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## Expanding Impact on USAID/Zambia Supported Value Chains

USAID/Zambia Cooperative Agreement  
No.611-A-00-09-00005-00

Quarterly Report:  
July 1 to September 30, 2010

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## I. Introduction

This report presents the results of AFE's program entitled "Expanding Impact on USAID/Zambia Supported Value Chains" from July 1<sup>st</sup> to September 30<sup>st</sup>, 2010.

## II. Summary of Main Activities

During this quarter the AFE program focused on:

- analyzing proposals submitted by Lead Firms (LFs) to invest in the supply chains of MSMEs that they buy from or sell to
- negotiating agreements with those firms to support their initiatives
- beginning technical support to, and monitoring of LF activities
- facilitating working group meetings of the newly established Private Sector Development Network

### *Value Chain Work*

As a result of request for applications issued to lead firms in several value chains, AFE received proposals from 17 craft companies (two MOUs are pending), 10 agribusiness companies (four MOUs were signed and two are pending), and seven tourism firms (two MOUs are pending).

Several of the Lead Firms that AFE signed MOUs with began their proposed initiatives this quarter. AFE worked intensively with two of the lead firms to assist them to develop business plans and to define operating procedures for their Outgrowing operations. AFE also supported LFs to develop and produce training manuals, and to prepare for training activities with MSME producers. The pictures underneath show trainings organized by the four LFs for the MSMEs they buy from or sell to.



Training to seed outgrowers by Farmers Link



Training to Poultry farmers by Avian Ventures



Training to dairy farmers by  
Parmalat



Training to chili outgrowers by  
Lumuno Organics

### ***Private Sector Development Network***

AFE continued support to the newly created “Private Sector Development Network” (PSDN) – a network composed of 17 development organizations conducting economic development activities in Zambia. Activities during the quarter included facilitating meetings with three of the Network’s “working groups”. A description of these working groups and their proposed activities is presented below. The working groups met once a month at the AFE office and AFE facilitated regular email contact among the working group members.

### **Working Group 1: Agricultural Input Supply and the Effect of Market Distortions**

The objective of this working group is to highlight methods for improving the supply and quality of agricultural inputs through market led interventions. All of the participants in this group have experience in agriculture and agricultural input supply. In discussions to date, all agree that there needs to be a shift in mind-set to more market oriented approaches in order to ensure sustainability of supply to farmers.

### **Working Group 2: How Government Can Facilitate Private Sector Development**

One of the objectives of this working group is to develop a “how-to” document that can help companies understand the different channels they need to go through in order to get attention from government policy makers. The working group will also research and document lessons learned in private sector advocacy from other countries.

### **Work group 3: How DOs can work successfully with Lead Firms (LF)**

The objective of this working group is to identify and document principles, examples and lessons learned in Zambia for working with LFs. This includes the rationale for DOs to work with LFs, selection criteria, activities that different DOs are conducting with LFs, and recommendations for improving interventions.

The PSDN is planning to have a lateral learning conference in 2011 that will highlight the work of these working groups.

## ***Administration***

During the quarter AFE Zambia continued to develop both its financial management and administrative systems (in conformance with USAID provisions). At the end of August, with approval from USAID Zambia, AFE's new finance and administrative manager began work.

## **III. Accomplishments/ Results Achieved**

***Specific activities and accomplishments*** during the quarter included the following:

- Continued development of public-private partnerships between AFE and Lead Firms who have incentives and interest in investing in the producers they buy from or sell to. Activities and accomplishments included:
  - MOUs were signed with four Lead Firms who wish to invest in their supply chains.
  - Monitoring baseline interviews with these companies was conducted
  - In-depth discussions were held with these firms to ensure that their proposed activities and budgets were in line with AFE facilitation principles
  - One LF developed and printed a training manual for use in training producers – three other LFs began developing similar manuals.
  - One LF, with guidance from the AFE team, finalized its operational procedures for working with outgrowers
  - Two companies receive guidance in the development of business plans and two others began developing their procedures for working with outgrowers.
  - LFs conducted eight training activities with producers in their supply chains, others began to mobilize producers for similar training events.
  
- Continued to promote capacity building and lateral learning activities in approaches to private sector /market development among local DOs within the Private Sector Development Network. Activities included:
  - Monthly meetings with three working groups
  - Presented value chain and market development approach to the staff of VSO
  - Started preparations for the next three-day value chain training program for local development organizations.
  - Conducted discussions to conduct “in-house” training and capacity building for several development organizations, including the staff of World Vision.

## **Management Tasks**

- Conducted recruitment exercise to identify additional technical program managers. This included placing an advert in the newspaper, filtering the top 20 candidates among more than 231 applicants, conducting interviews and reference checks, and developing remuneration packages.
- Procurement of AFE vehicle (following significant delays at Toyota dealer).
- Design signboard for office, gained approval, placed order, purchased and mounted on the wall outside the AFE office.
- Conducted weekly team meetings to coordinate, discuss and build capacity
- Additional performance reviews of Country Director and local staff were carried out

- Training of newly hired administrative / finance person in QuickBooks, financial rules and systems, petty cash procedures, AFE office procedures, USAID procedures and requirements, filing and reporting.
- Conducted bi-weekly meetings with Ndekazi Kaluwa to inform her about program progress
- Attended the monthly USAID partner meetings - the first took place at USAID office where all the partners were introduced to Andrew Levin, the new Team Leader for the USAID/Zambia Economic Growth Office and made short presentations of their programs.
- Prepared and submitted AFE program indicator reports to USAID
- DQA meeting with Patricia Sitimela (head DQA USAID), Chanda Musonda (head DQA financial aspects), Sheila Lutjens (Deputy Mission Deputy) and Ndekazi to discuss program and financial aspects.

