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USAID Zambia Enterprise Development and Growth Enhanced (EDGE) Activity

# Quarterly Report

QUARTER I FY2021: October 1, 2020 to December 31, 2020



Submission Date: January 15, 2021

Approved Date:

Contract Number: [REDACTED]

Activity Start Date and End Date:

August 3, 2020 to August 2, 2025

Total Award Amount: [REDACTED]

[REDACTED]

Submitted by:

[REDACTED] e, Chief of Party

ACDI/VOCA

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

This document was produced for review by the United States Agency for International Development Zambia Mission (USAID/Zambia)

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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:** 

## ACRONYMS AND ABBREVIATIONS

AAR	After Action Review
AGS	Accelerated Growth for SMEs
AINFP	Alliance for Inclusive and Nutritious Food Processing
AMELP	Activity Monitoring, Evaluation, and Learning Plan
BA	Business Advisors
CLA	Collaborating, Learning, and Adapting
CNFA	Cultivating New Frontiers in Agriculture
COP	Chief of Party
DBZ	Development Bank of Zambia
DFC	U.S. International Development Finance Corporation
DFM	Data Flow Map
EDGE	Enterprise Development and Growth Enhanced
EMA	End Market Analysis
EMMP	Environmental Mitigation and Monitoring Plan
EOI	Expression of Interest
FGD	Focus Group Discussion
FI	Financial Institution
FSP	Financial Service Provider
GBV	Gender-based Violence
GRZ	Government of the Republic of Zambia
GSI	Gender and Social Inclusion
GYSI	Gender, Youth, and Social Inclusion
HQ	ACDI/VOCA Headquarters in Washington, D.C.
ICT	Information and Communications Technology
IPTT	Indicator Performance Tracking Table
J2SR	Journey to Self-Reliance
KII	Key Informant Interview

LEAP	Learning, Evaluation, and Analysis Platform
M&E	Monitoring and Evaluation
MEL	Monitoring, Evaluation, and Learning
MFI	Microfinance Institution
MOU	Memorandum of Understanding
OCA	Open Capital Advisors
PACO	Provincial Agriculture Coordinating Office
RFQs	Request for Quotes
RUFEP	Rural Finance and Expansion Programme
SME	Small- and Medium-Sized Enterprise
SNA	Socioeconomic Network Analysis
TOR	Terms of Reference
USAID	United States Agency for International Development
VC	Value Chain
ZDA	Zambia Development Agency
Z-MELP	USAID's Zambia Monitoring, Evaluation, and Learning Platform

# I. SUMMARY OF CUMULATIVE PROGRESS AND ACCOMPLISHMENTS

ACDI/VOCA officially began its implementation of the Enterprise Development and Growth Enhanced (EDGE) Activity on August 3, 2020, and made important progress toward Year 1 work plan activities and goals during the last quarter (Q1). As the Activity completed its hire of key personnel, including chief of party (COP) until November 16, 2020, ACDI/VOCA's headquarters (HQ) project management and technical staff took the lead on start-up activities with support from implementing partners.

ACDI/VOCA's HQ technical team also contributed to start-up 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. Priority was first placed on the selection of its five focus value chains for Year 1 which, as explained below, resulted in six value chains (VCs) being prioritized in discussions with USAID, following a thorough consultative process previously described in EDGE's Progress Report for the period covering August to September. Emphasis was also placed on the contracting of implementing partners Open Capital Advisors (OCA), Agova, and Dimagi, including scopes of work and Year 1 work plans, with all contracts in place by the end of Q1.

The EDGE Director of Access to Finance joined the team in early September and has been providing technical leadership and guidance on Objective 1 efforts to reach out and engage with financial institutions, including initial exploratory calls with the U.S. International Development Finance Corporation (DFC) to explore potential areas of collaboration. Under Objective 2, EDGE's SME Director has been working closely with Agova to identify VC actors and potential SMEs and develop approaches for soliciting Business Advisors (BA) and incentivizing their contributions under EDGE. The social inclusion team was busy with the planning and implementation of the Gender, Youth and Social Inclusion (GYSI) analysis, which, after field data collection and a VC mapping workshop, is finalizing its report and accompanying action plans. The Director of Monitoring, Evaluation and Learning (MEL) and Collaborating, Learning and Adapting (CLA) began to work in earnest to finalize EDGE's Activity Monitoring Evaluation and Learning Plan (AMELP), engage with USAID's Zambia Monitoring, Evaluation, and Learning Platform (Z-MELP) to plan baseline efforts, and onboard EDGE's new management information system (MIS) specialist to set up systems, databases, and analytical tools.

