.4 – MK14m	24 months to complete pilot operations	At least 50% of pilot operation financed by sources other than US govt. sources
PRE-COMMERCIAL SUPPORT	Business planning for new NRBPs; product/supply chain development; feasibility	MK350,000–MK7m	12 months to complete study & business planning	At least 35% of project costs financed by sources other than US govt. sources
NRBP INNOVATION SUPPORT	Introduction of new technology/process for NRBP production, trade or business services	MK350,000–MK7m	12 months to complete installation of technology or provision of services	At least 35% of project costs financed by sources other than US govt. sources

The intent of this design effort is that the banks may continue making loans to rural NRBEs once the viability of those enterprises has been demonstrated—effectively subsidizing the cost of lowering risk levels to the point that investing in NRBEs becomes attractive for the banks, while also subsidizing investors' entry into production of new products that are not yet proven commercially viable.

Implementation of the Enterprise Fund may have other, indirect benefits to the natural products sector in line with the objectives of this sub-task. For example, other banks and MFIs may invest in Malawi Gold Standard production systems. In addition to the NRBE Fund having a leveraging effect on lenders, it also has potential for increasing investor confidence in natural resource-based products.

Action this reporting period and Sub-Task update

The agreements between DAI/COMPASS II and the two commercial banks were renewed this reporting period for another 12 months. All other parameters remained the same. The following table shows the progress achieved in approving loans by the two banks:

Table 34: Summary of loan approvals by banks for financing NRBEs (as of 30 June)

APPROVED BORROWER	BORROWER LOCATION	DATE OF LOAN	LOAN AMOUNT	NATURE OF BUSINESS
Khumbo Oil Refinery	Chilomoni, Blantyre	October 2006	MK2,816,700	Tree seed oil processing & sales
Better Vision Fish Farming	Thondwe, Zomba	December 2006	MK1,120,000	Pond aquaculture operations, fish sales
Kati-Kati Pure Honey	Limbe, Blantyre	December 2006	MK700,000	Honey processing and sales
Naturals.M	Chichiri, Blantyre	December 2006	MK3,410,338	Fruit juice and jam production; retail sales by vendors
ESHA Farm	Bvumbwe, Thyolo	December 2006	MK3,568,000	Mushroom spawn production & sales
Smallholder Coffee Farmers Trust	Mzuzu, Mzimba	March 2007	MK6,950,000	Honey purchasing, processing and distribution
Fat Monkeys (Pty) Limited	Monkey Bay, Mangochi	March 2007	MK4,142,980	Nature-based tourism lodge
Green Gardens Farm	Kamwendo, Mchinji	April 2007	MK1,495,000	Pond aquaculture operations, fish sales

Responses to the 2007 Annual Program Statement (APS) released in January to implement the Enterprise Fund co-financing category have been much stronger applications than those submitted in previous years. This may be due to the terminology used in announcing the APS. The heading of the newspaper adverts was “Invitation to Investors” rather than “Annual Program Statement.” Two meetings of the technical evaluation committee were held this quarter, to review a half-dozen submissions from serious investor-applicants covering fish hatcheries, bio-fuel production, and other business ideas. At the close of the quarter, negotiations were ongoing with one of the applicants, with an award expected early in the next period.

Problems encountered and actual or proposed resolution

In the case of NBS Bank, internal capacity building and staff turn-over have caused delays in approving microfinance loans to target businesses. We were assured by the Chief Executive Officer that they have a pipeline of loans undergoing review and will be making awards soon.

National Bank of Malawi has made loans available to SMEs in natural resource sectors that include aquaculture, honey, fruit juices, mushroom spawn production, tree seed oil processing, and nature-based tourism. The Bank was initially unable to make loans available to a larger number of smaller SMEs because of minimum threshold limitations (the agreed range then, was \$5,000 to \$50,000). At the request of the Bank, USAID approval was sought to amend the loan size to include Malawi Kwacha equivalents of \$2,500 up to \$50,000.

Performance indicator and actions planned for the next quarter

In the COMPASS II Performance Monitoring Plan, the target for this sub-task is to implement 100 grants [or loans] by 2008, with 60% of grants [loans] attaining targets, 60% female beneficiaries, 80% of NRBEs remaining viable after one year, and \$5 M of household income generated.

The target for 2007 is that access to capital does not constrain business-oriented natural products enterprises from establishing or expanding their operations, or those of sub-sector support entities, without using grants either to subsidize unprofitable organizations or to reinforce donor dependency. In addition, we expect \$250,000 in loans to NRBEs to be approved, and that \$250,000 in co-financing awards are made under the pre-commercial, pilot commercialization or innovations windows.

