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USAID Zambia Enterprise Development and Growth Enhanced (EDGE) Activity

# PROGRESS REPORT

QUARTER 4 2020: August 3, 2020 to September 30, 2020



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## ACTIVITY INFORMATION

**Program Name:** USAID Zambia Enterprise Development and Growth Enhanced (EDGE) Activity

**Activity Start Date and End Date:** August 3, 2020–August 2, 2025

**Name of Prime Implementing Partner:** ACDI/VOCA

**Contract Number:** [REDACTED]

## ACRONYMS AND ABBREVIATIONS

AMELP	Activity Monitoring, Evaluation, and Learning Plan
COP	Chief of Party
DFC	U.S. International Development Finance Corporation
EDGE	Enterprise Development and Growth Enhanced
EMMP	Environmental Mitigation and Monitoring Plan
FI	Financial Institution
GRZ	Government of the Republic of Zambia
GSI	Gender and Social Inclusion
HQ	Headquarters
KP	Key Personnel
MEL	Monitoring, Evaluation, and Learning
SME	Small- and Medium-Sized Enterprise
USAID	United States Agency for International Development

# I. SUMMARY OF CUMULATIVE PROGRESS AND ACCOMPLISHMENTS

ACDI/VOCA officially began implementation of the Enterprise Development and Growth Enhanced (EDGE) Activity on August 3, 2020 and made good progress toward Year 1 work plan goals during the last quarter. The Activity did not hire all field staff before the end of September, so ACDI/VOCA's headquarters (HQ) project management and technical teams took the lead in implementation, with support from subcontractor Agova. On the technical side, the team immediately began planning and implementing the value chain prioritization and selection methodology to choose the five focus value chains for Year 1. The team drafted the selection methodology and received USAID approval during the last quarter. The team then quickly moved to implement Phase 1 of the methodology, including identifying 20 preliminary value chains, conducting desk research, and gathering feedback from key Zambian stakeholders. The team finalized the selection of ten value chains for Phase 2 of the selection process, which includes formative analyses on value competitiveness, end markets, and the financial sector, among others. The team coordinated several technical leads to plan the Phase 2 analyses and the technical leads started developing tools for the analyses.

ACDI/VOCA's HQ technical team also started work on activities under Objective 1: Increased Access to Finance for Agricultural Small- and Medium-sized Enterprises (SMEs), including Female-owned Enterprises and Objective 2: Increased Competitiveness for SMEs' Products. The EDGE Director of Access to Finance joined the team in early September and has been leading Objective 1 efforts to reach out and engage with financial institutions, including an initial call with the U.S. International Development Finance Corporation (DFC) to explore potential areas of collaboration. Under Objective 2, EDGE and Agova began discussing the processes to identify SME business advisors and revise business advisor training materials. The team will complete these activities during the next reporting quarter.

According to the Year 1 work plan, EDGE's deliverables are all on track, including submission of the draft Activity Monitoring, Evaluation, and Learning Plan (AMELP) and the Environmental Mitigation and Monitoring Plan (EMMP) to USAID. The team will finalize both plans during the next quarter after feedback from USAID. EDGE also made progress toward hiring key personnel (KP), identifying all five KP positions and submitting replacements to KP included in the original proposal to USAID. EDGE hired two KP and one non-KP staff during this reporting quarter and plans to hire the remaining personnel next quarter.

While the team made some minor adjustments in response to Covid-19, the pandemic did not have a large adverse effect on activity implementation to date. Operations, technical, and monitoring, evaluation and learning (MEL) start-up activities are on track, while technical activities will intensify next quarter as the team completes Phase 2 of the value chain prioritization and selection process and begins working with financial institutions and SMEs. Following USAID approval of the AMELP and the completion of the value chain selection, the MEL team will work to set up systems and plan for the EDGE baseline survey with independent MEL research firm, SoCha.

## 2. DELIVERABLES

Below is the status of reports and deliverables as this reporting period ends:

- Value Chain Selection Methodology (approved during reporting period)
- Final EDGE Year 1 Work Plan (approved during reporting period)
- Draft Environmental Mitigation and Monitoring Plan (submitted on September 11, USAID feedback received October 2, and responses sent October 8)
- Draft Activity Monitoring, Evaluation and Learning Plan (submitted on October 1)
- Inclusive, Resilient, and Competitive Value Chain Report (in progress, due November 1)
- Quarterly financial report (ACDI/VOCA will close the quarter on or around October 23 and will submit the report by the end of October along with the final quarterly Progress Report)

## 3. DETAILED ACTIVITIES

### 3.1 Value Chain Prioritization and Selection

The EDGE Activity made good progress toward selecting target value chains. The team drafted and submitted the value chain selection methodology to USAID and received approval in August. In consultation with Agova, the team identified 20 agricultural value chains and conducted desk research, producing two-page profiles on each value chain.