#### IV. Implementation Issues

During the quarter one of AFE's program managers received an academic scholarship and another was let go due to unsatisfactory performance. Recruitment to replace these staff persons took place immediately and two new managers were identified and recruited. There have been some delays in finalizing agreements with lead firms in the tourism and craft sector – but some of these are expected to be completed in the next quarter.

#### V. Conclusion

During the quarter AFE began supporting a variety of exciting initiatives by lead firms to invest in the MSME producers they buy from or sell to – and to further develop long term relationships with these producers. The quarter also saw the initiation of three dynamic working groups within the PSDN – that will provide excellent forums for regular and exiting interaction among development practitioners interested in learning and applying approaches that will result in less market distortions and more sustainable impact on producers.

## Appendices

### AFE Zambia: Annual Work Plan October 2009 – September 2010

ACTIVITIES	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b><i>Program Management</i></b>												
– Coordination meetings with USAID	■											
– Complete recruitment of COP	■	■	■									
– Open Bank Account	■											
– Identification of office space	■	■	■									
– Procure needed office furniture, equipment, and services.		■	■	■								
– Recruit and contract all local technical and administrative staff		■	■	■								
– Initiate office policies and procedures		■	■	■								
– Pursue local registration of AFE		■	■	■								
– Finalize accounting and management systems		■	■	■								
– Procure vehicle		■	■	■								
– Conduct staff performance appraisal (post 90-day probationary period)							■	■				
– Complete quarterly progress and financial reports				■			■			■		
<b><i>Program Interventions</i></b>												
<i>VALUE CHAIN INTERVENTIONS (the following activities will contribute to IRs 5.1, 5.2., 5.3, and 5.4)</i>												
– Conduct interviews with Lead Firms (LFs) working with MATEP to understand the nature of their backward linkages with producers	■	■	■									
– Conduct broader analysis with the intermediaries, producers, and support market actors involved in LFs' supply chains		■	■	■								
– Work with LFs to develop strategies to provide improved support to their MSME suppliers (TA, inputs, etc.).		■	■	■	■	■						
– <i>[this process might include development and issuance of a “request for application” to LFs (especially if there are several in the industry) where they propose cost share interventions within guidelines and parameters provided by the project]</i>		■	■	■	■	■						

ACTIVITIES	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
- Develop MOUs and cost share agreements with LFs that describe the collaboration with AFE as well as roles and responsibilities for interventions			—————	—————	—————	—————						
- Provide TA to LFs in implementing interventions according to work plans and cost share agreements				—————	—————	—————	—————	—————	—————	—————	—————	—————
- Organize appropriate cross cutting interventions for LFs in the same industry					—————	—————	—————	—————	—————	—————	—————	—————
<b>PROMOTING LEARNING IN FACILITATION OF VALUE CHAIN DEVELOPMENT PROGRAMS (the following activities will contribute to IR 5.3)</b>												
- Conduct assessment with local development organization and GOZ representatives (that are engaged in economic sectors and industries where USAID programs have been working) to determine interest in and need for value chain / market development approaches	—————	—————										
- Develop training materials (session plans, case studies, practical exercises, etc) that are based on PROFIT learning, AFE value chain training materials, and target group's needs.			—————	—————								
- Organize training workshops with organizations that are intervening in the same industries as USAID programs. Underline the importance of relationships among market actors, sustainability of impact, leveraged impact through working with lead firms, etc. Revise training materials as needed.			—————	—————	—————	—————	—————	—————				
- Organize additional activities to support learning agenda (workshops, working groups, etc)					—————	—————	—————	—————	—————	—————	—————	—————
-												
<b>ADDITIONAL ACTIVITIES (POTENTIAL)</b>												
- Coordinate with MSU FSRP and their involvement in the Accelerated Cassava Utilization task force – potential involvement in supporting LFs (Tiger Feed, etc) who are processing cassava with their backward linkages and business model.				—————	—————							
<b>Performance Monitoring and Impact Assessment</b>												
- Finalize performance monitoring and evaluation systems (both quantitative and qualitative tools)			—————	—————								
- Conduct baseline with LFs and their MSME suppliers once MOUs are established with the LFs				—————	—————	—————	—————					
- Conduct semi-annual M&E reports to assess results and make program modifications as needed						—————						—————

Performance Measurement

## Contributions to USAID Zambia SO5: Increased Private Sector Competitiveness in Ag and Natural Resources

AFE Program Year 1

<b>Milestone / Bench mark</b>	<b>indicator</b>	<b>results</b>
at least 1000 MSME producers expanded access to markets (based on sustainable commercial relationships with lead firms)	# MSME producers	1200
at least 1000 MSME producers with enhanced production as a result of products/ support from companies they buy or sell to	# MSME producers	1200
At least forty local development practitioners trained in improved Value chain/ market development facilitation processes (with related impact on their target groups)	# of Development practitioners trained	41
At least 1000 MSME producers receiving improved support from companies they buy from/ sell to (technical skills, inputs, finance, new technologies, etc)	# MSME producers	1200
At least three firms providing improved / expanded support (on sustainable basis) to producers as part of their commercial transactions with them	# of Lead firms	4