Planned actions for the next quarter include continuing disbursement of capital grant funds to banks for lending to natural-resource-based products enterprises; ongoing review of APS applications for pilot commercialization, pre-commercial or innovation support and recommending qualified applicants for award approval by USAID; and conducting Recipient Control Environment Checklist analyses (of financial management and internal controls) and Environmentally Sustainable Harvest & Use Review of all eligible applicants.

Table 35: Sub-task 3.3.2: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Review monthly loan portfolios of banks and make disbursement for qualifying loans	B. Namale, T. Johnson, C. Mafeni	Ongoing with approved loan applications	LTTA time, ODC time
Conduct technical appraisal of APS applications for pilot commercialization, pre-commercial and innovation activities and recommend qualified applicants for award.	B. Namale, T. Johnson, B. Sherchand, S. Munthali	Ongoing with review meeting at least 6x per year	LTTA time
Conduct pre-award analyses of all recommended applicants for financial management & internal controls using Recipient Control Environment Checklist	C. Mafeni, B. Namale	Ongoing with award panel meetings	ODC time, LTTA time

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Conduct pre-award Environmentally Sustainable Harvest & Use Review of all recommended applicants for compliance with Reg. 216 & other env. requirements	J. Lwanda, T. Johnson, B. Namale,	Ongoing with award panel meetings	ODC time, LTTA time
Disburse co-financing support to awardees upon USAID approval	B. Namale, C. Mafeni	Ongoing with awards	ODC time, LTTA time
Explore options for equipment leasing opportunities to expand production activities among small-scale commercial operators or service providers	B. Namale, B. Sherchand, T. Johnson	Ongoing	LTTA time
Promote and distribute 2007 APS inviting investors to submit applications for co-financing	B. Namale, T. Johnson,	Ongoing Dec. 2007	LTTA time

Sub-task 3.3.3: Increase understanding of the marketing chain among rural households

The driving force behind this subtask is to provide rural communities a better understanding of the process and resources required to transform raw materials into marketable products. The aim of this subtask is to also help rural households understand the importance of being market-oriented, even as partners in larger value chains.

Action this reporting period and sub-task update

The focus this quarter has been to firmly establish value-chains for 3 major products in order to sustainably increase production, productivity, processing and sales. In the process, COMPASS also focused on strengthening not just the value chains but also the key players (producers, processors, traders, buyers, and service providers). Through various meetings, training, and industry gatherings, as many of these players as possible were brought together to interact, recognize and learn from each other, while understanding the importance of espousing a commercial approach to their activities if the chain is to succeed and deliver what they all desire: increased profitability and income. During all the meetings and training already discussed in earlier sections, the importance of quality as a value proposition were discussed so that all players understood its importance vis-à-vis profitability and income.

Also this quarter, business management training sessions were conducted in Eswazini, Nkhata Bay and Mzuzu involving communities doing beekeeping. Twelve training sessions involving 219 households drawn from 33 clubs were involved in these day-long training sessions. These sessions are expected to continue during the coming quarter.

Problems encountered and actual or proposed resolution

Demand for these training sessions is very high since business management is an area where almost all the communities we are dealing with are deficient. It is practically impossible for COMPASS II to cope with this in terms of time and other resources. Even if the project would cope with the pressure, it is not sustainable either. The proposed solution is to identify private service providers in the subject who could be linked to the communities as is the case with technical service provision for beekeeping. If these service providers are non-existent, mechanisms should be put in place to train some. Proposals have already been put forward to equip MGS beekeeping technical service providers with business management skills as well so they can fill this gap. However, based on their ability to manage their own businesses as service providers, most may not be the ideal mechanism for training others in business.

Performance indicator and actions planned for the next quarter

In the COMPASS II Performance Monitoring Plan, no specific target for this sub-task was specified. The contract, however, states that COMPASS must “help rural households and others in the marketing

chain gain a greater understanding of the quality demand of the global marketplace and position themselves to better respond to profit opportunities in CBNRM products.”

The target for 2007 is that at least 30 accredited business service providers have undergone training on market functionalities, at least 4 study tours or exchange visits are conducted, and at least 3 hours of radio drama have been produced and broadcast detailing market and value chain functionality.