The team then created an online survey to gather feedback about each value chain using the three criteria of inclusiveness, competitiveness, and resiliency. With help from Agova, the team developed a list of stakeholders to include in the survey and consultation meetings, including members of the Government of the Republic of Zambia (GRZ), research institutions, private sector companies, SMEs, women- and youth-run organizations, and others. The team conducted three virtual introductory meetings with stakeholders and sent them the value chain profiles and link to the stakeholder survey for their response. In total, the EDGE survey received 69 responses. The team ranked the top ten value chains by calculating the average of the weighted scores for each value chain regarding the three selection criteria.

EDGE organized a women and youth SME and expert meeting on September 15, 2020 with 15+ representatives from women and youth SMEs and other organizations. The meeting's goal was to gather further information on opportunities, barriers, and the interests of women and youth in the value chains. EDGE organized a second meeting on September 24, 2020 with 24 expert representatives from the GRZ, research institutions, the private sector, and others. The team presented the survey results and stakeholders agreed with the top ten selected value chains and provided additional insights to help guide the next phase of the process.

The table below shows the 20 original value chains and the top ten semifinalists (highlighted in red) to be included in the next formative analysis phase of the selection process.

**Table 1. Twenty value chains with 10 finalists in red**

• Aquaculture	• Honey	• Cotton	• Pig
• Cassava	• Horticulture	• Feed & fodder	• Sorghum
• Dairy	• Poultry (meat & eggs)	• Herbs & spices	• Sugar
• Fruit	• Soybeans	• Maize	• Tobacco
• Groundnuts	• Sunflowers	• Nuts (cashew & macadamia)	• Wheat

### 3.2 Objective 1: Increased Access to Finance for Agricultural SMEs, including Female-owned Enterprises

EDGE hired Mr. Mubiana Mutumba as Director of Access to Finance in September. Since that time, Mr. Mutumba began actively identifying and reaching out to financial institutions (FIs) to introduce the Activity and start gathering information for the value chain selection process and financial and investment analysis. With ACIDI/VOCA's HQ Associate Director of Investment and Partnerships, the team developed an initial survey to gauge FIs current agricultural lending and interests. Mr. Mutumba conducted interviews with 17 banks and five microfinance institutions. The team will use this information to inform the value chain selection process and to select FI partners at a later date. EDGE's finance team also held a preliminary discussion with the DFC regarding potential areas of partnership and scheduled a follow-up conversation for later in the year. The team also plans to meet with the Central Bank of Zambia and the Bankers Association of Zambia to introduce EDGE and secure their support for the Activity's work in the financial sector.

### 3.3 Objective 2: Increased Competitiveness for SMEs' Products

While the work plan calls for the identification of 30-35 business advisors by the end of September, the team did not yet complete this process. The ACIDI/VOCA team started discussions with EDGE subcontractor, Agova, about the identification of potential business advisor candidates and ACIDI/VOCA's Technical Director of Agriculture started developing a business advisor profile. Next quarter, the Director of SME Development, who was hired at the end of last quarter, will continue working with Agova to complete this activity. During the next reporting quarter, Agova will also complete revising their business advisor training modules, adapting the content for the EDGE business advisor training and determining the need to develop new content.

### 3.4 Cross-cutting

**Climate Change Integration and Environmental Compliance.** ACIDI/VOCA's HQ Senior Climate Change Advisor drafted the Environmental Mitigation and Monitoring Plan (EMMP), which the team submitted to USAID on September 11, 2020. USAID provided feedback to the draft on October 2. ACIDI/VOCA provided responses to USAID feedback on October 8.

**Gender and Positive Youth Development.** ACIDI/VOCA's Associate Director, Gender and Social Inclusion worked with the EDGE technical team to integrate gender and youth considerations across activities, including the value chain and business advisor selection processes. While the Year 1 work plan anticipated that the team would start developing the gender and social inclusion (GSI) strategy and youth action plan during the last reporting quarter, this will actually start during the next reporting

quarter, following detailed GSI and youth analyses across the final five value chains. The findings from these analyses are essential for developing an evidence-based GSI strategy and youth action plan.

