



SEMI-ANNUAL PROGRESS REPORT— OCT. 07 – MAR 08

COMMUNITY PARTNERSHIPS FOR SUSTAINABLE
RESOURCE MANAGEMENT (COMPASS II)

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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.

BVC	Beach Village Committee
CBNRM	Community-based Natural Resources Management
CBO	Community-based Organization
COMPASS	Community Partnerships for Sustainable Resources Management in Malawi
DAI	Development Alternatives, Inc.
DESC	District Environmental Sub-committee
EU	European Union
FY	Financial Year
GDA	Global Development Alliance
GETF	Global Environmental and Technology Foundation
Ha.	Hectares
HH	Households
HIV	Human Immunodeficiency Virus
LTTA	Long-term Technical Assistance
MBC	Malawi Broadcasting Corporation
MCWPP	Mulanje Community Watershed Partnership Programme
MGS	Malawi Gold Standard
NRM	Natural Resources Management
OP	Operating Plan
RVC	River Village Committee
STTA	Short-term Technical Assistance
TA	Traditional Authority
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
USG	United States Government
VNRMC	Village Natural Resources Management Committee
WESM	Wildlife and Environmental Society of Malawi
WVI	World Vision International
WWF	World Wildlife Fund

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 May 1, 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 contribute to safeguarding Malawi's natural resources. 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 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 Semi-Annual Report to USAID/Malawi, "updated every two-quarters" to guide fieldwork. The "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 1st Semi-Annual Progress Report for 2008, covering the period October 1, 2007 through March 31, 2008, and represents the first and second quarters in the fifth year of implementation of COMPASS II (2004-2009)

This 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 a brief description of the strategies COMAPSS is employing to meet those challenges. The 2nd section details the specific activities undertaken between 1st October 2007 and 31st March, 2008, and planned activities by the field team for the third and fourth quarters (1st April to 30th September, 2008). Detail on actions planned under each of the various contracted Tasks and Sub-Tasks is provided, as well as the expected resource requirements.

A set of Annexes provide the following: (1) Annex A is an end-of-quarter financial summary for USAID readers; (2) Annex B provides a summary table of performance monitoring indicators; and (3) Annex C is an updated list of COMPASS II publications.

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April 2008

¹ Wildlife & Environmental Society of Malawi, and Spectrum Media

COMPASS ACTIVITY OVERVIEW AND RESULTS

This document reports on progress achieved for the period from 01 October, 2007 through 31st March, 2008. The change in reporting schedule of program under COMPASS II from quarterly to semi-annual has been instituted to better accommodate and adjust the administrative workload in light of the significant reduction in staff due to a budget shortfall experienced in FY07. This document constitutes the first Semi-Annual Progress Report of COMPASS II activity.

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 six months. It is intended to provide brief information to those unfamiliar with previous activity documents, such as the Annual Work Plan - FY 2008/09.

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 FRAMEWORK

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.

Summary Results toward OP indicators as of 31st March 2008

The following table summarizes the final performance data for these seven indicators in FY2007, and provides results to date against FY 2008/09 targets. There is, however, one point to note in Table 1, and that is the hectare targets and results for areas under improved natural resources management and showing biophysical improvement have been corrected since previous reports. It has not been previously understood that land showing improved biophysical condition should be considered a subset of land under improved natural resources management, rather than a separate category. Hence the targets and results for areas of land under improved management have now been corrected to now *include* those areas where biophysical condition is considered to be improving. This means, for example, that the end of project target for terrestrial areas of biological importance under improved management is 190,000 Ha. of which 115,000 Ha. will be showing improved biophysical condition.

Table 1: Progress on Operating Plan Indicators as of 31 March 2008

INDICATOR		FY07 RESULTS ²	FY08/09 TARGET	FY08/09 RESULTS ³
# OF HECTARES UNDER IMPROVED NATURAL RESOURCE MANAGEMENT		34,608	61,500	35,536
# OF HECTARES IN AREAS OF BIOLOGICAL SIGNIFICANCE UNDER IMPROVED MANAGEMENT	MARINE	0	105,000	106,040
	TERRESTRIAL ⁴	42,982	190,000	106,040 ⁵
# OF HECTARES OF NATURAL RESOURCES SHOWING IMPROVED BIOPHYSICAL CONDITION ⁶		9,970	35,000	9,877
# OF HECTARES IN AREAS OF BIOLOGICAL SIGNIFICANCE SHOWING IMPROVED BIOPHYSICAL CONDITION	MARINE	105,648	105,000	106,148
	TERRESTRIAL	60,263	220,000	97,540
# OF POLICIES, LAWS, REGULATIONS PROMOTING SUSTAINABLE NRM / CONSERVATION IMPLEMENTED ⁷		249	400	255
# OF PEOPLE WITH INCREASED ECONOMIC BENEFITS FROM SUSTAINABLE NRM / CONSERVATION ⁸	MALE	15,000	35,000	19,215
	FEMALE	10,200	25,000	11,605
# OF PEOPLE TRAINED IN NRM &/OR BIODIVERSITY CONSERVATION AS A RESULT OF USG ASSISTANCE	MALE	792	650	285
	FEMALE	454	350	123

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 revenue⁹ 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)

² These are final results.

³ Progress to date.

⁴ Includes hectares within protected forest or grassland ecosystems

⁵ As management plans begin to be implemented or NRBE is initiated, land in this category is included in the category of “Areas of biological significance showing improved biophysical condition”.

⁶ 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. Area of land showing improved biophysical condition is *part of* area of land under improved natural resources management.

⁷ Cumulative number under active implementation since a law or policy is not “implemented” in any one reporting period or fiscal year

⁸ Cumulative number benefiting from ongoing enterprises rather than only new entrants within any one reporting period or fiscal year

⁹ The SO Team has clarified the definition of “income” to include non-cash (i.e., in-kind) income that households receive.

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 31 March 2008

Table 2 below summarizes the performance data for these four indicators since the USAID/Malawi Country Strategic Plan was approved in 2001. The preliminary results for FY2008 (quarter ending March 31, 2008) are shown, with the caveat that the data analysis is ongoing. FY2007 results are considered final.

Table 2: Progress on Intermediate Result Indicators as of 31 March 2008

INDICATOR	BASE LINE		2002	2003	2004	2005	2006	2007	2008/09 ¹⁰
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	1,000,000
		ACTUAL	9,000	15,774	55,431	200,587	532,162	809,573	1,047,825
NUMBER OF COMMUNITIES ADOPTING CBNRM PRACTICES	315 (2001)	TARGET	300	350	500	650	900	1,000	1,000
		ACTUAL	457	599	642	714	1,293	1,659	1,732
NUMBER OF HOUSEHOLDS PARTICIPATING IN CBNRM ACTIVITIES	23,408 (2002)	TARGET		28,088	30,000	45,000	65,000	80,000	80,000
		ACTUAL		30,681	33,498	46,255	75,847	82,346	83,402
NUMBER OF COMMUNITY MEMBERS TRAINED IN CBNRM (M/F)	846 (2001)	TARGET	420	570	1,500	2,250	3,250	4,000	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: 3,741 F: 3,389	M: 4,026 F: 3,512

HIGHLIGHTS OF COMPASS II STRATEGY

Three principal themes continue to 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 and 2007.

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:

¹⁰ Year to date

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.

During 2007, due to reduced funding levels, COMPASS II needed to reduce its focus to those districts that, through a combination of factors, were considered most likely to provide a substantial return on the investment, measured in terms of increased, legal access for rural communities to natural resources, improved co-management of those resources and enhanced income for participating households. During the final 18 months of the activity, COMPASS II is prioritizing the seven districts that have demonstrated most commitment to improved natural resources management, as well as three other districts (Karonga, Chitipa and Kasungu, where specific opportunities occur). These priority districts are:

- **Rumphi District**, specifically along the southern border of Nyika National Park, supporting the establishment of collaborative management and the concurrent development of small-scale commercial honey production as well as improvement in smallholder coffee quality.
- COMPASS will also support the efforts of DNPW to extend the beekeeping enterprise model, pioneered around Nyika National Park in Rumphi District to **Karonga and Chitipa Districts**;
- **Nkhotakota District**, where a range of activities related both to participatory fisheries management and collaborative management of Nkhotakota Wildlife Reserve, including fish cage culture, honey production, mushroom cultivation and dried fruit production are taking place;
- **Phalombe, Zomba and Machinga Districts**, specifically the establishment of participatory fisheries management on Lakes Chilwa and Chiuta; and in the Chingale area, where pond aquaculture is being supported primarily through improvement in marketing and business development;
- **Nkhata Bay District**, around both Mukwazi Forest Reserve and Kandoli Mountain, where community management of forest resources is being linked to honey production; and
- **Mulanje District**, where the Global Development Alliance (GDA)-supported Mulanje Community Watershed Partnership Program will combine watershed and biodiversity conservation with improved water supply;
- COMPASS will also support existing beekeeping groups at Kabunduli in **Nkhata Bay** and Chulu as well as Santhe in **Kasungu District**, with technical advice and assistance with registration and establishing management agreements and market linkage;
- If agreed with the Department of Fisheries and if an assessment indicates its viability, the successful small-scale cage fish aquaculture model will be extended from Nkhotakota District to Lake Malombe in Mangochi District. Although it is important to note that the Department is already supporting the experiment with cage culture in Mangochi district in Lake Malawi.

During March 2008, a contract modification for COMPASS II, required due to reduced funding levels, was approved. Key performance indicators and targets specified in the modified COMPASS II contract Statement of Work for each of these Results Modules are the following:

- 7 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
- US\$ 1,000,000 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 increase household income, support sound natural resource management and generate employment for rural households and members of surrounding communities. This approach promotes cooperation and coordination among the key members of the value chain to not only reduce transaction costs but also to stabilize consistency of product supply base, enhance production through reduction of uncertainty and risks for buyers and sellers. COMPASS has identified honey and bee-products, tree seed oils, processed fruit, wild mushrooms as well as cultivated mushrooms, fisheries, medicinal plants, and smallholder coffee, especially those being produced around the Nyika National Park in the North, as high-potential commodities.

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.

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 has been extended until July 2008.

OVERVIEW OF COMPASS STRATEGIC APPROACH IN FY08/09

The Annual Work Plan—2008/09 provides the strategic framework, for COMPASS activity for the final 18 months of the activity. It is based on experience gained during the first four years of field operations and the results of several studies. It is further strongly influenced by the reduction in funding levels leading to the consequent contract modification and significant reduction in staff numbers. Given this background, the management team has come up with a site-based approach for the remainder of the program in order to better focus COMPASS II activities and ensure completion of all activities in a timely manner.

This site-based approach targets those locations, particularly areas of biological significance such as the Nyika National Park, Nkhotakota Wildlife Reserve, Mukuwazi Forest Reserve, Lake Chilwa (given that it is the only RAMSAR Site in Malawi) and Mulanje Forest Reserve, where COMPASS has been already working successfully in the past four years and continues to hold promise of sustainability from both environmental and economic terms.

This strategy concentrates on providing all the necessary technical assistance in a synchronized manner to enable communities in a site to establish local resource management institutions and form resource user groups. The formation of these village and multi-village-level institutions and resource user groups provide the communities the legal framework to sustainably manage and conserve their natural resources, while at the same time giving them the legal right to earn income from sustainable harvesting and primary processing of natural resource based products. The strategy requires that all technical personnel under the three components work as a team to ensure that rights and responsibilities of the communities, conferred through resource use agreements and/or resource management plans, within that site vis-a-vis the natural resource, are formalized and ready for implementation with minimal external assistance.

COMPASS will necessarily sequence its activities targeting first those sites that are most ready for “formalization” and signing of the management plans and resource use agreements. The formalization of agreements and plans will be essential for the operationalization of enterprises utilizing natural resources sustainably so that both household income and biodiversity conservation increase.

While COMPASS II finds it necessary in FY 2008/09 to apply a site-based approach to speed up the accomplishment of targets, the program will continue also to adhere to the strategy of focusing on products, linking production to conservation and building sustainable businesses. As in previous years, COMPASS will continue to focus on those products that have a strong national and international market and that provide substantial benefits to rural households. This year too, COMPASS will make use of the following criteria for selection of products to promote, if new products are identified.