Table 36: Sub-task 3.3.3: actions for period July-September 2007

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Continue to train business service providers on the value and market chains, the processes involved and their costs and functions	B. Sherchand S. Munthali J. Lwanda	Ongoing	LTTA time, ODC time, field travel costs
Conduct study tours and exchange visits by small-scale producers to increase their understanding of the market chain and the requirements for market functionality	J. Lwanda S. Munthali N. Moyo	Ongoing	ODC time, LTTA time, field travel costs

Sub-task 3.3.4: Encourage innovative partnerships among stakeholders

COMPASS concluded in 2006 a design process to identify the most viable and feasible ways to move forward in facilitating partnership formation, and additionally facilitating the establishment of conditions that might foster innovation and imagination in a public and private sector environment characterized more by dependency than inventiveness. The results of that work are detailed in Occasional Paper #16, and provide the foundation for many of the actions presented in this Annual Work Plan, specifically the emphasis on small-scale commercialization of natural products through encouraging the formation and development of producer group enterprises.

In the COMPASS II Performance Monitoring Plan, no specific target for this sub-task was specified. The contract, however, states that COMPASS must “encourage innovative partnerships between communities, entrepreneurs, and one or more of the following potential partners: nongovernmental business development organizations, government entities, local academic institutions, micro-credit institutions, donor-funded small enterprise development programs, and regional production and marketing organizations.”

Because all of the actions by the COMPASS II field team undertaken to accomplish sub-task 3.3.1 above (“Broker partnerships”) also meet the innovation aspect of this sub-task, DAI recommended in the 2007 Annual Work Plan that this sub-task be combined with the Broker Partnerships sub-task, and be reported on against the same target. USAID agreed to this combination of sub-tasks.

ANNEX B: 2007 ANNUAL WORK PLAN PERFORMANCE MONITORING TABLE

Table 37: 2007 Annual Work Plan Performance Monitoring Table—results modules, tasks and sub-tasks, indicators

WORK PLAN TASK	SUB-TASK	PERFORMANCE INDICATOR	TEAM MEMBER(S) RESPONSIBLE	EXPECTED COMPLETION DATE
Results Module #1: More Decentralized Management of Natural Resources in Malawi				
Task 1.1. <i>Promote greater decentralization of key natural resource decision-making</i>	Develop guidelines for community management of natural resources	Guidelines completed and disseminated in 15 districts on methodologies for community and producer group institutional development in all NR sectors	Asst. Decentralization Specialist¹⁷ <i>NRM Decentralization Specialist</i> <i>Public Awareness Specialist</i> <i>Field Forestry Advisor</i>	Inst. Devt. guidelines: Q2 Fisheries guidelines: Q3 Wildlife guidelines: Q4 Dissemination throughout 2007
	Promote devolution of authority to approve natural resource management agreements	Management plans / agreements for at least 250 communities endorsed by district executives in at least 10 districts	NRM Decentralization Specialist <i>Asst. Decentralization Specialist</i> <i>Field Forestry Advisor</i> <i>Sr. CBNRM Specialist (COP)</i>	Ongoing throughout 2007 (results depend on government progress with management plans and agreements)
	Facilitate natural resource agreements between communities and district authorities	250 agreements approved and being implemented by end of 2007	NRM Decentralization Specialist <i>Asst. Decentralization Specialist</i> <i>GIS Specialist</i> <i>GIS Technical Officer</i> <i>Field Forestry Advisor</i> <i>Protected Areas Extn. Officer</i>	Ongoing through 2008 for total target of 500 agreements
	Support efforts to harmonize sector legislation with decentralization policy	Draft revisions (if appropriate) of Fisheries Conservation and Management Act and Forestry Act Procedural guidelines for sectors completed	NRM Decentralization Specialist <i>Asst. Decentralization Specialist</i>	Forestry Act: Q2 Fisheries Conservation and Management Act: Q3 Sector procedures: Q3
Task 1.2. <i>Increase district-level capacity to support CBNRM</i>	Build awareness of the opportunities for community-based management of natural resources	[original contract target reached] Level of demand for extension services demonstrably increased At least 3 water conservation awareness campaigns (CWPP)	Asst. Decentralization Specialist <i>Public Awareness Specialist</i> <i>Media Production Officer</i> <i>NRM Decentralization Specialist</i> <i>Field Forestry Advisor</i> <i>Reg NRBE Development Specialist</i> <i>NRBE Development Specialist</i> <i>CWPP Coordinator</i> <i>Sr. CBNRM Specialist (COP)</i>	Ongoing throughout 2007 Mulanje CWPP: Q3