### 3.5 Monitoring, Evaluation, and Learning

The team submitted a draft AMELP to USAID on October 1.

### 3.6 Project Administration and Management

Below is the status of key personnel as of the end of the reporting period:

- Chief of Party (COP): replacement for the original candidate proposed on September 11.
- Director of Monitoring, Evaluation and Learning: replacement for the original candidate proposed on September 30 and approved on October 13. The Director is ready to start on November 2.
- Director of Access to Finance: hired on September 8.
- Director of SME Development: hired on September 28.
- Director of Social Inclusion and Innovation: contracted, will start on October 15 and has already been included in some onboardings and discussions.

## 4. SCHEDULES

The team completed all quarterly deliverables on time or slightly ahead of schedule. Some planned activities experienced minor delays, including identification of business advisors and preparing training materials, but the team will complete these activities during the next quarter. Other activities, like the GSI strategy and youth action plan, that were planned to start this quarter will happen during the next quarter. We do not anticipate any delays in developing the GSI strategy and youth action plan and will submit associated deliverables during the next reporting quarter.

## 5. PROBLEMS

EDGE did not encounter any major technical problems during the reporting quarter. The team adapted some value chain selection activities due to Covid-19, such as conducting virtual meetings with stakeholders instead of in-person meetings. However, the pandemic did not affect the information gathered or the timeline of the process. The team's assumptions, laid out in the Year 1 work plan, have been correct until this point; we do not foresee any major changes to these assumptions in the next quarter.

## 6. PLANS

- **Value Chain Selection.** In the next quarter, the EDGE team will complete the formative analysis phase of the ten selected value chains and prepare a final value chain report with findings. EDGE will develop a selection matrix and will work with USAID and GRZ to select the five final focus value chains for Year 1. During the analysis process, the team will concurrently identify 120



SMEs to work with in Year 1. After selecting the final five value chains, the team will conduct a socioeconomic network analysis and business enabling environment analysis to gather information on challenges and opportunities around networking and business enabling policies for SMEs in the selected value chains.

- **Objective 1: Increased Access to Finance for Agricultural SMEs, including Female-owned Enterprises.** The Director of Access to Finance with support from Open Capital Advisors and ACDI/VOCA HQ, will lead a financial sector analysis as part of the formative analysis phase of the value chain selection process. The Director and COP will hold kickoff presentations with FIs to start identifying and selecting FI partners, and the team will start identifying potential agriculture SME investments.
- **Objective 2: Increased Competitiveness for SMEs' Products.** The EDGE Director of SME Development will work with Agova to select and train business advisors. The team will host a matchmaking event where partner SMEs will select business advisors and business advisors will help SMEs develop one-year strengthening plans. The team will also select local training and TA providers to build the capacity of SME middle managers. Finally, the team will engage with large and mid-size value chain actors and link SMEs to the actors.
- **Cross-cutting.** Once staff are in place, they will lead cross-cutting activities in the next quarter.
  - *Collaboration with Development Stakeholders.* The COP will hold introductory meetings with relevant development stakeholders and create a Year 1 coordination agenda.
  - *Gender and Positive Youth Development.* After selecting the final value chains, the Director of Social Inclusion and Innovation will coordinate with ACDI/VOCA HQ to conduct a GSI and youth analysis spanning the five value chains. The EDGE team will use the analysis' findings to develop the EDGE GSI strategy and youth action plan. The GSI team will also conduct ACDI/VOCA's GenderBasics training with all Activity staff and will provide a positive youth development training later in the coming quarter.
  - *Collaborating, Learning and Adapting.* The COP will work with the EDGE technical team to develop the co-creation methodology for EDGE interventions.
  - *Science, Technology, Innovation and Partnership.* The Technical Services and Innovation Specialist will work with subcontractor Dimagi to identify bottlenecks in selected value chains and potential information communications and technology solutions.
  - *Climate Change Integration and Environmental Compliance.* The Senior Climate Change Advisor from ACDI/VOCA will finalize the EMMP. The Technical Services and Innovation Specialist will start to identify climate change-related bottlenecks in the five value chains and potential solutions for SMEs and farmers.
- **Monitoring, Evaluation, and Learning.** The MEL team will finalize the AMELP after receiving USAID feedback. After selecting the final five value chains, the team will coordinate with SoCha, an independent monitoring, evaluation, and learning firm, to organize the baseline survey. The team will also work with ACDI/VOCA HQ to set up the Activity's Learning Evaluation and Analysis Platform (LEAP).

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