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

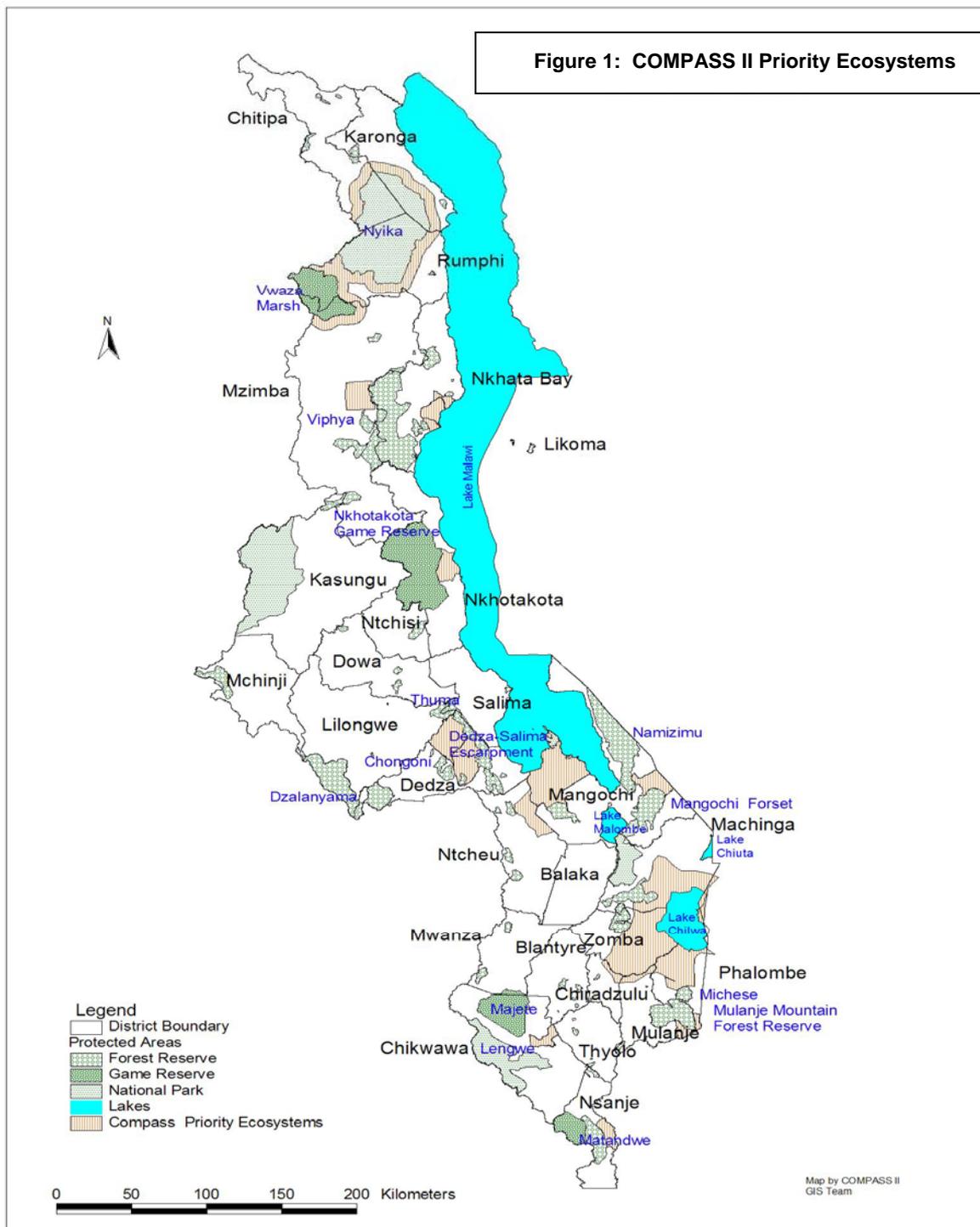
1. **Demonstrated market demand** – that the domestic demand for the product exceeds current supply, and that there are possibilities for regional or global export markets;
2. **Scale of impact** – that production, processing and trade in the product has the potential to significantly increase the income 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.

Many of the communities targeted for the site-based approach lie well within COMPASS II priority or strategic eco-systems, established early on in the life of the activity.

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 1) where COMPASS conducts fieldwork.



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.

HIGHLIGHTS OF PROGRESS THIS PERIOD

This subsection of the Semi-annual Report briefly summarizes progress by the COMPASS II field team toward completing the tasks listed in Table 3.

The contract modification agreed in March 2008 reduced the number of COMPASS target districts from 15 to 7. Our areas of focus will be 8 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. Nyika National Park (Rumphi, Karonga and Chitipa districts) – focusing on collaborative management and honey production.
2. Nkhotakota Wildlife Reserve (Nkhotakota district) – focusing on collaborative management, honey production, cage fish aquaculture, and mushroom cultivation, among communities bordering the Reserve between the M18 and Bua River;
3. Lake Chilwa basin and Mpoto Lagoon (Machinga, Phalombe, and Zomba districts) and Lake Chiuta (Machinga District)– focusing on implementation of participatory fisheries management;
4. Nkhotakota lakeshore (Nkhotakota district) – focusing on participatory fisheries management and cage aquaculture where appropriate;
5. Mkuwazi Forest Reserve (Nkhata Bay district) – focusing on forest co-management and honey production;
6. Kandoli Mountain (Nkhata Bay district) – focusing on community forest management and honey production;
7. TA Laston Njema on Mulanje Mountain (Mulanje district) – focusing on water supply, water governance and watershed rehabilitation through the Coca-Cola GDA project;
8. Chingale area (Zomba district) – focusing primarily on pond aquaculture;

COMPASS will also consider further support to active beekeeping enterprises in several other locations including two in Kasungu District and one in Nkhata Bay District. Finally, based on an assessment of potential to be done jointly with Department of Fisheries, fish cage culture will be tested in Lake Malombe, in combination with rehabilitation of participatory fisheries management established by previous projects but now largely moribund.

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 reporting period, are as follows:

PROMOTE GREATER DECENTRALIZATION OF KEY NATURAL RESOURCE DECISION-MAKING

1. Drama has been used successfully in Nkhotakota District to improve Beach Village Committee's (BVC) understanding of the role and the function of participatory fisheries management;
2. Twenty-seven water user groups have been formed in TA Njema and trained on management of the water component of the MCWPP
3. Resource management agreements for five associations comprising 852 households in 75 clubs with a combined area of apiary of 84,852 Ha. within Nyika National Park have been finalized.

4. Constitutions for five associations comprising 361 households in 32 villages on the border of Nkhotakota Wildlife Reserve, with a combined area for collaborative management of 7,395 Ha. have been finalized
5. The Director of Fisheries has agreed to assess the possible impacts of local fisheries regulations with a view to incorporating them, suitably modified, in the national Fisheries Conservation and Management Regulations;
6. Fishing permit books have been distributed to and permits are being issued by most BVCs around Lake Chilwa and some on the Nkhotakota Lakeshore, Lake Chikukutu and the Bua River.
7. The Department of Forestry has signed co-management agreements for six co-management blocks on Mulanje Mountain, the final stage in a process that COMPASS was jointly responsible for initiating;
8. Management plans are being widely implemented jointly by fishermen and Department of Fisheries staff on Lake Chilwa and Lake Chiuta; are beginning to be implemented on Lake Malawi on Nkhotakota, Lake Chikukutu and the Bua River. Fishermen claim to begin to see improvements in catches;
9. Beekeepers around Nyika National Park are collaborating with DNPW personnel on joint anti-poaching patrols.

INCREASE DISTRICT-LEVEL CAPACITY TO SUPPORT CBNRM

1. Dramas have been performed for all 38 BVCs and River Village Committees (RVC) in Nkhotakota district, highlighting issues related to the roles of the BVCs and their local regulations.
2. All the 40 COMPASS I best practice sites have been re-assessed and 17 removed as no longer functioning. A further 11 new sites have been added to the database.

IMPROVE CBNRM STAKEHOLDER COORDINATION

1. Sixteen fishermen from two BVCs of the Kuntamanji Association on Lake Chilwa participated in an exchange visit to Lake Chiuta.
2. The Training Specialist represented Malawi in a three day meeting of the Regional CBNRM Forum in Namibia.

Key actions expected in the second six months of FY 2008 include the following:

- Sign resource use agreements for **75 clubs** in five beekeeping enterprises around Nyika National Park;
- Finalize registration of fisheries associations around Lake Chilwa and Nkhotakota, agree management plans with Department of Fisheries and sign management agreements for **61 BVCs and RVCs**;
- Complete and sign co-management agreements for approximately **30 villages** and resource use agreements for **13 clubs** around Mukwazi Forest Reserve;
- Register and finalize and sign collaborative management agreements for five associations comprising some **70 villages** on the border of Nkhotakota Wildlife Reserve.
- Revision of guidelines for collaborative management of protected areas;
- Establish institutions for local forest organizations, prepare management plans and register organizations for Kandoli mountain customary land forest;
- Compile manual for establishing participatory fisheries management;

- Support revision of fisheries regulations;
- Complete establishment of institutions and management plans for a further four beekeeping enterprises around Nyika;
- Complete water supply work, irrigation equipment supply and distribution and forest reserve co-management plans for **6 group village headmen** in Mulanje.

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 reporting period, are as follows:

INCREASE CAPACITY FOR NATURAL RESOURCES MANAGEMENT AT THE COMMUNITY LEVEL

1. Business management and organizational development training for pond aquaculture business was conducted for 25 participants from 4 clubs in the Chingale area of Zomba District;
2. Training of 284 members of 27 water user groups on gender and conflict management was conducted in TA Laston Njema in Mulanje District
3. Training for Kambindingu Fisheries Association cage culture enterprise on business principles;
4. Training for village water committee members in Mulanje District for the MCWPP

STRENGTHEN THE CAPACITY OF CBNRM SERVICE PROVIDERS

1. Continued support and technical and business advice was provided to the beekeeping service providers;
2. An MoU was signed with Wildlife and Environmental Society - Dwangwa Branch (WESM-Dwangwa) to provide support for their and Nkhotakota Fisheries Departments work to establish participatory fisheries management;
3. Support for WESM-Dwangwa in their cooperation with Nkhotakota Fisheries Department;

INCREASE PUBLIC AWARENESS AND UNDERSTANDING OF CBNRM ROLES AND OPPORTUNITIES

1. WESM contracted local consultants to make an assessment of their school environment clubs programme; a draft report has been submitted.
2. Drama for BVCs in Nkhotakota District recorded for radio broadcast;

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

1. Training held for traditional leaders in Mbewa, Nkhotakota District

Key actions expected in the 2nd six months of FY 2008 include the following:

- Facilitate exchange visits for fishermen, cage fishers and beekeepers;
- Business management and financial management training for service providers and producer businesses;
- Training on honey grading for Malawi Gold Standard (MGS) Service Providers;
- Prepare content for COMPASS web-site and post to FRAME;

- Record key events and issues related to CBNRM and natural resources-based business for broadcast on radio and TV;
- Complete documentation of best practice sites and publish.

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 reporting period, are as follows:

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

1. COMPASS II organized and coordinated the participation of the Malawi contingent at the 2008 Gulfood Show in Dubai, held on Feb 24-27, 2008. Three Malawi companies showcased agricultural as well as natural products at the show, as a result of which they concluded several sales deals and clinched serious orders. Prior to the participation in the Show, COMPASS worked with the companies to design their stand and also assisted them in screening products and preparing samples. It is estimated that close to US\$50 million of new deals will be earned by the three companies sponsored and assisted by USAID/Malawi.
2. Identified and facilitated the participation of Malawi in the “East Africa Regional workshop on U.S. FDA Import and Labelling Requirements for processed/specialty food products held in Tanzania. The Malawi Bureau of Standards (MBS) and Satemwa Tea and Coffee Estate have been identified to partake of this opportunity in early April. Both participants will be sponsored by the USDA/FAS.
3. COMPASS II collaborated with the Southern Africa USAID Trade hub to identify private sector candidates for participation in the upcoming Fancy Food Show in New York. The two candidates, identified by COMPASS, will attend the show at the end of June to showcase products from Malawi, including gourmet tea, coffee, sauces, honey, and smallholder macadamia nuts.
4. Worked with Chanterella Ltd’s owner, Mr. Kocen, processor and exporter of dried fruits and mushrooms, to initiate the season’s production of dried mangos in Tongole. He assured the community of his continued interest in buying their product as well as providing technical support in the operations of the dryer. At the end of the season, Tongole dried about 40 kgs of dried mangoes and sold its first trial batch for \$75. Price ranged from Mk.350 to Mk600 per kg.
5. Consulted with NRC to assess the possibility of initiating a BDS mechanism linking communities with business development service providers. The plan is to use Farm Management students with interest in developing a business orientation to their program and link them to the 22 communities involved in mushroom production. In exchange for course credits, these students would work closely with the mushroom producing communities to build their business and provide book-keeping, record-keeping and financial management guidance to the members. It is hoped that with such type of assistance, mushroom producers will be better able to manage their businesses and in the process also appreciate the importance of keeping records and getting assistance, which in time they could learn to pay for the service.
6. Expanded the smallscale cage fish culture trial in Unaka Lagoon, which is located past Dwanga. The cage will be managed and monitored by members from 4 BVCs, who have joined hands to engage in cage culture as a way to increase their household income. Collaborating with the District Department of Fisheries staff to provide local field support to these communities with which COMPASS is working.

7. Continued working with Nkhotakota cage fish farmers and the Dept. of Fisheries to evaluate progress of the cage fish culture.
8. Offered Bee products marketing and quality management training to 19 women from Mbawemi Women's group to enable them to engage in beekeeping in order to help them increase their household income. These women were then linked with MZCPCU (formerly SCFT) for honey sales.