¹⁷ Team Member Responsible in **bold** text = primary responsibility; team member in *italics* text = secondary responsibility in declining order of accountability for results

WORK PLAN TASK	SUB-TASK	PERFORMANCE INDICATOR	TEAM MEMBER(S) RESPONSIBLE	EXPECTED COMPLETION DATE
	Build district capacity to support and deliver natural resources management services	At least 10 target districts have capacity to support CBNRM with quality services; and At least 50 private service providers operating in support of natural products enterprises Mulanje CWPP forestry extension support provided	NRM Decentralization Specialist <i>Asst. Decentralization Specialist</i> <i>Community Extension Officer</i> <i>Protected Areas Extn. Officer</i> <i>Field Forestry Advisor</i> <i>Reg NRBE Development Specialist</i> <i>CWPP Coordinator</i>	Ongoing throughout 2007 Mulanje CWPP: Q3
	Build a database of CBNRM Best Practice sites	At least 10 target districts have capability to collect, manage, and analyze data on natural resources distribution and utilization	NRM Decentralization Specialist <i>GIS Specialist</i> <i>Monitoring & Evaluation Specialist</i>	Ongoing throughout 2007 Honey and aquaculture suitability maps: Q3
Task 1.3. <i>Improve CBNRM stakeholder coordination</i>	Strengthen national coordinating bodies	National organization of honey industry established & operating on sustainable funding basis	NRBE Development Specialist <i>Reg NRBE Development Specialist</i> <i>Sr. CBNRM Specialist (COP)</i> <i>Public Awareness Specialist</i> <i>Media Production Officer</i> <i>Asst. Decentralization Specialist</i> <i>Monitoring & Evaluation Specialist</i>	Honey "council": Q2 and ongoing Assessment of other subsector organizations: Q2 FGLG: throughout 2007
	Strengthen district coordinating bodies	At least 6 districts have demonstrably improved coordination across sectors	Asst. Decentralization Specialist <i>NRM Decentralization Specialist</i> <i>GIS Specialist</i>	Ongoing throughout 2007
	Strengthen local coordinating bodies	500 people exposed to small-scale commercialization of natural products through exchange visits Mulanje CWPP support to increased water supply and water user associations	Asst. Decentralization Specialist <i>Field Forestry Advisor</i> <i>CBNRM Training Specialist</i> <i>Regional Training Specialist</i> <i>Community Extension Officer</i> <i>CWPP Coordinator</i>	Ongoing throughout 2007 Mulanje CWPP: Q3

WORK PLAN TASK	SUB-TASK	PERFORMANCE INDICATOR	TEAM MEMBER(S) RESPONSIBLE	EXPECTED COMPLETION DATE
Results Module #2: Enhanced Community Capacity for Managing Natural Resources in a Sustainable Manner				
Task 2.1. <i>Increase capacity for natural resources management at the community level</i>	Train community representatives participating in VNRMCs and BVCs	At least 300 committees (200 VNRMCs/forest stakeholders; and 100 BVCs/RVCs/fisheries stakeholders) in 15 target districts have skills to regulate resource access and use Small-scale commercialization skills demonstrated by community members At least 27 water user groups in T/A Njema, Mulanje CWPP	CBNRM Training Specialist Regional Training Specialist <i>NRBE Development Specialist</i> <i>Reg NRBE Development Specialist</i> <i>Community Extension Officer</i> <i>Media Production Officer</i> <i>Public Awareness Specialist</i> <i>Field Forestry Advisor</i> <i>CWPP Coordinator</i>	Ongoing throughout 2007 Fisheries TNA: Q2 Forestry skills: Q2 Aquaculture Gold Standard: Q2 Producer groups TNA: Q3 Cage culture final design: Q4 Mulanje CWPP: Q4
Task 2.2. <i>Strengthen the capacity of CBNRM service providers</i>	Promote participation of qualified local firms and organizations	High-quality technical and business extension services available in at least 6 districts Award 3 sub-agreements CWPP	CBNRM Training Specialist Regional Training Specialist <i>Reg NRBE Development Specialist</i> <i>NRBE Development Specialist</i> <i>Community Extension Officer</i> <i>Enterprise Fund Manager</i> <i>CWPP Coordinator</i>	Ongoing throughout 2007 BDS database update: Q1 Business linkages design: Q2 Mulanje CWPP: Q3
	Strengthen and support local NGOs	At least 6 districts have high-quality business development training available to producers Mulanje CWPP partners strengthened	CBNRM Training Specialist Regional Training Specialist <i>Protected Areas Extn. Officer</i> <i>Asst. Decentralization Specialist</i> <i>Community Extension Officer</i> <i>NRBE Development Specialist</i> <i>Sr. CBNRM Specialist (COP)</i> <i>CWPP Coordinator</i>	Ongoing throughout 2007 BDS training orgs.: Q2 Mulanje CWPP: Q4
Task 2.3. <i>Increase public awareness and understanding of CBNRM roles and opportunities</i>	Expand the environmental education program through school clubs	Assess effectiveness of current environmental education efforts and complete an action plan	WESM	2 nd quarter