EDGE has also rolled out a pilot expression of interest (EOI) process for fast-tracking SME identification and catching up on deliverables using previous lists of SMEs developed by EDGE, existing Agova networks, and findings from EDGE's VC assessment. At report writing time, this EOI is drawing up significant interest, and a facts and answer sheet is being drafted to assist respondents with guidance. The MEL section of this report captures some early collaborative, learning, and adaptation pivots to amplify early results in capturing SMEs and developing private sector partnerships in 2021.

Based on EDGE's Year 1 work plan, deliverables are on track, including the submission of this first FY21 quarterly report, the AMELP and the Environmental Mitigation and Monitoring Plan (EMMP) to USAID. Through the dedication of its operations and finance managers, EDGE also secured and signed its lease for its new office in Kabulonga, completed the process for purchasing vehicles, and procured health insurance for its Zambian staff, hired all five key personnel, and submitted replacements to key personnel included in the original proposal to USAID. Details of hires and progress on ongoing recruitments beginning in January and February are provided in the Project Administration and Management section of this report.

The EDGE team has been working remotely since inception, mindful of the COVID-19 context. Operations, technical, and MEL activities are on track, while technical activities will intensify next quarter as the team completes pilot and standard activities related to SME and BA selection process and

begins working with financial institutions and selected SMEs. Following USAID approval of the AMELP and the VC selection, the MEL team has been working on the creation of data collection, reporting and analytical systems, and continues to engage with independent MEL research firm, SoCha, under the USAID-funded Z-MELP Activity to organize co-creation workshops and finalize the framework and plans for baseline roll-out.

## 2. DELIVERABLES

Below is the status of reports and deliverables that were due or approved during this reporting period:

Deliverable	Due Date	Submitted	Approved	Comment
EMMP	September 17	September 11	November 3	A living document that can be revised as needed
Annual work plan, final	October 1	September 21	September 25	
AMELP, draft	October 2	October 1	n/a	
AMELP, final	November 2	October 31	November 17	A living document that can be revised as needed
Quarterly Progress Report (August 3 to September 30), 2020, draft	October 15	October 13	n/a	
Quarterly Progress Report (August 3 to September 30), final	October 30	October 30	October 30	
Quarterly Financial Report (August 3 –to September 30)	October 30	October 30	n/a	
VC report	November 2	November 2	November 24	

During the quarter, we also submitted monthly expenditure reports for September, October, and November. The December report will be submitted by the end of January.

## 3. DETAILED ACTIVITIES

### 3.1 Value Chain Prioritization and Selection

In its efforts to finalize its VC prioritization and selection process, EDGE distributed a financial service provider (FSP) questionnaire to 23 FSPs, with 10 responses received. From this exercise, dairy, groundnut, honey, poultry, and soybean were the VCs that scored highest. A key barrier mentioned by multiple FSPs was the capacity of the farmers in different VCs to qualify for and effectively utilize any financing, which EDGE will strive to address via innovation, outside-the-box thinking and the exploration of new solutions.

**Table 1: Finance (FSP) VC Ranking**

VC	Score
Dairy	4.3
Groundnut	4.3
Honey	4
Poultry	4
Soybean	4
Horticulture	3.7
Sunflower	3.7
Aquaculture	3.3
Fruit	3
Cassava	2.7

**Table 2: Overall VC Ranking**

Rank	Value Chain	Weighted Score
1	Dairy	4.03
2	Poultry	3.82
3	Groundnut	3.80
4	Aquaculture	3.67
5	Cassava	3.44
6	Sunflower	3.31
7	Honey	3.15
8	Horticulture	3.09
9	Fruit	3.02
10	Soybean	2.99

In Q1 2021, EDGE completed the VC vetting process with key stakeholders through a survey and meetings to reduce the number of VCs from 20 to 10. This was followed with a formative analysis of 10 VCs to arrive at five VCs that will be supported by the EDGE project. Table 1 presents the scoring for the top VCs from the FSPs' perspectives. After selecting the final five VCs, EDGE completed its Inclusive, Resilient, Competitive Value Chain report, which was shared with USAID and other interested parties. Table 2 contains the overall VC ranking per EDGE's analysis. The VC selection process was discussed at length with USAID with consideration given to possible collaboration with other activities that the USAID Zambia Mission is supporting around inclusiveness, nutrition, and geographical areas of focus.