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

1. Collaborated with ASNAPP to organize and facilitate spawn production training targeting Malawi's spawn producers in order to help expand the availability of mushroom spawn in the country. It is well known that Malawi is currently experiencing a shortage of good quality spawn. With assistance from USAID/South Africa and USAID/Malawi, Malawi is poised to gain from this training.
2. Participated in the Malawi Bureau of Standards (MBS) technical committee meeting to discuss the standards and grades established for liquid honey. In addition to COMPASS, members from the private sector, government and universities were also invited to contribute to the development and finalization of the standard.
3. Continuing to support the registration and establishment of the Malawi Bee Products Council. In the process, assisted the task force with making company seals and liaising with the Office of the President (OPC) to obtain authorization to use the word "Malawi" in the name of the council.
4. Assisted Green Shop in developing a business plan to serve as a distributor of spawn in Mzuzu. Green shop's plan is to access financing from a bank to set up refrigerators for improving the cold chain in their establishment.
5. Facilitated the formation of the Mthuzi Beekeeping Club, located outside of Vwaza Game Reserve.
6. Continued working with existing associations and other groupings to help strengthen their organizational and business management skills.
7. Continued to conduct meetings with beekeepers, mushroom producers, and fish farmers associations and clubs in several locations on production and market opportunities.
8. Continued to brief beekeepers on honey and bees wax quality management, as part of the business management training provided by COMPASS.
9. Distributed Fish Cooler Box brochures in both English and Chichewa to fish traders in Mzuzu Market and Mangochi (Maldeco fish vendors) in order to assist them in their effort to maintain the cold chain for fish quality management.

DEVELOP AND STRENGTHEN PARTNERSHIPS BETWEEN COMMUNITIES AND THE PRIVATE SECTOR

1. Brokered sales contracts between beekeepers in Nkhota Bay, Nyika, Thete, Salima, and Kasungu and Honey processors, namely Mzuzu Coffe, Chiwogoro Apiaries, Nyika Honey and Nali Ltd
2. Continued to collaborate with various partners such as the World Fish Center, UNDP, ASNAPP, C-Fish, Tikwere, Clinton-Hunter Foundation, and EU's Improved Forest Management program to review opportunities to better link communities with programs and the private sector.
3. Maintained contact with honey buyers/processors, potential mushroom buyers, and fish buyers in preparation for brokering sales contracts and innovative partnerships.
4. Identified communities for two private sector honey processors to engage in pre-financing of standard hives in an effort to help expand honey production at the smallholder level, contributing

further to relationship honey, where buyers and sellers become partners in producing quality honey.

5. Liaised with OIBM and Malawi Savings Bank to explore possibilities of linking them to NRBEs that could do well with financing. Both institutions have been open to working with COMPASS to extend their reach to our communities.

Key actions expected in the 3rd Quarter 2008 include the following:

- Conduct an analysis on the green-credit market characterization, combined with an assessment of the possibility and viability of initiating a pilot effort with some of our already established communities who could greatly benefit from this added source of income, while contributing to safeguarding biodiversity and forest reserves.
- Collaborate with the Mzuzu Coffee Planters Cooperative Union to begin the process of fair trade certification of some of the smallholder coffee producing cooperatives under the Union. Fair Trade certification process will be established in consultation with FLO-Cert, based in Germany.
- Assist in the finalization of the registration and launching of the Malawi Bee Products Council, and assist the newly formed Council to begin the process of EU entry for Malawi Honey.
- Support the Coffee Association of Malawi (CAMAL) in its effort to better serve its members through provision of information on marketing as well as processing technology, in particular some of the members could use help in improving their coffee processing practices.
- Facilitate brokering of approximately 200 Sales agreements for honey, beeswax, cultivated mushroom, dried fruits, mushroom spawn and cage fish.
- Organize a national and/or regional conference on natural resource-based products, possibly in partnership with the Department of Forestry or Fisheries.
- Continue to promote/scale up cage fish culture across the country in partnership with the Department of Fisheries in order to support the Department's efforts under the PIAD.
- Assist the Department of Fisheries officially launch the MGS aquaculture trainers' guide. The Department is keen on promoting this living document.
- Continue to facilitate innovative financing strategies through and in partnership with private companies, partner Banks who have agreed to revolve COMPASS grant loans for disbursement, other investors, as well as through the NRBE Funds itself.

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

DETAILED QUARTERLY PERFORMANCE AND TASK UPDATES

This section of the Semi-annual 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 A.

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

In order to achieve success, conservation of biodiversity and 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.

The focus for the decentralization team during this final year of COMPASS will be to consolidate participatory resource management efforts by communities by (i) ensuring that the institutions needed to provide legal and regulatory basis to their activities are in place; (ii) management plans are agreed and signed; and (iii) that the management plans are being implemented and the results monitored by the same communities to provide the information for adaptation of management regulations as needed.

The key performance indicator for this Module is the **number of districts in which devolution plans are adopted and fully implemented**. The modified target for this indicator is 7 districts by the end of the activity. Within the 2008/09 Work Plan period, the target is that all 7 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 achieving 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 will 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, while having the legal authority to conserve those resources for their own benefit. The other sub-tasks are essentially complete or, due to the very slow progress of political and fiscal devolution in Malawi, cannot be effectively carried any further forward.

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. This task is substantially complete.

Action this reporting period and Sub-Task update

No actions this reporting period

Problems encountered and actual or proposed resolution

No problems encountered this reporting period.

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.”

This task is largely complete. The 2008 target is to revise the guidelines to reflect experience gained during implementation.

Table 4: Sub-Task 1.1.1: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Revise guidelines for collaborative management of protected areas	R. Bita, J. Dickinson	May - June	Slight LTTA time
Prepare field manual for establishing participatory fisheries management	J. Dickinson	April and June	STTA time, some LTTA time

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

COMPASS considers this task substantially complete.

The publication of the Guidelines for Registration of Local Forest Organizations by the Department of Forestry, together with the Technical Order from the Director of Forestry, effectively devolves authority for signing forest management agreements for customary land forest to the District Assemblies, represented by the District Forestry Officer. The Department has stated its intention to not devolve management of forest reserve, including signatory powers over co-management agreements to local government for the present.

The Fisheries Department, while retaining the final signatory powers for fisheries management agreements (which is logical since fish are not constrained by administrative boundaries and, in several areas, international issues are of concern), nevertheless requires the District Commissioner, the District Fisheries Officer and local traditional leaders to sign off on fisheries management plans prior to signature by the Director. The situation regarding local fisheries regulations is complex. Since they cannot be gazetted as local government by-laws in the absence of ward councilors, they must be incorporated into the national regulations in order to carry legal weight.

In the wildlife sector, the Department of National Parks and Wildlife is not intended for decentralization in the sense that district assemblies will take charge of protected area management. However, a considerable degree of autonomy has been given to the management teams for each protected area and the signature of the protected area manager is required on collaborative management agreements and resource use agreements.

Action this reporting period and Sub-Task update

A meeting with the Director of Fisheries and the Chief Fisheries Officer resulted in an agreement to explore possibilities for incorporation of local fisheries regulations within the national Fisheries Conservation and Management Regulations. The process will require negotiations between fisheries

research teams and fishermen on gear restrictions and an analysis of the likely effects of relaxing some existing regulations in favour of those proposed by fishermen's associations, particularly those related to minimum mesh sizes.

Problems encountered and actual or proposed resolution

No significant problems encountered

Performance indicator and planned actions for the next reporting period

The failure to hold local government elections for district assemblies since their dissolution to date has hampered progress toward achieving devolution of signatory authority. The modified scope of work reflects this situation. The goal is that "... by the end of 2008, the local authorities in priority districts are signatories to community natural resource management plans".

Table 5: Sub-Task 1.1.2: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Support Department of Fisheries during assessment of fisheries regulations	J. Dickinson, P. Munthali	April to September	LTTA time, meetings, workshops
Support Department of Forestry in implementing Technical Order	J. Dickinson, P. Munthali	April to September	LTTA time, meetings
Support Department of National Parks and Wildlife to help beekeeping enterprises and associations implement collaborative management	R. Bitu, P. Munthali, J. Dickinson	May to September	LTTA time, meetings

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

This is a core 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 will continue to concentrate their efforts on this sub-task during this quarter. This sub-task also provides the foundation for tracking and reporting on the first four of the OP indicators for FY2007 and beyond (cf. pp 2-3).

Action this reporting period and Sub-Task update

In the fisheries sector, permit books have now been distributed to most BVCs around Lake Chilwa and several along the Nkhotakota Lakeshore. Permits are being issued to fishermen by the BVCs, an excellent sign that local fisheries management regulations are being implemented. District Fisheries Offices are beginning to refuse to issue gear licences to fishermen who apply unless they present a signed permit. Fisheries associations are beginning to take over responsibility for permit books. They will sell to their member BVCs at a small mark-up, which can be used to cover transport costs when there is a need to order more books.

Permits are important because they give the fishermen belonging to a BVC the ability to restrict entry to their fishery.

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. Reconciliation of local fisheries regulations with the national ones is now delaying this process. Documents for registration of all associations under the Trusts and Trustees Incorporation Act have been re-submitted to the Registrar General's office, following corrections.

In the forestry sector, co-management agreements in Mulanje Forest Reserve, that COMPASS assisted to initiate, together with WESM and Mulanje Mountain Conservation Trust (MMCT), have been signed between the Department of Forestry, MMCT and six communities.

In the wildlife sector, resource use agreements to provide legal access for five beekeeping enterprises to the Nyika National Park have been finalized and agreed by all parties. Cooperation agreements between the five enterprises and the Nyika Vwaza Association have been prepared and will be signed in early April, removing the last barrier to signing of the resource use agreements. In Nkhotakota District, all documentation is prepared for the registration of five associations that will enter into collaborative management agreements with the DNPW.

It is very encouraging that in many areas, even though management agreements have not been finalized, management plans are beginning to be implemented by the communities. Fishermen and the Department of Fisheries have jointly enforced the closed season on Lake Chilwa for two years running now, confiscating gear and destroying illegal nets. In Nkhotakota three associations are enforcing closed seasons, gear restrictions and bans on fishing in sanctuary areas. Fishermen on Lake Chikukutu and on the Bua River claim to have noticed improved catches already.

Farmers have hung beehives in Nkhotakota Wildlife Reserve and Nyika National Park and are cooperating with DNPW personnel, to the extent that beekeepers in Nyika were involved in the arrest of a poacher.

Table 8 on page 20 provides a summary of progress towards this sub-task to date.

Problems encountered and actual or proposed resolution

Funding shortfalls during this reporting period have limited field work and hindered progress towards obtaining management agreements.

Performance indicator and planned actions for the next reporting period

The modified scope of work requires that “at least 400 agreements under implementation in the target districts” by the end of COMPASS II.

The COMPASS II decentralization team will concentrate most of their effort on this sub-task during the remainder of the project life.

Table 6: Sub-Task 1.1.3: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Fisheries Sector: <ul style="list-style-type: none"> • Finalize registration and management plans, including regulations for Lake Chilwa basin and Nkhotakota associations • Institute participatory monitoring and adaptive management for fisheries 	J. Dickinson, P. Munthali	April to August	LTTA time, STTA time, meetings, travel costs
Forestry Sector: <ul style="list-style-type: none"> • Finalize community forestry institutions and beekeeping enterprise established for Kandoli Mountain in Nkhata Bay; • Complete co-management and resource use agreements for Mukwazi Forest Reserve in Nkhata Bay 	P. Munthali, J. Dickinson, T. Manoto	April to September	LTTA time, travel costs

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Wildlife Sector: <ul style="list-style-type: none"> • Complete and sign resource use agreements for Nyika beekeeping associations in Rumphi District; • Initiate co-management process and beekeeping enterprise development for beekeepers in 5 new enterprises in Nyika National Park in Karonga and Chitipa Districts • Finalize collaborative management agreements for 5 associations in Nkhotakota Wildlife Reserve • Assist DNPW with establishing collaborative management plans and their implementation in Nkhotakota Wildlife Reserve 	R. Bita, J. Dickinson, P. Munthali	April to September	Subcontractor LTTA time, LTTA time, travel costs, meetings

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

This task is substantially complete.

Action this reporting period and Sub-Task update

No action this reporting period

Problems encountered and actual or proposed resolution

No significant problems have been encountered.

Performance indicator and planned actions for the next reporting period

The modified contract scope of work states “The contractor must provide technical assistance to relevant GOM Departments to review the legislation and make adjustments to natural resource policies and legislation as appropriate”.

If requested, COMPASS will provide support to Department of Fisheries for assessment of local fisheries regulations and their incorporation in the national Fisheries Conservation and Management Regulations and possibly for a full review of these regulations.