WORK PLAN TASK	SUB-TASK	PERFORMANCE INDICATOR	TEAM MEMBER(S) RESPONSIBLE	EXPECTED COMPLETION DATE
	Develop a public relations outreach program in TV and radio for Malawi	10,000 copies distributed of <i>Nantchengwa</i> per issue One hour NRM/conservation programming per month on TV Four hours NRM/conservation programming per month on radio	WESM (<i>Nantchengwa</i>) Public Awareness Specialist Media Production Officer <i>Asst. Decentralization Specialist</i> <i>NRM Decentralization Specialist</i> <i>Monitoring & Evaluation Specialist</i>	Ongoing throughout 2007 Public KAP survey: Q3
	Establish a website for Malawi environment and CBNRM activities	COMPASS II website online (with portal for variable content) Malawi natural products website accessible by stakeholders	Sr. CBNRM Specialist (COP) <i>NRM Decentralization Specialist</i> <i>GIS Specialist</i> <i>IT Officer / Data Manager</i> <i>NRBE Development Specialist</i>	COMPASS II site: Q2 Natural products site: Q4
Task 2.4. <i>Strengthen knowledge and accountability of Traditional Authorities and related officials in CBNRM</i>	Train Traditional Authorities in CBNRM	Traditional leaders demonstrably supporting commercialization of natural products in 10 districts Mulanje CWPP in T/A Njema	CBNRM Training Specialist Regional Training Specialist <i>entire COMPASS II team</i> <i>CWPP Coordinator</i>	Ongoing throughout 2007 Mulanje CWPP: Q4
	Host the annual Traditional Authority conference	<i>Recommended for removal from Work Plan (objective met by ongoing field integration of traditional leaders)</i>	n/a	n/a
Results Module #3: Increased Sales of Natural Resource-Based Products by Households				
Task 3.1. <i>Enhance market access by entrepreneurs, households, and community groups that produce natural products</i>	Identify clusters and complete sub-sector analyses for key natural products	At least 3 additional commodities undergo subsector analyses Market characterization complete Small-scale commercialization underway in at least 4 districts	NRBE Development Specialist Reg NRBE Development Specialist <i>Other team members as needed for specific products (Lwanda, Moyo, Sosola, Dickinson, etc.)</i>	Ongoing throughout 2007 Market screening: Q2 Aquaculture Gold Standard: Q2 Honey commercialization: Q3 Cage aquaculture: Q3
	Organize national and regional natural product conferences	Local natural products trade events held in at least 6 districts	NRBE Development Specialist Reg NRBE Development Specialist <i>Sr. CBNRM Specialist (COP)</i> <i>Community Extension Officer</i>	Irrigation trials results: Q2 Producer events: Q3 Consumer events: Q3
	Promote sustainable business development services	High-quality BDS services in at least 6 districts serving producer group enterprises	Reg NRBE Development Specialist NRBE Development Specialist <i>Other team members as needed (Lwanda, Moyo, Sosola, Namale)</i>	Ongoing throughout 2007 Bank loan officers: Q2 Accreditation: Q3