As conveyed by USAID on November 24, EDGE was advised that the following six VCs are the priority ones that EDGE should focus on: **poultry, aquaculture, horticulture (annual fruit and vegetables), groundnuts, honey, and animal feed (including soy, sunflower and maize)**. It was noted that, should EDGE identify new opportunities outside the above that are deemed to be impactful, USAID and EDGE can discuss and agree on a way forward for inclusion.

The challenge for EDGE will be to reconcile the lower ranking by FSPs on four of its approved VCs/sub-VCs (horticulture, aquaculture, sunflower, and fruit) with the overall rankings, which will require some innovative thinking with FSPs and new financial products or approaches to generate interest and mitigate risk from lenders and participation from SMEs/farmers in lending schemes.

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

In Q1, the FSP partner identification and selection process officially commenced with meetings with the Bankers Association of Zambia (industry association) and the Bank of Zambia (industry regulator) on October 16 and October 20, 2020, respectively. Meetings were attended by staff from EDGE and



ACDI/VOCA HQ in Washington, D.C., resulting in the Bank of Zambia and the Bankers Association of Zambia agreeing to inform their membership and pledging support to EDGE.

As a next step, the EDGE team continued engaging with individual FSPs through the dissemination of an FSP questionnaire. The purpose of the questionnaire was to help identify FSP partners, key barriers and opportunities for agricultural lending in Zambia, and key leverage points for EDGE. In addition, the questionnaire informed the VC selection process as described above and provided a sense of FSPs' position and interest regarding the Activity.

EDGE sent the questionnaire to 17 banks<sup>1</sup> and five microfinance institutions (MFIs)<sup>2</sup> and received responses from 11 institutions<sup>3</sup>. The 50 percent response rate was primarily because of COVID-19 restrictions which limited communications to email and telephone calls and reduced the staff operating capacity for most FSPs. In addition, some of the FSPs were reluctant to divulge information to EDGE, fearing it would land into the hands of their competitors despite assurances to the contrary.

The FSP survey was successful in informing the final VC selection process, the development of the OCA scorecards rubric and assessment tools, which are described further below, and partnership discussions between EDGE and DFC. At a meeting held on December 17, 2020, attended by the EDGE team, ACDI/VOCA technical experts, OCA representatives, USAID Zambia Mission staff, and DFC counterparts, the EDGE team and DFC agreed to collaborate on the identification of potential partnership opportunities with FSPs, and the linking of Zambian bank/lending partners to DFC products and tools available for Zambia.

### 3.2.1. STRENGTHENING THE ABILITY OF BANKS AND MFIS TO SERVE SMES

#### **Product Development**

As per the EDGE work plan for Year 1, the process for product development was scheduled to start in February and end in September 2021. Notwithstanding, this activity was initiated in Q1 with the creation of the FSP and SME scorecards rubric by EDGE subcontractor OCA. The scorecards will be used to identify partner FSPs and SMEs whose profiles, strengths, and weaknesses will then be scrutinized to create relevant products suitable for EDGE partners and the chosen VCs.

The FSP Scorecard rubric has been reviewed by ACDI/VOCA and Agova staff. Detailed comments and suggestions were sent back to OCA for finalization by the third week of January 2021. This will allow the tool to be tested during the review of SME applications and concept notes as per the EDGE EOI launched on January 4, 2021. At report drafting time, OCA is developing detailed questionnaires and consultation guidelines that cover the outstanding information needed to populate the scorecards for the selected institutions and SMEs.

In Q1, EDGE initiated discussions on the provision of tailored support packages to FSP partners based on their individual needs. Support packages will include market research to better understand market opportunities and the development of new products or processes to better serve agribusinesses within prioritized VCs.

EDGE also began to explore potential non-traditional lenders and MFIs to bring onboard, including rent-to-own and Lupiya, Vision Fund, Agora, and FINCA as potential game changers. The team suspects that

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<sup>1</sup> AB Bank, Access Bank, Atlas Mara Bank, Bank of China, ABSA, Cavmont Bank, Citibank, Ecobank, First Alliance Bank, First Capital Bank, First National Bank, Indo-Zambia Bank, Investrust Bank, Stanbic Bank, Standard Chartered Bank, United Bank for Africa, and Zambia National Commercial Bank

<sup>2</sup> Agora Microfinance, FINCA Zambia, Izwe Loans, Entrepreneurs Financial Centre, and Vision Fund Zambia

<sup>3</sup> Stanbic Bank, ABSA, Investrust Bank, Zambia National Commercial Bank, FINCA Zambia, Atlas Mara Bank, Entrepreneur Financial Centre, First National Bank, Access Bank, Agora Microfinance, and Izwe Loans Zambia

EDGE will need more of the MFIs than anticipated, particularly if the goal is to secure financing at the SME tier C-level via nontraditional and digital financing solutions.