Table 7: Sub-Task 1.1.4: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Assist Department of Fisheries as requested with review of fisheries regulations	J. Dickinson, P. Munthali	As required	LTTA time

Table 8: Progress toward NRM agreements, by district priority area

PRIORITY AREA	DISTRICT	#ORGANIZATIONS	HH INVOLVED	TOTAL POP.	STAGE ¹¹	AREA (HA.) ¹²				
						0	1	2	3	4
Nyika NP	Chitipa	7 clubs	70	350	1	4,893				
Nyika NP	Karonga	10 clubs	50	250	1	48,340				
Nyika NP	Rumphi	75 clubs	852	4,255	4			84,852		84,852
Nyika NP	Rumphi	6 clubs	45	225	1	19,997				
Kandoli Mtn	Nkhata Bay	35 villages			1	18,000 ¹³				
Mukwazi FR	Nkhata Bay	13 clubs						1,767		
Kabunduli	Nkhata Bay									
Nkhata Bay Escarpment	Nkhata Bay	10 VNRMC	500	500	2		280			
Hora Mtn	Mzimba	16 VNRMC		1650	3		76			
NKK WR	Nkhotakota	70 clubs	1,391	4,160	4			18,791		18,791
NKK Lakeshore	Nkhotakota	38 BVC/RVC					25,000 ³			
Sendwe VNRMC	Lilongwe	20 VNRMC	600		5		73		73	
7 other communities	Lilongwe	7 VNRMC	632		3		112			
Bwanje Valley	Ntcheu	36 VNRMC			3		91			
Phirilongwe FR	Mangochi	25 VNRMC		683	1	1,318				
Chowe area	Mangochi									
Lake Chiuta	Machinga	15 BVC	1,095		4		6,325		6,325	
Lake Chilwa	Machinga	14 BVC	1,500		4			26,818		26,818
Lake Chilwa	Zomba	20 BVC/RVC	1,354		4			70,508		70,508
Lake Chilwa	Phalombe	8 BVC/RVC	998		4			8,822		8,822
Mpoto Lagoon	Phalombe	4 RVC	330		4		3,108		3,108	
Mulanje FR	Phalombe	3 VNRMC		1,051	5			618		618
Mulanje FR	Mulanje	3 VNRMC		1,512	5			1,512		1,512
Chisongoli W/S	Mulanje	27 WUC			2					
Chisongoli W/S	Mulanje	5 VNRMC						8,500 ³		
GVH Joseph	Chikwawa	7 VNRMC	45	501	5		371		371	
Chulu	Kasungu	1 club					100*			
Totals		499	9,462	15,137		88,144	35,536	212,188	9,877	203,688

¹¹ Initial discussions: 1; institutions in place: 2; management plan prepared: 3; management plan being implemented: 4; management agreement signed: 5

¹² Areas to come under improved management: 0; Area of natural resources under improved management: 1; Area of biological significance under improved management: 2; Area of natural resources showing improved biophysical condition: 3; Area of biological significance showing improved biophysical condition: 4

¹³ Estimate

TASK 1.2: INCREASE DISTRICT-LEVEL CAPACITY TO SUPPORT CBNRM

This task is substantially complete. In 12 of the 15 districts where COMPASS has worked, district staff have received formal training and informal mentoring continues on the measures necessary to implement their respective policies on CBNRM. Lack of resources and an ambiguous attitude from senior personnel at their respective headquarters and regional/divisional office often severely constrain their ability to put this knowledge into practice, however.

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)

Through its radio and television broadcasts and extensive field work over the past four years, COMPASS has considerably expanded the awareness of the opportunities for and from CBNRM. In that sense this sub-task is substantially complete. However, COMPASS will continue supporting drama as a tool for increasing understanding amongst rural communities of the opportunities, roles and responsibilities associated with natural resources management. In addition radio and even TV broadcasts will be produced as necessary

Action this reporting period and Sub-Task update

Dramas have now been staged for all 38 BVCs and RVCs in Nkhotakota District and the process has been initiated in Phalombe District for BVCs and RVCs in that district.

Problems encountered and actual or proposed resolution

No major challenges have been encountered.

Performance indicator and planned actions for the next reporting period

In the modified scope of work “The contractor must build on these efforts, particularly in relation to disseminating information and printed materials and training district staff on how to engage local community leaders in sharing this information”.

During this quarter the emphasis will be on completing drama performances around Lake Chilwa and Nkhotakota Lakeshore, for BVCs and RVCs and extending them to beekeeping enterprises around Nyika National park and to natural resource management associations close to Nkhotakota Wildlife Reserve.

Table 9: Sub-Task 1.2.1: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Complete drama performances for Lake Chilwa BVCs and RVCs	P. Munthali, J. Dickinson	April to May	LTTA time, field travel costs, drama groups' costs
Prepare drama and complete performances for collaborative management and resource use agreements in Nyika National Park and Nkhotakota Wildlife Reserve	P. Munthali, R. Bita	May to August	LTTA time, field travel costs, drama groups' 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, through NGOs, 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).

Largely complete, this sub-task can be continued at an informal level through regular contact with district technical personnel, local organizations and MGS Beekeeping Service Providers at little extra cost to COMPASS. Traditional leadership has been involved at all stages of the participatory resource management process in all three sectors. The district environmental sub-committees (DESC), which were to be the focus of COMPASS II's efforts, are still largely moribund, largely because decentralization, which was supposed to place them under the authority of the district commissioner and local government assembly, has not taken place. As a result, their membership, district technical officials, still report to, are instructed by and receive funding from their headquarters. Formal coordination of activities in this situation is unrealistic.

Action this reporting period and Sub-Task update

COMPASS personnel continue to be active in brokering linkages between Malawi Gold Standard honey production service providers and beekeepers.

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 FURTHER ACTION ANTICIPATED 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	NO FURTHER ACTION COMPLETED DEC. 2006 (FHI)
MULANJE	RUO AND MULOZA WATERSHEDS (TA 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	CONSOLIDATE PARTICPATORY FISHERIES MANAGEMENT PROCESS
	MCHISI MOUNTAIN WATERSHED	FORESTRY, LAND RESOURCES	NO FURTHER ACTION ANTICIPATED
ZOMBA	LAKE CHILWA BASIN	FISHERIES – CAPTURE	CONSOLIDATE PARTICPATORY FISHERIES MANAGEMENT PROCESS
	CHINGALE AREA WEST OF ZOMBA MTN.	FISHERIES –FISH FARMING	CONTINUE INSTITUTIONAL STRENGTHENING AND ENTERPRISE DEVELOPMENT
MACHINGA	LAKE CHILWA BASIN	FISHERIES – CAPTURE	CONSOLIDATE PARTICPATORY FISHERIES MANAGEMENT PROCESS
	LAKE CHIUTA	FISHERIES – CAPTURE	CONSOLIDATE PARTICPATORY FISHERIES MANAGEMENT PROCESS
MANGOCHI	PHIRILONGWE FR ENVIRONS (TA NANKHUMBA, TA MPHONDE)	FORESTRY –HONEY, BAOBAB, FISH FARMING, MUSHROOMS	NO ACTION DURING THIS QUARTER

DISTRICT	PRIORITY AREA NAME	MAIN SECTORS AND PRODUCTS INVOLVED	RECOMMENDATIONS FOR ENGAGEMENT
	NAMIZIMU/MANGOCHI FR (TA JALASI)	FORESTRY –HONEY, FISH FARMING, MUSHROOMS AGROFORESTRY—HOME GARDENS / DRIP IRRIGATION	NO ACTION DURING THIS QUARTER COMPLETED DEC. 2006 (FHI)
NTCHEU	BWANJE VALLEY	FORESTRY –HONEY, BAOBAB	NO FURTHER ACTION ANTICIPATED
DEDZA	DEDZA ESCARPMENT (WESTERN SIDE)	FORESTRY –HONEY, WILD MUSHROOMS	NO FURTHER ACTION ANTICIPATED
LILONGWE	VARIOUS CUSTOMARY FOREST LANDS	FORESTRY—HONEY AGROFORESTRY—HOME GARDENS / DRIP IRRIGATION	NO FURTHER ACTION ANTICIPATED COMPLETED DEC. 2006 (NASFAM, TOTAL LAND CARE)
	DZALANYAMA FOREST RESERVE	FORESTRY—HONEY, TIMBER	NO FURTHER ACTION ANTICIPATED
NKHOTAKOTA	NKHOTAKOTA GAME RESERVE AND ENVIRONS SOUTH OF BUA RIVER	EAD, FORESTRY, FISHERIES, NP&W —HONEY, CAPTURE AND CAGE FISH FARMING, MUSHROOMS, MANGO	COMPLETE COLLABORATIVE MGMT,
	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 QUARTER
NKHATA BAY	MKUWAZI FOREST RESERVE AND LAKESHORE ESCARPMENT	FORESTRY—HONEY, MUSHROOMS	FOCUS ON INSTITUTIONAL DEVT FOR CO-MGMT OF RESERVE; BEEKEEPING
	DWAMBAZI TO KANDE LAKESHORE	FORESTRY-HONEY	NO ACTION DURING THIS QUARTER
	DWAMBAZI TO KANDE LAKESHORE	FISHERIES – CAPTURE	NO ACTION DURING THIS QUARTER
	KANDOLI MOUNTAIN / CHIKWINA AREA	FORESTRY—HONEY FISHERIES – FISH FARMING	INSTITUTIONAL DEVT FOR CBFM AND ENTERPRISE DEVELOPMENT
MZIMBA	ESWAZENI EPA (HORA MOUNTAIN)	FORESTRY—HONEY	NO ACTION DURING THIS QUARTER
	VWAZA WILDLIFE RESERVE BOUNDARY AREAS	NP&W—ASSESSMENT NOT COMPLETE	NO FURTHER ACTION ANTICIPATED
RUMPHI	NYIKA/VWAZA ASSOCIATION AREA	FORESTRY—HONEY FISHERIES – FISH FARMING	COMPLETE INSTITUTIONAL ARRANGEMENTS
CHITIPA	NYIKA NAT'L PARK BOUNDARY AREA	NP&W, FORESTRY	BEGIN INSTITUTIONAL AND ENTERPRISE DEVELOPMENT

Problems encountered and actual or proposed resolution

The lack of resources for district staff to operate outside a project-funded situation is a severe constraint to the successful implementation of this sub-task. While COMPASS efforts have undoubtedly raised capacity of district technical personnel to provide excellent extension advice to their farmers and fishermen, they are often unable to travel to do so. Local NGOS suffer from the same problem – a lack of resources when not receiving funds directly from a project, and this is exacerbated by their very low numbers of field personnel.

Performance indicator and planned actions for the next reporting period

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. 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, under the modified contract, “success shall be measured in terms of the number of districts where technical personnel are providing regular technical services to rural communities”

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.”

Table 11: Sub-Task 1.2.2: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
No actions planned apart from continued technical support to district technical personnel	All	Ongoing	LTTA time, field travel costs

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

There is a need to document sites where “best practice” is evident in order that others can emulate these practices. Best practice has a wide definition and can encompass communities that are implementing well-developed management plans, which have effective CBNRM institutions, which are succeeding in small-scale business and so on. COMPASS intends to catalogue as many of these as possible.

Action this reporting period and Sub-Task update

An assessment has been completed of the original COMPASS I best practice sites. Of the 40 sites identified under COMPASS I, 23 are still functioning sufficiently to be termed best practice. A further 11 sites have been added to the list from locations where COMPASS II is working.

Problems encountered and actual or proposed resolution

No significant problems have been encountered.

Performance indicator and planned actions for the next reporting period

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.

During the coming quarter COMPASS will continue to expand the number of documented sites and complete a database ready for publication.

Table 12: Sub-Task 1.2.3: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Continue to document best practice sites and complete and publish database	J. Dickinson	April to July	LTTA time, field travel time

TASK 1.3: IMPROVE CBNRM STAKEHOLDER COORDINATION

In line with COMPASS’ 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.

Industry councils, 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

At national level, the Honey Council is a newly-formed body of members of the honey industry. COMPASS support to this council is explained under the section describing Result Module 3. COMPASS has provided technical support to the formation of the National CBNRM Forum, part of the Regional CBNRM Forum, coordinated by WWF-SARPO with Norwegian funding. Malawi was a founding member of this Regional forum during 2005.

Action this reporting period and Sub-Task update

The Training Specialist represented Malawi at a three day meeting of the Regional CBNRM Forum in Namibia.

Problems encountered and actual or proposed resolution

No problems were encountered.

Performance indicator and planned actions for the next reporting period

In the modified Scope of Work for COMPASS II, we are required to “Support the establishment of the National CBNRM Forum and endeavor to provide technical services as warranted.

Table 13: Sub-Task 1.3.1: actions for period April-September 2008

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

No specific actions.

Problems encountered and actual or proposed resolution

No specific problems were encountered.

Performance indicator and planned actions for the next reporting period

In the modified COMPASS II Scope of Work, the “goal [for this sub-task] is to channel resources to the best performing districts and thereby achieve the long-term goal of having 400 natural resource management agreements under implementation by 2008.”

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 and instruction from their regional and headquarters offices mitigates against more effective coordination being achieved. Further expenditure on this sub-task will only produce diminishing returns.