WORK PLAN TASK	SUB-TASK	PERFORMANCE INDICATOR	TEAM MEMBER(S) RESPONSIBLE	EXPECTED COMPLETION DATE
	Implement small grants program	<i>Combined with sub-task 3.3.2 in 2005 approved Work Plan</i>	n/a	n/a
	Build capacity for monitoring and sustainable harvesting	Methodologies and guidelines on prod'n and resource condition Producers in at least 6 districts trained on methodologies	Sr. CBNRM Specialist (COP) NRM Decentralization Specialist Reg NRBE Development Specialist Monitoring & Evaluation Specialist WESM (wildlife counts)	2 nd through 4 th quarters
<i>3.2. Identify production and harvesting opportunities for new natural resource-based products and actively exploit them on a sustainable basis</i>	Provide technical assistance in performing natural products inventories and train local service providers on inventory techniques	Inventories conducted for marketable natural products Local service providers trained through joint inventory conduct Mulanje CWPP hydro surveys	Community Extension Officer NRBE Development Specialist Protected Areas Extn. Officer Reg NRBE Development Specialist CWPP Coordinator Sr. Water Hydrologist (STTA)	2 nd through 4 th quarters Mulanje CWPP: Q3
	Provide market analysis and other product information to entrepreneurs, associations and other potential investors	Market assessments conducted for 7 new NR-based products from 15 target districts Results of analyses disseminated	NRBE Development Specialist Reg NRBE Development Specialist Sr. CBNRM Specialist (COP) Community Extension Officer Public Awareness Specialist Media Production Officer Enterprise Fund Manager	2 nd through 4 th quarters Market assessments: Q3 Investment profiles: Q3
	Create and support producer associations	At least 10 natural products groups in place and functioning	NRBE Development Specialist Reg NRBE Development Specialist Community Extension Officer NRM Decentralization Specialist Asst. Decentralization Specialist	Ongoing throughout 2007
	Establish standards and quality control procedures	National standards and agreed grading systems in place for at least 2 natural products	Reg NRBE Development Specialist NRBE Development Specialist Sr. CBNRM Specialist (COP) Public Awareness Specialist Community Extension Officer Regional Training Specialist	2 nd and 3 rd quarters

WORK PLAN TASK	SUB-TASK	PERFORMANCE INDICATOR	TEAM MEMBER(S) RESPONSIBLE	EXPECTED COMPLETION DATE
3.3. <i>Develop and strengthen partnerships between communities and the private sector</i>	Broker partnerships	Producers of at least 4 NR-based products in 15 target districts negotiated 150 sales contracts	Reg NRBE Development Specialist NRBE Development Specialist <i>Enterprise Fund Manager Sr. CBNRM Specialist (COP)</i>	Ongoing throughout 2007 NRBE database: Q2 Samples submitted: Q2 Investor identification: Q3
	Explore and promote sustainable financing strategies	Access to start-up or working capital does not constrain business-oriented NRBEs \$250,00 in loans approved \$250,000 co-financing awarded	Enterprise Fund Manager <i>Sr. CBNRM Specialist (COP)</i>	Ongoing throughout 2007 New APS release: Q1 New RFA release: Q2 Leasing options: Q2
	Increase understanding of the marketing chain among rural households	At least 30 accredited business service providers trained 4 market-focused study tours conducted 3 hours radio drama produced on market and value chain functions	Reg NRBE Development Specialist <i>Community Extension Officer NRBE Development Specialist CBNRM Training Specialist Asst. Decentralization Specialist Media Production Officer</i>	Ongoing throughout 2007 Business training: start Q2 Study tours: beginning Q3 Radio drama: beginning Q3
	Encourage innovative partnerships between communities, entrepreneurs, and one or more potential partner(s)	<i>Recommended to combine with 3.3.1 in this and subsequent Work Plans – objectives and methodology of achieving are virtually identical</i>	n/a	n/a

ANNEX C: COMPASS II PUBLICATIONS

SERIES / No.	TITLE	AUTHOR(S)	No. PAGES	PUBLICATION DATE
CBNRM Occasional Paper series				
#1	COMPASS Development Pathways	Watson, A. (with R. Godwin)	35	September 2004
#2	Community Resources Mapping: land-use mapping for the people, by the people	Bouvier, R.; Bouvier, I. and Kafakalawa, W.	37	October 2004
#3	Decentralisation and CBNRM: framework for a review of progress, challenges and opportunities	Seymour, T.	44	November 2004
#4	Decentralisation and Fisheries: a review of progress, challenges and opportunities for CBNRM in the fisheries sector	Seymour, T.	41	March 2005
#5	Communities Building Upon What They Do Best: an appreciative inquiry approach to community-based natural resources management	Svensden, D. and Moyo, N.	51	April 2005
#6	Traditional-Use Plant Products: pre-feasibility analysis	Greenberg, D. and Irwin, B.	68	June 2005
#7	Introduction to Appreciative Inquiry: a manual for training community development facilitators	Svensden, D.; Msukwa, C, and Moyo, N.	137	April 2005
#8	Decentralisation and Forestry: a review of progress, challenges and opportunities for CBNRM in the forestry sector	Anton, A. and Chimzukila, N.	50	May 2005
#9	Valuing the Resources of Mulanje Mountain: study design	Hecht, J.	41	July 2005
#10	Addressing the Business Service Needs for Rural Natural Resources-Based Enterprises in Malawi	Foan, L.; Kahatano, D.; Mohane, H. and Grant, W.	86	July 2005
#11	Directory of CBNRM and NRBE Service Providers: first edition	Namale, B.	49	August 2005
#12	Preliminary Assessment of the Resource Base of <i>Jateorhiza</i> species (Calumba root) in Malawi	Kambewankako, Y.E.	65	October 2005
#13	Analysis of Biodiversity Threats and Opportunities in Malawi: phase 1 – assessment of current status	Millington, S.J. and Kaferawanthu, M.	58	November 2005
#14	Valuing the Resources of Mulanje Mountain: current and projected use under alternate management scenarios	Hecht, J.	43	April 2006
#15	Biodiversity Assessment for Malawi: analysis of threat and opportunities	Millington, S.J. and Kaferawanthu, M.	67	April 2006
#16	Enhancing Economic Opportunities: promoting business linkages, partnerships, and multiplier effects for communities in the honey, mushroom and aquaculture sectors in Malawi	Sherchand, B.	61	May 2006