### **Building Internal FSP Commitment to Increase Lending to Agricultural SMEs with a Focus on Gender and Youth**

As per EDGE's Year 1 work plan, the process of building internal FSP commitment to increase lending to youth and female-owned agricultural SMEs was scheduled for Q2. To get ahead of the curve, the EDGE team introduced this concept to the Bank of Zambia and the Bankers' Association of Zambia for stakeholder buy-in. Findings from the GYSI analysis, combined with input from the end market analysis (EMA) and enabling business environment focus group discussions (FGDs) and key informant interviews (KIIs) scheduled for the third week of January and reported under Objective 2, will be instrumental in advising FSPs on this front. The FSP scorecard rubric and assessment tools, which incorporate GYSI considerations, will be used with partner FSPs during the first half of 2021 to influence the design of financial products and services to favor/or include gender and youth-sensitive methodologies.

### **Linking Banks and MFIs to Savings Groups**

Though this activity was to have been initiated in Q2, during the reporting period, the EDGE team surveyed the market with a view to identifying possible partnerships. In this regard, EDGE engaged with the Rural Finance and Economic Expansion Program (RUFEP) to learn from its experience working with savings groups, as well as complementarity with future EDGE activities. EDGE will prioritize establishing partnerships with FSPs and providing necessary technical assistance, recognizing both to be necessary first steps to linking with savings groups. The earlier start of this activity during the quarter under review was necessary to understand the factors at play in this sector prior to commencement of work in 2021. Following the prioritization of establishing relationships with partner FSPs and providing necessary technical assistance, this activity was moved to Year 2 and beyond.

## **3.2.2 CATALYZING NON-BANK FINANCIAL INSTITUTIONAL GROWTH**

### **Identifying and Facilitating Agricultural Investments**

According to EDGE's Year 1 work plan, the process of identifying and facilitating agricultural investments is scheduled to start between December 2020 and January 2021. During the reporting period, EDGE reached out to several organizations that have an interest in agricultural financing to lobby for investments in the chosen VCs. The EDGE Zambia/HQ team initiated introductory dialogues, joint presentations, and lessons learned discussions with the following organizations:

1. **U.S. International Development Finance Corporation (DFC)** (two calls held to-date, with a follow-on meeting planned for the third week of January)
2. **Cultivating New Frontiers in Agriculture (CNFA)** (synergy potential in core VCs and operational zones)
3. **Rural Finance and Expansion Programme (RUFEP)** (a memorandum of understanding (MOU) with EDGE in the development stage)
4. **Alliance for Inclusive and Nutritious Food Processing (AINFP)** (potential for EDGE to support USAID Zambia Mission's strategic goals on nutrition by linking EDGE SMEs and their products to AINFP)
5. **UBA Bank** (with linkage to foundational funds for Tier C businesses)
6. **Imani Development** (regional project funded by the European Union with potential for complementary/external financing)
7. **Accelerated Growth for SMEs (AGS) in Zambia** (with **Prospero Zambia** (offering important lessons learned on BA modeling, as well as the potential for grants funding for viable SMEs)

## 8. The Zambia Development Agency (ZDA) & Development Bank of Zambia (DBZ) (proposed guarantee scheme for SMEs (DBZ Capital, Ltd.)

These interactions identified partnership opportunities and complementary programmatic pathways to be advanced via various modalities, be these MOUs, non-financing facilitation agreements, and letters of agreement or intent. Following the EDGE's participation at the December 4 EDEV partner virtual conference, EDGE has rapidly engaged in exploring linkages and leverage points, from a sequencing, layering, and integration (SLI) perspective, to identify possible or joint interventions to help maximize respective reach and for partners to collaborate in reaching project targets.

Via these partnerships, EDGE envisions mutually reinforcing engagements, which will enable the team to:

- Tap into existing funds appropriate for Tier C and low B SMEs.
- Feed into or support nutrition/WASH activities and targets of other projects.
- Link SMEs to existing middle management or leadership trainings and certification opportunities.
- Connect SMEs to existing and planned capacity building efforts (by capitalizing on existing modules, models, and training platforms).
- Leverage expertise and solutions to address market systems gaps, including in the areas of traceability, standards, and regulations capacity development.
- Use lessons learned on financial product development, jointly tackle barriers to financing, and identify low hanging fruit for catalyzing systems change.
- Identify niche opportunities for information and communications technology (ICT) solutions development for smallholders, farmers, and aggregators.
- Capture best practices for remote coaching and future use of volunteers.