Table 14: Sub-Task 1.3.2: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Maintain coordination with district technical personnel and encourage coordination	All	Ongoing	LTTA time, field travel costs

Sub-task 1.3.3: Strengthen local coordination bodies

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.

Action this reporting period and Sub-Task update

During the reporting period, the COMPASS facilitated an exchange visit of Mchenga and Tiyese BVCs of the Kuntamanji Fisheries Association on Lake Chilwa to their counterparts of Lake Chiuta Fisheries Association. Sixteen members were involved in the visit to Lake Chiuta. During the visit, the two groups shared experiences on governance and regulation of fisheries activities in the two water bodies. The exchange visit was co-sponsored in that the members of the BVCs paid their own accommodation while COMPASS supported them with transport and meals.

Problems encountered and actual or proposed resolution

No problems encountered

Performance indicator and planned actions for the next reporting period

In the modified COMPASS II contract, the “goal [for this sub-task] is to expose at least 500 people to best practices in CBNRM and enterprise development.”

Table 15: Sub-Task 1.3.3: actions for period April-September 2008

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	J. Dickinson, P. Munthali	May to September	LTTA time, field travel costs, transport and other costs for participants
Organize study tours for newly formed natural products businesses, in particular beekeeping clubs from Nkhotakota, Mukwazi and Kandoli to Nyika to meet with beekeeping enterprises there	S. Munthali, B. Sherchand	May to September	LTTA time, field travel costs, transport and other costs for participants
Organize study tours for groups interested in cage fish culture to examples of working cages	T. Monato, B. Sherchand	June to September	LTTA time, field travel costs, transport and other costs for participants

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 second quarter and those planned for the 3rd and 4th quarters of FY 2008 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.

In line with the emphasis that COMPASS places on the *products* from natural resources management, during the past two years, the training component has focused on facilitating the acquisition of skills necessary for small-scale commercialization of natural resource-based products. This approach will continue to the end of the activity.

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

During 2008/09, this task will focus 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.

The primary focus will be on products that have strong local markets: 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 learn to operate their businesses efficiently and effectively. In addition to the business modules, COMPASS is also supporting training on organizational development and group 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 fisheries organizations that are beginning to accumulate money from fines and sales of permits, but also among communities involved with honey, mushroom and fish production. 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 will be provided to 27 water user groups in TA Laston Njema, under the Mt. Mulanje CWPP.

Action this reporting period and Sub-Task update

During this reporting period, COMPASS conducted discussions with fisheries associations around Chikukutu and Dwangwa in Nkhotakota on the administration and importance of fisheries permit books for regulating fishing activities in their areas as well to act a source of finances for the associations and BVCs. As a result of these discussions, fifteen permit books have been ordered by the BVCs under Kambindingu Association.

In partnership with National Aquaculture Centre in Domasi, COMPASS conducted business management and organizational development training for pond aquaculture farmers in Chingale, Zomba. There were 25 participants (5 women) drawn from 4 clubs. The objective of the training was to orient these groups to using a business approach in operating their fish farming activities.

COMPASS supported training of 284 participants from 27 water user committees in Mulanje, under the MCWPP in gender & conflict management. The training was community based and it aimed at equipping committees with knowledge and skills for incorporating gender issues into project activities and be able to manage conflict that might emerge in the course of implementing the project activities.

During the reporting period, COMPASS provided training to members of the Kambindingu Association who are participating in the cage aquaculture enterprise in organizational development and business management skills development. Twenty seven people participated in the training. The course covered: appreciative approaches to business management; introduction to general business principles; business records and bookkeeping; marketing; business organizations and business registration. Six BVCs were represented.

Problems encountered and actual or proposed resolution

None

Performance indicator and planned actions for the next reporting period

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 Village Natural Resource Management Committees VNRMCs and 150 BVCs.”

For 2008/09, the target is that at least 150 natural resource management committees (VNRMC), BVCs, RVCs, or Village Natural Resource Committees¹⁴ (VNRC) 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.

During the next six months, COMPASS will greatly increase the number of exchange visits for BVC and fisheries association members from Nkhotakota to Lakes Chilwa and Chiuta in order to provide an opportunity for them to observe and share experiences on fisheries co-management activities that are successful. Cage enterprise groups in Nkhotakota will also be taken to MALDECO in Mangochi. VNRMCs and VNRCs, as well as beekeeping groups from around Nkhotakota Wildlife Reserve will be considered to visit counterparts at Nyika National Park.

Sub-Task 2.1.1: actions for period April - June 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Organize exchange visits for BVCs, VNRMCs and beekeeping and cage enterprise groups	N. Moyo B. Sosola P. Munthali S. Munthali	May—June	LTTA time, field costs

¹⁴ Village or group village committees set up for collaborative management of protected areas under the 2004 Wildlife Act Amendment

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 and without relying on external support. 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. During 2008/09, COMPASS is consolidating the private service provider model. The geographical spread for beekeeping extension service providers is contributing to increased production of marketable volumes of honey.

Action this reporting period and Sub-Task update

During the reporting period, COMPASS continued providing back-up technical support to these service providers, including Salima, Nkhhotakota and Kasungu Districts. Among others, the service providers were linked to organizations like the EU Micro projects Programme and the UNDP Millennium Challenge Development Project in Zomba for contractual service provision. COMPASS was also invited by World Vision International and participated in the certificate hand-over ceremony to World Vision International (WVI) staff that attended the beekeeping training of trainers course that was organized by COMPASS in 2007.

Problems encountered and actual or proposed resolution

The majority of MGS honey production technical service providers are still meeting resistance to charging for their services. Farmers are used to receiving free training or even being provided with food and allowances during training. 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 reporting period

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.

Actions planned for the next reporting period will centre on continued support and encouragement to Malawi Gold Standard technical service providers and brokering linkages for their services. COMPASS will organize a training session for the service providers on Honey Standards & Grading after Malawi Bureau of Standards have finally released the Honey Grades. It will be expected that the Service Providers will assist in providing extension advice on Honey Grading to the various beekeepers in their communities.

COMPASS also will conduct 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 MGS 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.

Sub-Task 2.2.1: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Provide technical back-up support and mentoring to technical service providers	N. Moyo B. Sosola S. Munthali	Ongoing	LTTA time, field visits,
Organize training on business and financial management for service providers and producers' association in the districts	N. Moyo S. Munthali B. Sosola	May	LTTA time, field costs
Identify & train producers' association representatives in business management and bookkeeping service delivery in districts	N. Moyo S. Munthali B. Sosola	May-June	LTTA time, training costs
Organize and conduct Honey Grading for Malawi Gold Standard service providers in southern region	N. Moyo S. Munthali	June	LTTA time, workshop costs

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

COMPASS signed a MoU with WESM-Dwangwa to provide support to participatory fisheries management activities, together with the Department of Fisheries and also supported WESM Dwangwa in Nkhotakota in the organization and coordination of drama performances in collaboration with the Fisheries Department for creating awareness on participatory fisheries management in the BVCs. COMPASS financed the activities through WESM.

Problems encountered and actual or proposed resolution

No significant problems.

Performance indicator and planned actions for the next reporting period

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 2008, 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 period include continuing to partner with MMCT in providing business management training to Sapitwa beekeeping association in Mulanje District. COMPASS will collaborate with WVI in Chingale area of Zomba district in pond aquaculture activities.

Sub-Task 2.2.2: actions for period January-March 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Continue to engage with local NGOs to promote small-scale commercialization for improved natural resource management	B. Sosola N. Moyo P. Munthali	Ongoing	Slight LTTA time

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Conduct regular field monitoring of WESM role in the fisheries and forestry sectors to verify that communities are gaining and applying skills related to CBNRM	P. Munthali B. Sosola, N. Moyo	Ongoing	LTTA time, field travel costs
Continue engaging with MMCT, to implement business mgt training for beekeepers in Mulanje	N. Moyo	February-March	LTTA 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.

COMPASS has developed a range of messages for delivery to a variety of target audiences at different levels – from farmers, villagers and community-based organizations, 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 drama troupes 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.

WESM has been running a school environmental education program for a number of years. COMPASS assisted WESM to undertake an independent assessment of this program.

Action this reporting period and Sub-Task update

During the first quarter of FY 2008, WESM contracted independent consultant who conducted an assessment of the effectiveness of the existing environmental school clubs. The draft report has been provided to COMPASS.

Problems encountered and actual or proposed resolution

None.

Performance indicator and planned actions for the next reporting period

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 reporting period include taking action on the recommendations of the environment school clubs arising from the assessment.

Sub-Task 2.3.1: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Implement recommendations of environmental education program and develop environmental education strategy	WESM	By end June	STTA time; slight 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 131 editions of the successful weekly radio program *Chuma Chobisika* (Hidden Treasure), broadcast on Malawi Broadcasting Corporation (MBC) Radio 2 FM. The program was also rebroadcast in five community radio stations on a weekly basis. Beginning in April 2006, COMPASS 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 disseminated information about the policies and legislation relating to how rural producers should go about legalizing their natural products businesses. COMPASS also contributed articles regularly to the national press.

Having achieved its targets and aim of increasing awareness of the opportunities for CBNRM and the income earning potential of natural resources-based products, regular broadcasting has ceased. COMPASS will however continue to produce radio and TV programmes as necessary to highlight crucial issues, products and approaches, to a wide audience.

Action this reporting period and Sub-Task update

COMPASS in partnership with the Tikwere! project recorded one of the dramas performed for BVCs in Nkhotakota District. This will be broadcast in the third quarter.

Problems encountered and actual or proposed resolution

None.

Performance indicator and planned actions for the next reporting period

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.”

During the next six months COMPASS will record drama performances in Nkhotakota on fisheries co management and elsewhere on a variety of topics, which will be broadcast on MBC radio.

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

It has been agreed that COMPASS will prepare a web site to be hosted by FRAME website, managed by DAI.

Action this reporting period and Sub-Task update

DAI headquarters provided assistance to COMPASS personnel to edit and add information to the site. Development of content for the site has begun.

Problems encountered and actual or proposed resolution

None

Performance indicator and planned actions for the next reporting period

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 2008/09 target is that the COMPASS II website is completed and hosted by FRAME.

Actions in the reporting period include finalizing the content and format for the site, which will be hosted by FRAME. It is intended to complete and upload the site before the end of the reporting period.

Sub-Task 2.3.3: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Continue developing content for the COMPASS website	J. Dickinson	April to August	ODC time, slight LTTA 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 second sub-task 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 MCWPP involves collaborating closely and coordinating with the traditional leadership of the project area in TA Laston Njema.

Action this reporting period and Sub-Task update

During the last six months, COMPASS organized a Leadership and Conflict Management training for traditional leaders in Group Village Headman Mbewa in Nkhotakota district. The training was attended

by 22 people (four women). The training centered on: participatory development and need for collaboration in development; roles and responsibilities of the various stakeholders of TANAREMA; leadership in development and conflict management. The training assisted to bring an understanding among the traditional leaders on the various enterprise groups (cage fisheries, mushrooms & beekeeping) that are in their localities and how they are expected to collaborate in implementation.

COMPASS in collaboration with the Department of Forestry held a one day meeting of traditional leaders under Traditional Authority Njema to discuss co-management of forest resources around Mount Mulanje on TA Njema’s side. There were 21 people who participated in the discussions. Other stakeholders present were MMCT, Member of Parliament, District Forestry Staff and RAIPLY In order to enhance the co-management process, the meeting recommended an end to corrupt practices of certain forestry staff; should start developing constitution for Njema Environmental Management Committee and also trying to update traditional leaders on cedar cutting activities taking place in Mulanje Forest Reserve.

Problems encountered and actual or proposed resolution

None

Performance indicator and planned actions for the next reporting period

COMPASS will also continue engaging traditional leaders in its field activities.

Sub-Task 2.4.1: actions for period April-September 2008

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

Sub-task 2.4.2: Host the annual Traditional Authority conference

In the COMPASS II Performance Monitoring Plan, the original contractual 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 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 modified 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 has been modified to read: Host a traditional authority conference – facilitate an annual forum or conference of traditional authorities in CBNRM activities. The conference held in 2006 accomplishes this target result.

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

The performance indicator for this Results Module is **total revenue households receive from participating in CBNRM activities**. The life-of-project target was US\$750,000 earned by households by the end of COMPASS II. The revenue target for 2007 (\$750,000) was exceeded by approximately 7.8%, bringing the total revenue households received to US\$809,573. For FY08/09, COMPASS expected to achieve at least US\$1 million in household revenue by the end of the project. However, by the end of March 31, 2008, COMPASS II had already recorded and even surpassed the target of US\$1 million by approximately US\$47,825, bringing the total cumulative revenue households received to **US\$1,047,825**. At this pace, COMPASS hopes to achieve even higher growth in the remaining time under the activity. This growth is expected to arise primarily from four sources:

1. Increased relationships leading to increased transactions between private sector firms buying from producers belonging to the same value chain, selling natural resources based products on a formal and preferably long-term basis.
2. Increased quantity and quality of honey and farmed fish products entering the market—due to the expansion of both cage aquaculture and improved pond practice. The dissemination of the Malawi Gold Standard publications is also expected to contribute significantly to improved management of primarily pond aquaculture production systems, resulting in both expanded sales and profitability for individual producers.
3. 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 develop extension materials for at least 2 natural resource-based products this year, most likely cultivated mushroom and cage culture.
4. 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 was 366, bringing the total to 1,659 (Table 2), with an additional 6,499 households engaged in CBNRM activities; the total being 82,346 households. This means that each household needs to earn an average of at least US\$ 11.