SERIES / No.	TITLE	AUTHOR(S)	No. PAGES	PUBLICATION DATE
Technical Reports				
	CBNRM Situational Analysis at District and Community Level: Part 1 – results, analysis, discussion and recommendations	Mauambeta, D. and Chadza, W.	36	September 2004
	Situation Analysis and Gender Mainstreaming Action Plan: module II enhanced community capacity for management of natural resources in a sustainable manner	Omambia, D.	31	September 2004
	COMPASS II HIV/AIDS Integration Plan	Irwin, B.	27	September 2004
	CBNRM Situational Analysis at District and Community Level: Part 2 – the districts	Mauambeta, D. and Chadza, W.	78	October 2004
	Honey Subsector: initial report	Pratt, J.; Munthali, S. and Agar, J.	50	February 2005
	Doing Well by Doing Good – Promoting Increased Income for Men and Women Through conservation of Malawi's Natural Resources: analysis and proposed actions concerning gender mainstreaming and enterprise development in COMPASS II	Blumberg, R.L.	76	March 2005
	Communications Strategy for Malawi Department of Fisheries	Simon, J.	29	May 2005
	Northern Capture Fishery Subsector Analysis: line fishery for <i>ncheni</i> at Nkhata Bay	Seymour, T.; Munthali, S.; Saiti, D. and Agar, J.	47	May 2005
	The Nkhotakota Lake Fishery: a strategy for participatory fisheries management, institutional development and development of the offshore fishery	Seymour, T.	51	January 2006
	Nyika-Vwaza Preliminary Situation Analysis Report	Sichinga, K.	60	March 2006
	Malawi Gold Standard Beekeeping Trainer's Guide (includes set of 7 DVDs in Chichewa)	Chadza, W.; Banda, A. and Mweso, J. (illustrated by R. Mwale; video by P. Mphaka and E. Neudel)	61	July 2006
	Malawi Gold Standard Beekeeper's Handbook (English or Chichewa)	Simon, L.; Banda, A. and Mweso, J. (illustrated by R. Mwale)	91	July 2006
	Malawi Gold Standard Beekeeping Business Management Plan	Johnson, T.; Neudel, E.; Simon, L.; Simon, J. and Namale, B. (illustrated by R. Mwale)	29	August 2006
	Measuring Your Own Progress: participatory monitoring and evaluation for adaptive management – revised 2 nd edition manual for facilitators	Mpezeni, M.	59	September 2006
	Malawi Gold Standard Fish Farming Trainer's Guide – <i>Pond Aquaculture</i> (includes set of 6 DVDs in Chichewa)	Jamu, D.; Kambewa, P.; Kaluwa, B.; Nagoli, J.; Unyolo, S.; Nkhonjera, W.; Chirwa, B.; Nikoloma, F. and Hunga, H. (illustrated by R. Mwale; edited by L. Simon & T. Johnson; video by P. Mphaka)	55	March 2007