Of the eight institutions above, initial contacts with the DFC, RUFEP, and the UBA Bank have shown the most potential for immediate cooperation around Objectives 1 and 2. In particular, DFC and RUFEP have offered to partner and cooperate with EDGE as early as Q2. DFC is waiting for the identification of partner FSPs through the FSP OCA scorecard process. Concerning RUFEP, the EDGE team is exploring potential signature and legacy projects and partners, with a view to promote SLI with local partners while building the capacity and commitment of local institutions and private sector actors under the Journey to Self-Reliance (J2SR).

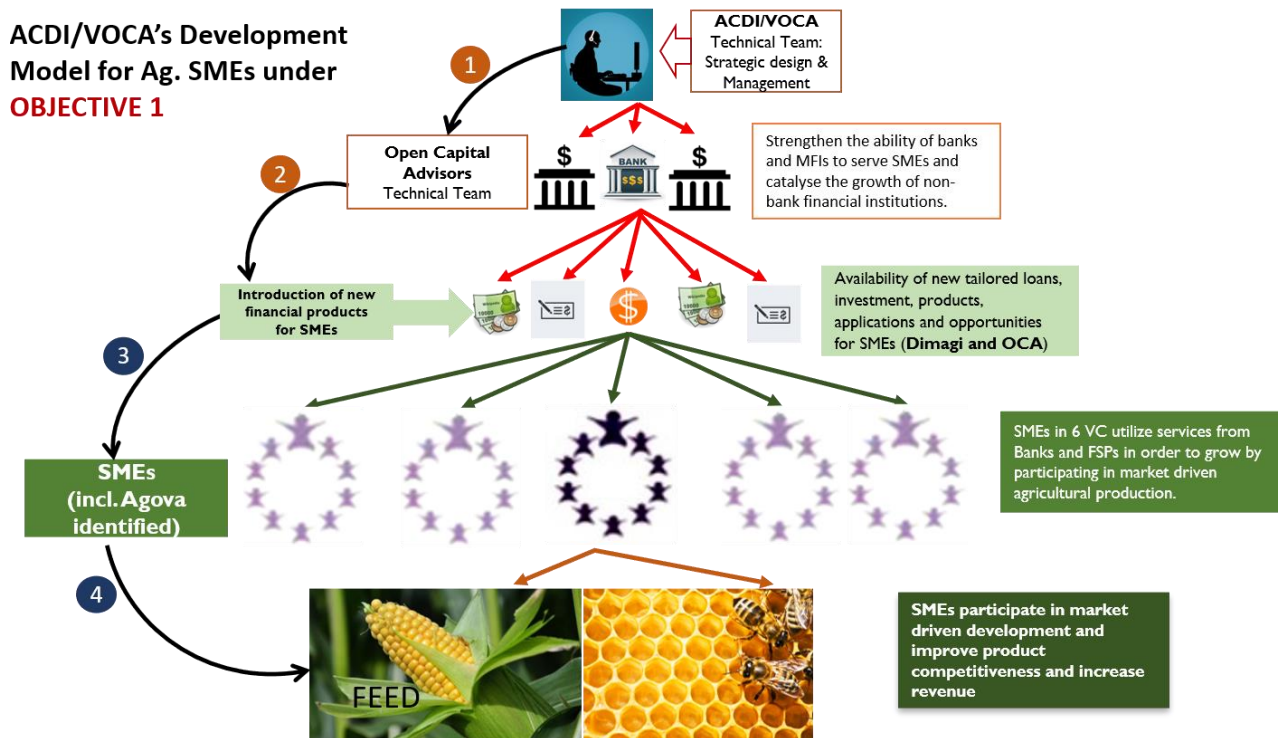
Further meetings with these and additional institutions are planned for January and February 2021, at which stage, niche arrangements and coordination mechanisms will be developed and agreed upon to maximize, early on, the breadth of SME partners that EDGE could partner with and leverage existing funds and/or financing avenues. It should be noted that the undertone of many of the discussions held, was one of CLA. Partners, such as Prospero and AGS, offered refreshing and candid opinions and perspectives on the BA approach purported by EDGE, which led to a re-opening of the approach with Agova and generated a multipronged pathway and pilots for identifying BAs in Year 1. This new, pilot adaptive management approach is described under Objective 2.