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 continues to be 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 safeguard those resources so that they are able to sustainably benefit from the resources. In 2008 through the end of the project, the field team will continue to follow a series of well-defined steps to encourage commercialization, with the added steps to engage firms, whether small or medium sized, more directly with their supplier-base vis-à-vis communities. COMPASS will also work with SMEs to improve and strengthen their businesses and production/processing systems so that they are better able to withstand competition, whether local or global. The steps that have been used and will continue to be used are:

1. identify existing or new natural products that have potential national and/or international market;

2. provide increased firm-level technical, marketing and innovative financing support to Malawi's Small and Medium Enterprises (SME) so that they are better able to conduct the "market-pull" of products from the nation's rural supply-bases and transform those same products through better processing, packaging and marketing to meet market demand, domestically and internationally.
3. continue to provide technical support to producers and processors in developing market linkage where necessary;
4. continue to assist producers in organizing themselves into groups to improve market access, gain economies of scale and add value to their products;
5. continue to increase producers' access to skills that will help them to increase their production volumes while improving quality;
6. continue to promote products to encourage more producers, processors and buyers to enter the market;
7. continue to facilitate innovative financing possibilities for production, processing, packaging, marketing or for the development of new, untested products, input supply chains, or business services provision

In the 2008/09 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

As of FY07, a total of 8 subsector analyses and 17 market assessments and surveys had been conducted, thereby meeting the target established for the project. This year, under the FY08/09 workplan, however, COMPASS plans to carry out at least one more subsector analysis/assessment focusing on the possibility of generating revenue from contribution made toward reduced emissions from deforestation and forest degradation. COMPASS views green credits to be a natural product, and both communities and government departments have the potential of benefiting financially from it once a proper revenue-sharing frame-work is established. Furthermore, given that deforestation/forest degradation is noted to be the cause of a fifth of man-made CO2 emissions – second to power sector—an analysis of the subject area is considered to be well-worth the investment since it also has direct links to communities COMPASS is working with. The subsector analysis/ assessment planned under this sub-task in FY08/09 would also determine the compensation derived from avoided deforestation and similar green credits sold in the voluntary markets. Further, this "product" is said to have a growing international market, providing the opportunity to significantly enhance rural household incomes, and increase incentives for natural resource conservation here in Malawi. Besides the upcoming study on green credits, and providing continuing support to those clusters already identified and working with, this task is substantially complete.

Action this reporting period and sub-task update

HONEY

Promotion of the Malawi Gold Standard Honey Production system continued during these two quarters through extension materials sales and linkage of communities with technical service providers. Sales of the extension materials continue to be strong. COMPASS also continued to promote industry linkages as has been done in the past to increase better understanding among all players in the value chain. Several honey processors, such as Nali Ltd, Chiwogoro, Nyika Honey as well as MZCPCU (formerly SCFT) and Eco products have been actively engaged in meeting beekeepers and establishing relationships with them

following a business model. From the participation of the processors, it is clear that the concept of “relationship honey” has resonated with them since they are now eager to establish a more direct relationship with communities who serve as their supply-base and partners in the honey value chain. Two processors pledged to pre-finance standards hives again this year to contribute to honey expansion. As of the end of this reporting period, COMPASS had successfully linked beekeepers from Rumphu, Nkhata Bay, Kasungu, Mzimba, Dedza, and Nkhatakota to honey processors. Such kinds of linkages not only help the beekeepers and the processors themselves, but it also provides the industry itself an avenue to better understand and gain a handle on the sector.

The continuation of 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.

From the industry perspective, registration of the industry body, the “Malawi Bee Products Council” continued. However, the paperwork stalled since the registration required formal authorization from the Office of the President to use the word “Malawi” in the organization’s name. The good news is that toward the end of March 2008, the authorization was granted. We expect the completion of the registration process to take place next quarter.

COMPASS continued to support the industry by sending samples to buyers. Several samples were also handed out at the 2008 Gulfood Show held in February 2008 to key buyers from not only the Middle East, but also from Germany, India, Netherlands, UK, and Lebanon.

POND AQUACULTURE

During this reporting period, very little work was carried directly with pond fish-farmers. However, COMPASS is collaborating with the Department of Fisheries, the National Aquaculture Center and C-Fish to provide support in this area. In December 2007, COMPASS in partnership with the National Aquaculture center, conducted a 2-day business management and business organizational development training in Chingale. A total of 25 pond-fish farmers attended the training.

The *Malawi Gold Standard Aquaculture Production System* package of extension materials is slowly being distributed to producers, primarily through the World Fish Center. A more vigorous distribution process awaits the official launch by the Department of Fisheries. We expect this to occur by the end of the next reporting period.

CAGE AQUACULTURE

During this reporting period, many important steps took place to move cage culture forward in Malawi. First and foremost, the Department of Fisheries demonstrated their commitment to COMPASS effort by contributing 6,000 fingerlings specifically for fish production using cage culture piloted in Nkhatakota. The fingerlings were distributed for stocking in 4 cages in three locations (Chikukutu, Kariba and Kambingdingu). One of the developments that took place during this reporting period is that other communities hearing of the pilot also expressed interest in trying out cage culture in their locations. In response, COMPASS worked with two additional communities: Kambingdingu and Kariba. In Kambingdingu, members of an association of 11 lakeshore BVCs joined hands to engage in cage culture in Unaka Lagoon. If successful, Unaka Lagoon could provide the option for harbouring fish cages for fishing villages around the Ngala port, north of Dwangwa. It could also contribute positively to raising household incomes and deterring negative social practices such as prostitution that is quite prevalent in fishing villages and beaches.

In Kariba, the cage that was imported from Zambia was damaged by a freak storm. As a result of the damage to the cage, the members of the Kariba BVC lost their fish stocked earlier in September 2007. Undeterred by this set-back, the members regrouped to begin afresh in cage culture. After repairing the Zambian Cage, the Kariba Cage Fish Enterprise (an organization made up of members from 3 lakeshore BVCs) swung into full gear, restocking their cage with fingerlings offered by the Department of Fisheries. The members of the Cage club manage and monitor the fish cage. The Nkhatakota cages area expected to be harvested next quarter since they were stocked in December 2007.

Also this reporting period, the Department of fisheries also engaged directly in an experiment in cage culture in Mangochi and Kazunthula, since COMPASS efforts were mostly targeting the Nkhotakota area. In Managochi, the Department is working with local fishermen to manage two 80 m³ cages stocked with 6,000 fingerlings each; fingerlings were supplied by Domasi. The two cages are anchored in Lake Malawi. Another cage, located in Kazunthula, is anchored in the Department's pond. Harvest in both locations is expected to occur in about 6 months. COMPASS continued to work closely with the District Department of Fisheries staff in providing monitoring support to these communities engaged in cage culture.

AGROFORESTRY HOME GARDENS (FIELD TRIALS USING DRIP IRRIGATION TECHNOLOGY)

No Action this reporting period.

MUSHROOMS

This reporting period, COMPASS, in partnership with ASNAPP, conducted a training program at the Natural Resources College (NRC). The training program focused on spawn production. A total of 15 participants were selected to attend this one-day training session. Many of the participants were spawn producers, who currently supply the local market. The training program was organized to help boost the number of spawn producers in Malawi so that the high demand for quality mushroom seed could be met.

Given that spawn supply is a serious problem in Malawi, an effort to contribute to spawn production expansion was underway. COMPASS worked with ASNAPP to identify and award a complete set of lab equipment for spawn production to NRC. With the equipment, NRC will now be able to produce high quality spawn for sale to mushroom farmers all over the country.

This reporting period, COMPASS also continued to work with local communities engaged in mushroom production. The communities in Nkhotakota are successfully supplying the lodges and the local market in the district boma. Hearing of their success, two other communities have also begun constructing their mushroom houses to supply the local market. COMPASS plans to assist these communities particularly in production as well as in marketing during the next reporting period.

SPECIALTY COFFEE

Approximately 3,226 smallholders through the Mzuzu Coffee Planters Cooperative Union (MZCPCU)– 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 a substantial number also live around the Vipya Forest Reserve. And while about 15% of the smallholders earn around \$500 a year, a large proportion continue to remain poor, forcing them to depend on the park and reserve 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 and the forest reserve, it will 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, COMPASS continued to support MZCPCU this reporting period in areas of marketing, information and improving coffee quality. COMPASS and MZCPCU have also begun thinking about how best to enter the Fair Trade market, which is increasing at a fast pace. In terms of marketing support, USAID/Malawi financed MZCPCU's participation in the 5th EAFCA coffee conference held in Uganda in February 2008. As a result of participation in that trade show, MzCPCU identified several new buyers and have already successfully signed contracts to sell about 4 containers of smallholder coffee. Through COMPASS support, MZCPCU is also scheduled to attend the SCAA Conference and Trade Show in Minneapolis next quarter. The SCAA conference is the largest specialty conference in the world, and draws key buyers, roasters and brokers from all corners of the world.

OTHER NATURAL RESOURCE-BASED PRODUCTS

No new products were pursued this reporting period.

Problems encountered and actual or proposed resolution

No noteworthy problems of a technical nature were encountered this reporting period.

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 project target of 8 such analyses has been achieved. The 2008 plan is to give consideration (financial resources being available) to only compelling cases bearing the promise and potential of contributing significantly to natural resources conservation via the expansion of livelihood options.

One such case is the analysis of green credits or credits from avoided deforestation vis-à-vis Malawi’s standing forests, particularly the miombo woodlands’ ability to sequester carbon and thereby contribute to credits convertible to revenue for rural households. Green credits as a natural resource-based product could potentially translate to income generation for those managing and living within and around such forests. There is however a strong need to better understand such green credit opportunities within the context of Malawi. Early during 2008, COMPASS could consider undertaking an analysis of the status and opportunities of green credits and funding to assess the viability for further development.

During the next quarter, COMPASS will continue the dissemination of the Malawi Gold Standard Honey and Pond Aquaculture Production System to reach more extension agents so that both beekeepers and fisherfolks are better able to enhance their household income.

Table 16: Sub-task 3.1.1: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Fisheries sub-sector: 1. Release of Malawi Gold Standard pond aquaculture Production System training material	N. Moyo (Gold Std.), B. Sherchand, J. Dickinson	April to Sept	LTTA time; ODC time
Honey subsector: 1. Continue to organize honey promotion meetings in Nkhotakota, Dedza, Kasungu, Ntcheu, Nkhata Bay and Salima to facilitate interaction between the various stakeholders 2. Continue dissemination of MGS materials 3. Identification of MGS technical trainers to undergo business management training 4. Quality Assurance & Quality Control Training for beekeepers	B. Sherchand S. Munthali N. Moyo B. Sosola	April – September	LTTA time, ODC time, field travel costs
Wild and cultivated mushroom sub-sector: 1. Develop appropriate extension/training material for cultivated mushroom and disseminate	S. Munthali, B Sherchand	April to Dec	LTTA time; STTA time
Green credits market characterization; possible sub-sector analysis	B. Sherchand	June to September	LTTA time; STTA time

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 other important players that have an influential and critical role in moving the sector forward.

Action this reporting period and sub-task update

Several honey market promotion and honey commercialization meetings were organized this reporting period to encourage the honey industry to take advantage of the momentum that has been building up over the past several months. As a result, over 18 tons of honey have exchanged hands in the last 6 months between processors and producers.

Also this reporting period, five Malawi companies and organizations successfully participated in trade shows and conferences, including the 2008 Gulfood Show held in Dubai, the USDA/FDA Import and Labelling requirements workshop held in Tanzania, and the 5th EAFCA Conference held in Uganda. The success achieved at the 2008 Gulfood Show boosted the confidence of Nali Ltd, Mulli Brothers and Satemwa Tea and Coffee Estate, since they together scored close to 300 serious orders and deals worth US\$50 million. The EAFCA conference helped MzCPCU sell 7 containers, 4 of which have signed contracts already. The USDA/FDA workshop further helped participants from the Malawi Bureau of Standards (MBS) and Satemwa Tea Estate learn about the steps and mechanisms to help export Malawi specialty food products into the US.

Problems encountered and actual or proposed resolution

No noteworthy problems of a technical nature were encountered this reporting period.

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 2008 is to organize at least one national or regional conference on natural products, and also facilitate the launch of the Spawn production unit at NRC, and the MGS Pond Aquaculture Handbooks. COMPASS also plans on facilitating the participation of the coffee industry to participate in the 20th SCAA conference to be held in US in order to introduce, particularly smallholder coffee to help expand sales within a higher value segment: Specialty coffee.