SERIES / No.	TITLE	AUTHOR(S)	NO. PAGES	PUBLICATION DATE
	Malawi Gold Standard Fish Farmer's Handbook – <i>Pond Aquaculture</i> (English or Chichewa)	Simon, L.; Nagoli, J. and Unyolo, S. (illustrated by R. Mwale)	60	March 2007
	Malawi Gold Standard Fish Farming Business Management Plan – <i>Pond Aquaculture</i>	Namale, B.; Simon, L. and Johnson, T. (illustrated by R. Mwale)	31	March 2007
	<i>Chuma Chobisika</i> (Hidden Treasure) Natural Resource Enterprise Broadcasts – Report of a National Survey on Listenership and Effectiveness	Sichinga, K.; Manda, L.; Sosola, B. and Johnson, T.	30	April 2007
	Charcoal – The Reality: A study of charcoal consumption, trade and production in Malawi	Kambewa, P.S., Mataya, B.F., Sichinga, W.K. and Johnson, T.R.	72	July 2007
Contract Deliverables				
	Annual Work Plan: 2004–2005	Johnson, T.	68	May 2004
	Getting Past Tick-Boxes: gender mainstreaming plan for COMPASS II	Luché-Thayer, J.; Omambia, D. and Blumberg, R.L.	52	September 2004
	Annual Work Plan: 2005	Johnson, T. et al.	96	October 2004
	Annual Progress Report—2004	Johnson, T. et al.	31	November 2004
	Quarterly Progress Report: 1 st quarter 2005 (01 October—31 December 2004)	Johnson, T. et al.	73	January 2005
	Quarterly Progress Report: 2 nd quarter 2005 (01 January—31 March 2005)	Johnson, T. et al.	71	April 2005
	Quarterly Progress Report: 3 rd quarter 2005 (01 April—30 June 2005)	Johnson, T. et al.	74	July 2005
	COMPASS II Monitoring & Evaluation Plan	Sambo; E.Y.; Wilson, J.; Flaming, L. and Sichinga, K.	72	August 2005
	Annual Progress Report—2005	Johnson, T. et al.	40	October 2005
	Annual Work Plan: 2006	Johnson, T. et al.	68	October 2005
	Quarterly Progress Report: 1 st quarter 2006 (01 October—31 December 2005)	Johnson, T. et al.	77	January 2006
	Quarterly Progress Report: 2 nd quarter 2006 (01 January—31 March 2006)	Johnson, T. et al.	83	April 2006
	Quarterly Progress Report: 3 rd quarter 2006 (01 April—30 June 2006)	Dickinson, J. et al.	91	July 2005
	Annual Progress Report—2006	Johnson, T. et al.	50	October 2006
	Annual Work Plan: 2007	Johnson, T. et al.	71	October 2006
	Quarterly Progress Report: 1 st quarter 2007 (01 October—31 December 2006)	Johnson, T. et al.	98	January 2007

SERIES / No.	TITLE	AUTHOR(S)	No. PAGES	PUBLICATION DATE
	Quarterly Progress Report: 2 nd quarter 2007 (01 January—31 March 2007)	Johnson, T. et al.	90	April 2007
	Quarterly Progress Report: 3 rd quarter 2007 (01 April—30 June 2007)	Johnson, T. et al.	91	July 2007
Workshop Proceedings				
	National CBNRM Stakeholders Consultation: proceedings of a workshop held 22-23 September 2004 in Blantyre	N. Moyo and T. Chitaukali (eds.)	31	October 2004
	Regional CBNRM Stakeholders Consultation – Part 1 Southern Region: proceedings of a workshop held 09-10 November 2004 in Zomba	P. Munthali (ed.)	24	December 2004
	Regional CBNRM Stakeholders Consultation – Part 2 Southern Region: proceedings of a workshop held 11-12 November 2004 in Zomba	N. Moyo and T. Chitaukali (eds.)	22	December 2004
	Regional CBNRM Stakeholders Consultation – Central Region: proceedings of a workshop held 16-17 November 2004 in Lilongwe	N. Moyo and T. Chitaukali (eds.)	15	December 2004
	Regional CBNRM Stakeholders Consultation – Northern Region: proceedings of a workshop held 23-24 November 2004 in Mzuzu	N. Moyo and T. Chitaukali (eds.)	26	December 2004
	Traditional Authorities Conference on Community-Based Natural Resource Management: proceedings of a conference held 19-20 October 2005 in Lilongwe	N. Moyo (ed.)	40	January 2006
Internal Reports				
	Software Application Training Manual for COMPASS II	Campbell, M.	20	September 2004
	Internet Mapping: user's guide to the COMPASS II interactive mapping application	Bouvier, I.	19	December 2004
	COMPASS II Natural Resource-Based Products Venture Fund Design	Humpal, D. and Namale, B.	37	December 2004
	Report on Training of the COMPASS II Public Awareness Team	Simon, L.	23	August 2005