### **Attracting Investors to EDGE Capital Fund**

In the EDGE work plan for Year 1, the process of identifying potential investors for the fund is scheduled to start in February 2021 and go through September 2021. During the period under review, EDGE resolved to wait for the outcome of the investment landscape report by OCA due in March 2021 to determine the suitability of such a fund in Zambia. In this regard, the Q2 report will inform the next steps for the EDGE Capital Fund.

The market systems model for Objective 1 is depicted in Figure 1 showing how ACDI/VOCA (as the prime implementing partner) and its partners will implement the EDGE Activity via a multisectoral, multi-stakeholder and logical sequencing of activities and interventions. Under this Objective, ACDI/VOCA, Open Capital Advisors and Dimagi will coordinate efforts to strengthen the ability of banks and MFIs to serve SMEs and develop suitable financial & lending products for SMEs identified under Objective 2 (via Agova) and Objective 1 (via OCA). Through this capacitation, facilitative and accompaniment process, banks and MFI partners will become substantive funding agents for SMEs, offering new products and services to address SME investment constraints along and within USAID’s 6 prioritized value chains.

**Figure 1: ACDI/VOCA’s Development Model for Ag. SMEs Under Objective 1**



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

During Q1, the EDGE team set the foundations and moved forward with core project activities, including:

Generating leads for BAs and SMEs: This activity was conducted by the Agova SME development team through interactions with a network of VC actors. The leads stem from SMEs that have been recommended, via Agova’s channels, as being good candidates for either SME or BA selection. Best candidates have been contacted and will be visited by the EDGE SME team in January where they will be subjected to the BA and SME selection process. No BAs have been identified or contacted yet, but VC actors have recommended potential BAs that match profiles EDGE has drafted.

**BA profile and incentive development for Tier B and C-level BAs:** A pilot approach for identifying specialist/expert BAs (our outsourcing BAs from existing networks, private sector companies, and capitalizing on expertise from other USAID and donor projects) in highly technical areas (business case development, forecasting, traceability, regulations, codes, standards, and end buyer requirements) is being rolled out for Tier B level BAs. The EMA workshops, FGDs, and KIs planned for the last two weeks of January will assist in promoting this approach, soliciting technical assistance that can be leveraged (using a J2SR facilitation approach), and the absorption of experts as per Agova's current incentives model, where suitable.

**Development of the BA/SME training modules:** Over the past month, the training modules for the BAs and the SMEs have been under development by the Agova team with the support of the director for SME development. This training aims at providing BAs and SMEs with a practical approach to business management. A first draft of these modules is due for completion by mid-January 2021. EDGE is also looking into bespoke modules from other organizations and projects to fine tune content and potential joint use.

**Expression of interest (EOI):** To fast track SME identification to ramp up activities, EDGE developed and disseminated pilot approaches intended to increase visibility and collect timely lessons learned on best practices for solicitation. One approach was the drafting and dissemination of the EOI for soliciting SMEs that will enable EDGE to explore the types of businesses it can attract and onboard. The EOI includes an application and concept note template, which will be used for preliminary screening of businesses prior to them being run through the OCA-developed SME score cards.

### 3.3.1 STRENGTHENING SMES' MANAGEMENT AND MARKETING CAPACITY

As BAs are instrumental to EDGE's success under Objective 2, it is important that their selection be done efficiently. It is therefore imperative that the right systems are in place and correct approaches are followed for their selection. In Q1, EDGE concentrated on the creation of BA profiles and developed multipronged methods for selection. EDGE engaged in a series of workshops and meetings with its implementing partners to adapt and adjust its approach to BA selection to effectively strengthen SMEs' management and marketing capacity.

**BA selection through selection committee:** This method of BA selection was developed in Q1 and begins with understanding the VCs that EDGE will work in. The aim is to use leverage points and gaps within six VCs as a basis for selecting BAs. For example, in VCs such as groundnuts and animal feed (two USAID-prioritized VCs), there are seed multipliers linked to producers. Seed multiplication is a segment of this VC in great need of strengthening, as seed multipliers are not producing enough quality seed for smallholder farmers. EDGE aim to identify candidates engaged in seed multiplication to serve as network/supply chain enhancers, while improving a key VC bottleneck and providing coaching and mentoring following the completion of their training program. This would support J2SR principles of building capacities and commitments, with these BAs able to provide a well-rounded depth of needed skills and create relationships for smallholders as active participants in these chains.