Table 17: Sub-task 3.1.2: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Organize national and regional natural resource-based products conference	B. Sherchand, S. Munthali, TBD	July to Sept	LTTA time; ODC time; STTA Time; meetings; printing materials
Honey: 1. Organize local events for honey promotion strategic market centers focused on encouraging producers	B Sherchand S. Munthali J. Lwanda	ongoing	LTTA time, ODC time, workshops, travel
Mushrooms: 1. Organize Mushroom Spawn Handover Ceremony and Mushroom promotion event in Lilongwe at NRC	B Sherchand S. Munthali TBD	May - September	LTTA time, ODC time, field costs

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Fisheries: 1. Fish farming industry and Dept. of Fisheries roll-out/launch of Malawi Gold Standard Aquaculture materials	S. Munthali B. Sherchand N. Moyo P. Munthali	June - Dec	LTTA time, ODC time, workshops, travel

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 reporting period, for example, beekeeping clubs in Nkhotakota, Dedza, Salima, and Kasungu were linked to MGS technical (honey) service providers. The same clubs were also linked to various processors 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. Furthermore, COMPASS also identified two trainers in business management in the Mzuzu area with the objective of linking these two business related service providers to the Mzuzu based mushroom clubs and the more organized and prosperous beekeeping clubs since these two service providers charge a reasonable amount of about MK300 per day per person.

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 combined with linkages to honey processors (their market), smallholders are slowly opening up to such services since they now see that they will have the cashflow to fund the investment (training).

Business management services, necessary once a business is operational, continue to be 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.

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 2008 is that high-quality business development services are available to producer group enterprises (including associations) in at least six districts. Building on the preliminary successes achieved

with private beekeeping extension service providers for technical skills provision using the Malawi Gold Standard materials, COMPASS II will support private sector initiatives to provide business and financial management services to a similar client base through assistance to develop plans, training and facilitating linkages with potential client groups.

To initiate this concept, COMPASS II will partner with the Natural Resources College (NRC), Lilongwe, to develop a cadre of such service providers from amongst its agribusiness/farm management student base. NRC plans to soon place student interns in the 22 communities in Lilongwe focused on mushroom production. These interns will begin training the 22 communities in business skills and book-keeping in return for course-credit. This model establishes a platform to learn for both students and community, since the community will have the opportunity to appreciate the value of book-keeping for example. Once this model is successful, COMPASS will share this approach with not only other similar colleges such as Bunda College but also with those Malawi Gold Standard service providers interested in adding more services (business management) to their repertoire of services targeting their client-base.

Table 18: Sub-task 3.1.3: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Facilitate linkage of service providers on training of business development and management with relevant organizations	B. Sherchand, TBD N. Moyo	April to Dec	LTTA time; meetings
Train MGS technical service providers in business management on a cost sharing basis	S. Munthali B. Sosola N. Moyo	June—September	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, in 2008 and 2009, COMPASS will continue to 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 (see sub-task 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 monitoring and harvesting practices. Aside from that, no direct actions have been undertaken in this area.

Problems encountered and actual or proposed resolution

None reported.

Performance indicator and planned actions for the next quarter

The target is largely complete. During the remainder of the activity, COMPASS II will continue to disseminate information and guidelines on sustainable harvesting and resource-base monitoring. Training producers on methodologies will be carried out later in the year when resources permit.

Table 19: Sub-task 3.1.4: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Build and promote participatory monitoring of natural resource products	All	Ongoing	LTTA Time; ODC time

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 in order 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 during the 2004-2007 period throughout eastern and southern Africa, to solicit ideas and investments from neighboring countries. However, due to reduction in available resources, COMPASS II will be downsizing considerably the size of the overall fund. 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 the COMPASS II Performance Monitoring Plan, the contract target for this sub-task is to “provide technical assistance in performing seven (7) 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.”

By the end of 2007, ten (10) such inventories and suitability mapping had been successfully concluded, complete with training of several government department staff and members of the private sector in these techniques. Department of National Parks and Wildlife’s research and extension staff have been most active in learning and applying these techniques. During 2008, COMPASS does not plan on further continuing this subtask deeming it complete. However, should there be strong demand for additional training, COMPASS will consider responding to such needs, depending on availability of sufficient funds.

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

No action this reporting period.

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 seven (7) natural products inventories in the targeted districts to identify those products that exist and n 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.”

This task is largely complete. The 2008 target is to conduct the water inventory and surveys in Mulanje as part of the COMPASS/GDA activity. It is envisaged to be complete by June 2008.

Table 20: Sub-task 3.2.1: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Conduct water inventory in TA Njema areas of Mulanje	N.J. Mulenga, J. Dickinson	April to June	STTA time; LTTA Time

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.

During 2007, COMPASS focused on undertaking rapid assessments of value chains and market structures of potential products that had yet to be fully developed. As a result, a total of 18 such assessments had been carried by the end of FY 2007, surpassing the COMPASS Performance Monitoring Plan set target of seven (7). The results of these assessments were made available to producers through radio and print media and to potential investors and entrepreneurs through television and radio broadcasts.

Action this reporting period and sub-task update

During this reporting period, COMPASS took a demand-driven approach, assisting those that sought our guidance. As a result, Green Shop, Awoniyepo beekeepers club, and Mthuzi beekeeping club for example were directly assisted with developing business plans. Green Shop for example is in the business of trading and with the business plan assistance, it will now be able to become a distributor of mushroom spawn as well. COMPASS also assisted various beekeepers and honey processors by collecting samples and sharing them with key buyers.

In addition to farm-level producers, COMPASS also worked with firm-level players such as MzCPCU, Eco Products, Nali, Mulli Brothers, Satemwa tea and the like in order to help them strengthen their position in the marketplace. The participation at the 2008 Gulfood show and the preparation assistance prior to the participation helped them better understand market development, for example.

Problems encountered and actual or proposed resolution

Mushroom growers continue to 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 worked with ASNAPP, another USAID supported regional activity, to support the expansion of spawn producers as a business, by awarding NRC with a complete set of equipment to produce high quality spawn and demand across the country.

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.”

During the next reporting period, COMPASS will continue to pay targeted attention to firming up production of selected products, and moving up the value chain to strengthen firm-level players through, among others, the provision of pertinent information and guidance. Business-focused products such as product profiles, market profiles, and investment profiles will take precedence over more market analyses, since many have already been completed and are available for further dissemination. These products will then be made widely available to firm-level entities (businesses and investors for example) as well as producers through print, TV and radio broadcasts.

Table 21: Sub-task 3.2.2: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Develop natural products profile for cultivated mushroom, dried fruits	S. Munthali, B. Sherchand	June to Dec	LTTA time; ODC time; STTA time
Develop investment profiles for cage fishing	B. Sherchand, S. Munthali	June to Dec	LTTA time; ODC Time; STTA 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, all the way from Rumphi to Nkhata Bay, Nkhotakota, Dedza, Kasungu, Salima and Blantyre so that they are better able to understand the principles of organizational development and business management. Registration of their businesses was also concluded for several

of them. Malawi’s financial institutions require organizations to be legally registered prior to accessing financial assistance from local banks.

During this reporting period, COMPASS also continued to support the bee products stakeholders by helping with the registration of their Council. COMPASS also worked with the Coffee Association of Malawi (CAMAL) for example by stressing the importance of strengthening the Association staff by exposing them to important trade shows such as the EAFCA held recently in Uganda. The participation of CAMAL executive director at the EAFCA show is already proving to be successful since it has not only motivated him, but he is responding more effectively to members’ marketing needs. Another entrant into the COMPASS’ list of partners is the Food Processors Association. This newly established association membership base includes several natural products companies, such as Nali Ltd., Satemwa Estates, and Unicorn Foods (which is interested in baobab as a flavoring agent). COMPASS is already working with Nali and has linked Unicorn with Tree Crops Ltd. for baobab powder.

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 2008 is that at least 16 producer/processors associations created and 249 clubs/PGEs supported.

This task is essentially complete. However, time and funds permitting, COMPASS will continue to support many of these organizations, through technical and marketing assistance as well as sharing of knowledge of differentiated markets so that more producer group enterprises in the honey, mushroom, farmed fish and other sub-sectors learn to benefit from for example bulking produce, reducing transaction costs and lowering risks.

Table 22: Sub-task 3.2.3: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Facilitate strengthening and development of associations and producer group enterprises for improve consolidation, marketing and adding value	S. Munthali, N. Moyo, B. Sosola	Ongoing	LTTA time
Malawi Bee Products Council formalization support, EU entry Assistance, and industry awareness tours	B. Sherchand, S. Munthali	Ongoing to Sept	LTTA time; ODC Time; STTA time
CAMAL marketing and market expansion support (trade show participation; buyer linkage assistance, improved marketing support)	B. Sherchand	April to Sept	LTTA Time; STTA time

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

COMPASS participated in the technical committee meeting to discuss the Malawi Bureau of Standards established standards and grades for liquid honey. While the standards were developed and circulated for discussion, it is yet to be officially released. COMPASS, being a stakeholder, continued to follow up with the other members to provide their input since it requires their input for finalization. At the producer level, COMPASS also continued to brief beekeepers particularly in places such as Mthuzi, Kapongo,

Tigwirizane, Thokozani an Dongolituba on honey and beeswax quality management. In other sectors, such as fisheries, COMPASS worked with 17 traders for example to help them understand the importance of maintaining their cold chain for fish quality management and to achieve a better price as a result of good quality. Issues of difficulties in accessing ice, for example, in Mzuzu were raised by the Fish Vendors since at present their only source of ice is Southern Bottlers. However, given the small ice production capacity of Southern Bottlers in Mzuzu, they favor soft drink vendors to fish vendors when distributing ice blocks.

Problems encountered and actual or proposed resolution

The finalization of the honey standards and grades is being held up for various reasons.

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.”

By the end of 2007, one national standard for honey and one grading system for beeswax specified by the industry had been developed. These grades and standards should be fully in place by the end of 2008. FY 2008/09 will also support one more national standard for a natural resource based product, such as fair trade certification for coffee, which has the promise of further enhancing a smallholder coffee producer’s income and standard of living.

Table 23: Sub-task 3.2.4: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Follow up with MBS on status of honey standards and grades release	B. Sherchand	July--September	LTTA time
Initiate Fair Trade certification process for smallholder coffee cooperatives under Mzuzu Coffee Planters Cooperative Union	B. Sherchand S. Munthali	July--September	LTTA time; ODC time; STTA time
Organize food safety & quality training events for producers and processors in the honey, fisheries and mushroom sectors	B. Sherchand S. Munthali TBD	July—September	ODC time, LTTA time; STTA 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 formal domestic and international markets. This task consolidates and replicates the individual success of the tasks above that concentrate on existing and new natural resource-base 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 based on mutual needs, whether it be firm to firm or firm to farmers group. Such linkages and alliances have direct impact on cost structures of industries and firms and are critical to competitive advantage and gaining greater market share.

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. The first and fourth sub-tasks were combined beginning in 2007 since they are fundamentally the same activity.

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 reporting period, COMPASS helped broker sales negotiations between beekeepers from Nkhata Bay, Tete, Salima, and Kasungu with honey processors (MzCPCU, Chiwogoro Apiaries, Nyika Honey and Nali Ltd.). Last quarter, COMPASS also linked Tongole dried mango producers with a new buyer, CIL Food & Beverage from Limbe, who is interested in striking up an exclusive relationship with the Tongole producers. While a relationship was in the process of being established between Fullwell Mills based in the UK and Chanterelle Ltd from Chikangawa, Chanterelle Ltd has been unreliable and evasive with regards to their ability to supply 1 ton of dried porcini mushroom. This partnership is in the “air” at the moment, and COMPASS is continuing to follow-up with Chanterelle Ltd and preparing MZCPCU to move in should Chanterelle prove to be a non-performer. However, follow-up is proving unsuccessful given that it is hard to locate Chanterelle Ltd.

COMPASS also played a key role in fostering business/trading relationships between buyers and the Malawi companies that participated in the 2008 Gulfood Show. At the show, COMPASS provided qualifying information on the participating companies to buyers who were interested in working with Malawi. As a result, several deals were concluded between the companies and the buyers at the show.

Partnerships were also brokered between NRC and the 3,000 or so farmers of NASME (national association of small and medium enterprises of Malawi), many of who are interested in restarting mushroom production. NRC will be supplying mushroom spawn when the machines kick into gear next quarter.

Problems encountered and actual or proposed resolution

No noteworthy problems of a technical nature were encountered this reporting period.

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 established for 2007 was exceeded by six, bringing the total to 167. However, 156 of the 167 sales agreements were signed and closed in 2007. The target for 2008/09 is to at least meet the contract target number of agreements negotiated and in place with proactive brokering support from COMPASS.