The process of selecting a BA under this method would involve six steps as outlined below:

- Step 1: Understand the VC from supply to demand
- Step 2: Get leads for BA candidates through the VC actors
- Step 3: Understand the main constraints of the VC and the VC actors

- Step 4: Develop tools such as questionnaires and interview guides for use in the selection process
- Step 5: Identify leads for potential BAs from the key VC actors
- Step 6: Create a committee to select the BAs. The committee structure is being finalized and will likely include EDGE ACDI/VOCA (HQ/Zambia), Agova, and OCA representatives, with six to seven members maximum.

Another method of SME and BA selection to be piloted is through the EDGE EOI, which is envisioned to attract a higher number of SME applicants across the active EDGE focus areas of Eastern, Lusaka, and Central provinces. SMEs and BAs identified through the selection by committee method will also be subjected to the score card mechanism to stratify the SMEs into tiers. The selection committee will also be involved in making the final decision on what BAs and SMEs will be partnered with EDGE.

#### **Adaptive Management BA Model/Approach:**

In December 2020, EDGE partners ACDI/VOCA and Agova reviewed the BA model that Agova and the EDGE SME team had developed (including profiles and incentives parameters) and deemed it suitable for Tier C SMEs and, to some degree, even low Bs. As a next step, Agova has initiated the sourcing and hiring of Tier C BAs, with the view to have contracts in place by the time a first cohort of SMEs is identified in late January 2021.

Under the selection approach for Tier B BAs, which EDGE will pilot, Agova/EDGE will seek out specialists whose technical know-how can be imparted to a multitude of partners across VCs. For this category of BAs, EDGE can apply the same incentives as those of Tier C BAs. The EMA focus group discussions and key informant interviews EDGE will conduct in January (involving two separate meetings with 30 different market actors for our six VCs, and another session involving 15-20 respondents specialized in traceability, standards, regulations, codes, and requirements) will provide a great platform for Agova to identify needs for specialist BAs.

**Expression of interest for selecting SMEs under this activity:** As the original project design for Tier B and C businesses, Agova-identified BAs were to be the prime identifiers of SMEs. The EOI enabled EDGE to cast a wide net to explore onboarding SMEs quickly. The EOI also worked well with the AGS project (a new EDGE partner), and with other USAID projects.

Below is a snapshot of the pilot EOI distribution at report writing time:

- Province Agricultural Coordinators - Central and Eastern. The Provincial Agriculture Coordinating Office (PACO) for Lusaka is also being contacted.
- District Agriculture Coordinators in multiple districts.
- Chambers of Commerce – EDGE has affiliations as does Agova to various chambers of commerce and has shared the EOI with them to share it out through their networks.
- Facebook and LinkedIn platforms - Our Agova business development consultant has worked on a narrative for these platforms, and the information on the EOI has been shared to these platforms.
- Zambia Chamber of Small and Medium Business Associations.
- VC associations such as the Poultry Association of Zambia, Honey Council of Zambia, and others.
- Zambia National Farmer Union (for onward sharing it through its Friday weekly news flash).
- WhatsApp – EDGE produced WhatsApp messaging for the EOI. All Agova team members and select ACDI/VOCA EDGE staff are also sharing the EOI. The messaging is a brief narrative with a link to the EOI. This is already in circulation on WhatsApp platforms. Many farming communities such as honey production groups and horticulture groups, etc. have received the EOI through WhatsApp.

- Other networks – EDGE has shared the EOI within its network of companies that Agova works with and with others stemming from ACDI/VOCA-led SME list development exercises and VC analyses, especially those with extensive networks of SMEs in their distribution channel (some include NWK, Syngenta, etc.).