Table 24: Sub-task 3.3.1: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Continue brokering sales contracts between honey, beeswax, dried mangoes, wild and cultivated mushroom, cage fish producers and buyers as well as input suppliers	B. Sherchand, S. Munthali TBD	Ongoing	LTTA time
Facilitate communications linkages and sales contracts between wild mushroom pickers and processors for export	S. Munthali, R. Bita TBD	Ongoing	LTTA time
Submit honey, wax, and wild mushroom samples and trial shipments to encourage broker-buyer relationships	B. Sherchand	Ongoing	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 an 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 25: 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 continued to be operational even though both Banks had reached their disbursement ceiling. As part of the agreement, both banks continued to abide by the verbal requirement that the grant for on-lending to SMEs in natural resources sector would continue to be revolved to encourage more entrepreneurs to engage in the sector. By the end of March 2008, National Bank had provided loans to a total of 59 borrowers, while NBS Bank had offered loan financing to 15 borrowers. The following table provides some details on the progress achieved in approving loans and collecting repayments by the two banks:

Table 26: Summary of loan account Status (as of 31 March, 2008)

NAME OF BANK	TOTAL NO. OF LOANS	TOTAL VALUE OF LOAN DISBURSED	NUMBER OF LOANS REPAID	PRINCIPAL REPAID	PROBLEM ACCOUNTS
National Bank	59	48,108,818	2	14,585,470	4
NBS Bank	15	4,109,100	0	0	2

Funding shortfalls during the reporting period have severely limited disbursements and activities related to co-financing or innovative financing strategies under this task, slowing this window down considerably. However, should more funds be available, the window can be opened to restart the program, following already established guidelines and principles.

Problems encountered and actual or proposed resolution

No significant problems were reported, except that the demand for financing from NRBEs through the natural resources window has far exceeded supply. Both banks have reached their ceiling and would like the cap to be removed with funds added to meet the rising demand.

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 2008 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. During 2008, we expect a total of \$350,000 in grants and loans to NRBEs to be approved, and of that, approximately \$200,000 in co-financing awards are made under the pre-commercial, pilot commercialization or innovations windows.

Planned actions for the next reporting period include continuing follow-up on the Banks to assess whether or not they are revolving the repayments of the capital grant funds previously loaned out for further 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 Environmental Checklist analyses (of financial management and internal controls) and Environmentally Sustainable Harvest & Use Review of all eligible applicants.

During the next reporting period, COMPASS will also continue to establish relationships with other financial institutions, catering more to the small-scale and micro-enterprises, such as Opportunity International Bank of Malawi (OIBM), SEDOM and the like. Given that a vast majority of smallholders require a small amount of loan, institutions such as OIBM and SEDOM are more appropriate for their needs. Additionally, COMPASS will continue to seek other innovative financing mechanisms such as partner pre-financing, along the lines of what the Mzuzu Coffee Planters Cooperative Union (formerly the Smallholder Coffee Farmer's Trust) and Nali Ltd. have done during FY 2007 providing hives on loan

to get beekeepers started. Beekeepers in turn will pay the loan from the honey they sell to the loan providers over a three year period.

Table 27: Sub-task 3.3.2: actions for period April-September 2008

ACTION	PERSON RESPONSIBLE	EXPECTED TIMELINE	RESOURCES REQUIRED
Review monthly loan portfolios of banks and make disbursement for qualifying loans	B. Sherchand S. Munthali 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. Sherchand, S. Munthali TBD	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	B. Sherchand S. Munthali C. Mafeni	Ongoing with award panel meetings	ODC time, LTTA time
Conduct pre-award Environmentally Sustainable Harvest & Use Review of all recommended applicants for compliance with Reg. 216 & other env. requirements	B. Sherchand S. Munthali TBD	Ongoing with award panel meetings	ODC time, LTTA time
Disburse co-financing support to awardees upon USAID approval	B. Sherchand C. Mafeni	Ongoing with awards	ODC time, 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

This reporting period too, COMPASS continued to provide information to increase transparency in procurement and pricing with the aim of helping establish trust between producers and buyers. Briefing meetings with mushroom growers and beekeepers were organized to help them understand and appreciate the various stages involved for products to reach the final consumers. Implications of all the activities in the value chain on the product price were explained so that the primary producers do not view consolidators, processors and retail outlets as exploiters. During this period, the importance of individual producers and beekeepers coming together in clubs or associations in improving access to markets and increasing producers’ bargaining power was also explained since it was apparent that some do not understand the value of working in clubs or in taking advantage of economies of scale which helps producers significantly cut down on transactions costs and lower risks. A total of 122 men and 77 women participated in these meetings and gatherings through 11 beekeeping clubs and traders groups.

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. However it is practically impossible for COMPASS II to cope with this in terms of time and other resources. The proposed solution is to roll out private service providers in the subject, who could be linked to the communities to provide these services.

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 proposed for 2008/09 is that at least 50 accredited business service providers have undergone training on market functionalities, at least five study tours or exchange visits have taken place, and radio drama programs have been aired that enable participants and listeners to understand each player’s role in ensuring successful value chain functionality. In the coming quarters, COMPASS will continue to organize activities that contribute to increasing and improving understandings of the marketing chain among all players of the value chain.

Table 28: Sub-task 3.3.3: actions for period April-September 2008

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 TBD	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. Dickinson S. Munthali N. Moyo B. Sosola	Ongoing	ODC time, LTTA time, field travel costs

Sub-task 3.3.4: Encourage innovative partnerships among stakeholders

This subtask has been combined with sub-task 3.3.1

ANNEX B: 2007 ANNUAL WORK PLAN PERFORMANCE MONITORING TABLE

Table 29: 2008/09 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 Specialist¹⁵ <i>NRM Decentralization Specialist</i>	Complete
	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>	Complete
	Facilitate natural resource agreements between communities and district authorities	400 agreements approved and being implemented by end of 2008	NRM Decentralization Specialist <i>Asst. Decentralization Specialist</i> <i>Protected Areas Extn. Officer</i>	Ongoing through 2008/2009 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>	Complete
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	Asst. Decentralization Specialist <i>NRM Decentralization Specialist</i> <i>Reg NRBE Development Specialist</i> <i>Protected Areas Extn. Officer</i>	Ongoing throughout 2008/09 with drama
	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>Protected Areas Extn. Officer</i>	Complete Mulanje CWPP: Q3

¹⁵ 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 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>CBNRM Training Specialist</i>	Complete by end of FY 2008/09
<i>Task 1.3. Improve CBNRM stakeholder coordination</i>	Strengthen national coordinating bodies	National organization of honey industry established & operating on sustainable funding basis	CBNRM Training Specialist	Provide technical support to the National CBNRM Forum on demand
	Strengthen district coordinating bodies	At least 6 districts have demonstrably improved coordination across sectors	Asst. Decentralization Specialist <i>NRM Decentralization Specialist</i>	Ongoing throughout 2008/09
	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>CBNRM Training Specialist Regional Training Specialist Community Extension Officer CWPP Coordinator</i>	Ongoing throughout 2008/09
Results Module #2: Enhanced Community Capacity for Managing Natural Resources in a Sustainable Manner				
<i>Task 2.1. Increase capacity for natural resources management at the community level</i>	Train community representatives participating in VNRMCs and BVCs	At least 150 committees (100 VNRMCs/forest stakeholders; and 100 BVCs/RVCs/fisheries stakeholders) in 6 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 Reg NRBE Development Specialist Community Extension Officer Protected Area Extension Officer CWPP Coordinator</i>	Ongoing throughout 2008/09 Producer groups TNA: Q3 Cage culture final design: Q4 Mulanje CWPP: Q4
<i>Task 2.2. 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 NRBE Development Specialist CWPP Coordinator</i>	Ongoing throughout 2008/09 BDS database update: Q1 Business linkages design: Q2 Mulanje CWPP: Q3

WORK PLAN TASK	SUB-TASK	PERFORMANCE INDICATOR	TEAM MEMBER(S) RESPONSIBLE	EXPECTED COMPLETION DATE
	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>NRBE Development Specialist</i> <i>CWPP Coordinator</i>	Ongoing throughout 2008/09 BDS training orgs.: Q3 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 2008
	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	WESM (<i>Nantchengwa</i>) <i>Asst. Decentralization Specialist</i> <i>NRM Decentralization Specialist</i>	Ongoing throughout 2008/09
	Establish a website for Malawi environment and CBNRM activities	COMPASS II website online (with portal for variable content)	<i>NRM Decentralization Specialist</i> <i>IT Officer / Data Manager</i> <i>NRBE Development Specialist</i>	COMPASS II site: Q3
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 2008/09 Mulanje CWPP: Q3
	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	8 subsector analyses completed; 1 more subsector analysis on Green Credits conducted; 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 (Moyo, Sosola, Dickinson, Bita etc.)</i>	Ongoing throughout 2008/09 Market screening: Q3 Aquaculture Gold Standard: Q3 Honey commercialization: Q1-Q4 Cage aquaculture: Q1-Q4

WORK PLAN TASK	SUB-TASK	PERFORMANCE INDICATOR	TEAM MEMBER(S) RESPONSIBLE	EXPECTED COMPLETION DATE
	Organize national and regional natural product conferences	Local natural products conference or similar event held	NRBE Development Specialist Reg NRBE Development Specialist <i>Sr. NRBE Specialist (COP)</i> <i>Community Extension Officer</i>	A regional or national conference on natural products held: Q4 or Q5
	Promote sustainable business development services	Developed and introduced a BDS service mechanism to link BDS providers with in at least 6 districts serving producer group enterprises	Reg NRBE Development Specialist NRBE Development Specialist <i>Other team members as needed (Moyo, Sosola, Munthali)</i>	Ongoing throughout 2008/09
	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	Continued to support and train producers and producer organizations in better monitoring and sustainable harvesting in at least 6 districts	Sr. NRBE Specialist (COP) Reg NRBE Development Specialist <i>Monitoring & Evaluation Specialist</i> <i>WESM (wildlife counts)</i>	Ongoing throughout 2008/09
3.2. Identify production and harvesting opportunities for new natural resource-based products and actively exploit them on a sustainable basis	Provide technical assistance in performing natural products inventories and train local service providers on inventory techniques	Inventories conducted for 10 marketable natural products; Local service providers trained through joint inventory conduct Mulanje CWPP hydro surveys	Community Extension Officer NRBE Development Specialist <i>Protected Areas Extn. Officer</i> Reg NRBE Development Specialist CWPP Coordinator <i>Sr. Water Hydrologist (STTA)</i>	COMPLETE for natural products; Mulanje CWPP: Q3
	Provide market analysis and other product information to entrepreneurs, associations and other potential investors	Market assessments and surveys successfully conducted for 17 NR-based products and Results of analyses disseminated.	NRBE Development Specialist Reg NRBE Development Specialist Community Extension Officer	COMPLETE
	Create and support producer associations	16 producer/ processors associations created and 249 PGEs/clubs supported. Continue supporting PGEs/Clubs	NRBE Development Specialist Reg NRBE Development Specialist <i>Community Extension Officer</i> <i>NRM Decentralization Specialist</i> <i>Asst. Decentralization Specialist</i>	Ongoing throughout 2008/09

WORK PLAN TASK	SUB-TASK	PERFORMANCE INDICATOR	TEAM MEMBER(S) RESPONSIBLE	EXPECTED COMPLETION DATE
	Establish standards and quality control procedures	Established one quality control procedures / standards and grading system for at least one natural resource-based product.	Reg NRBE Development Specialist NRBE Development Specialist <i>Public Awareness Specialist</i> <i>Community Extension Officer</i> <i>Regional Training Specialist</i>	Identification and process begin: Q3 – Q4.
3.3. Develop and strengthen partnerships between communities and the private sector	Broker partnerships	Producers of at least 4 NR-based products in 15 target districts negotiated 335 sales contracts	Reg NRBE Development Specialist NRBE Development Specialist <i>Enterprise Fund Manager</i>	Ongoing throughout 2008/09
	Explore and promote sustainable financing strategies	Access to start-up or working capital does not constrain business-oriented NRBEs \$350,00 in grants facilitated and awarded to at least 32 different entities	Sr. NRBE Specialist (COP) Enterprise Fund Review Panel	Ongoing throughout 2008/09
	Increase understanding of the marketing chain among rural households	Continue working on increasing and improving understanding of marketing chain among rural Houeseholds.	Reg NRBE Development Specialist <i>Community Extension Officer</i> <i>NRBE Development Specialist</i> <i>CBNRM Training Specialist</i> <i>Asst. Decentralization Specialist</i>	Ongoing throughout 2008/09 Business training: start Q1-Q4 Study tours: beginning Q3-Q4 Radio drama: beginning Q3-Q4
	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	Introduction to Appreciative Inquiry: a manual for training community development facilitators	Svensden, D.; Msukwa, C, and Moyo, N.	137	June 2005
#7	Report on the 2006 Natural and Organic Products Expo-East, Baltimore	Sherchand, B	13	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
	Annual Progress Report - 2007	Dickinson, J. et al	52	October 2007
	Annual Work Plan – 2008/09	Dickinson, J. et al		
	Quarterly Progress Report: 1 st quarter 2008 (01 October-31 December 2007)	Dickinson, J. et al		
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