### 3.3.2 IMPROVING NETWORKS & INPUT/OUTPUT RELATIONSHIPS

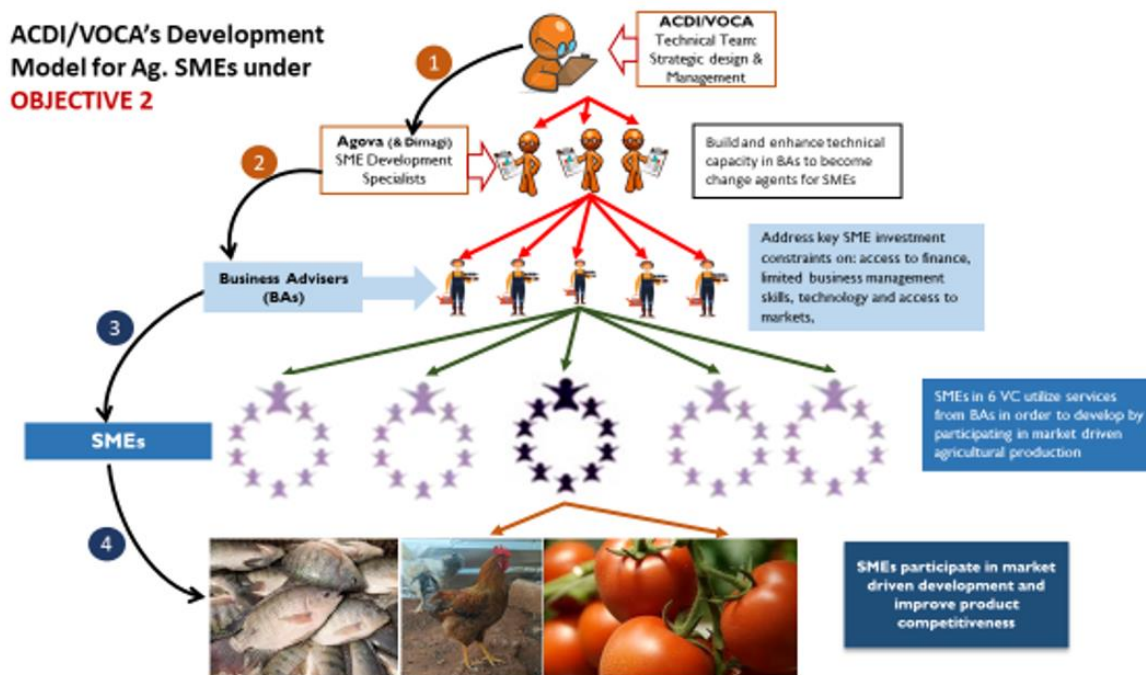
The approach EDGE will use to improve networks and input/output relationships, beyond BA capacity building support and leveraging of expertise for alleviating core VC bottlenecks, and improving SME competitiveness, will be largely determined by the findings from three key studies/analyses.

End Markets and Business Enabling Environment: As a follow-up to the market analysis and findings stemming from the Value Chain Prioritization exercise, EDGE will hold a series of FGDs and KIIs with an additional 30-40 representatives from its final six value chains. These engagements will assist in identifying main end-market actors and their product specifications (including buyer requirements, grades, weights and measures, and quality standards). This exercise will build off the preliminary EMA carried out during startup and will investigate and assess barriers to market entry, production capability to meet market quantity and quality demands, and the EDGE operational zones' market system's existing or potential competitive advantages. EDGE will use a **two-pronged approach**, with meetings/workshops be conducted in late January, to feed both the (continuous) End Market and (planned) Enabling Business Environment analyses. In Q1, EDGE initiated discussions with various private sector actors, associations, and institutions to begin the drafting of FGD/KII surveys and informal interview questionnaires, as well as the drafting of lists for potential invitees.

Social Network Analysis: Given the evolution of EDGE and some adjustments/pivots to certain approaches (including SME and BA selection), EDGE has adopted a new course for rolling out its SNA analysis. Our hope is that the SNA could be based on EDGE-profiled SMEs AND results/findings from the EMA/Business Enabling Environment (BEE) FGDs/KIIs we intend to conduct during the third week of January. EDGE has assessed, following pause-and-reflect style discussions, that the SNA will be a better tool if it captures a) actual beneficiary SMEs, along with their supply chains and networks and b) other SMEs/players we will have identified through the VC analysis, the list of SMEs that Agova/EDGE drafted, the GYSI report and those springing from the EMA/BEE meetings, we could get moving early to mid-February on the analysis required. The edges, nodes, and bubbles that the SNA will generate will thus be based on fact, and this product could thus be shared, sequentially with SoCha for their baseline work.

The development model for Objective 2 is depicted in Figure 2, below, and highlights the roles that ACDI/VOCA (as prime) and sub-partners Agova and Dimagi will play to enhance the competitiveness of SMEs and their products. To achieve this, EDGE will create a network of Business Advisors (BAs) whose capacities will be built for them to, in turn, improve the management and marketing skills of SMEs across prioritized VCs and segments therein. Via this approach, Agova-trained BAs will become all-around SME trainers and business coaches while other BAs, consisting of locally-sourced Zambian sectoral experts and technical specialists, will address/fill other knowledge and skills gaps SMEs and market actors. Selected SMEs will also be linked to FSPs identified under Objective 1 to access existing, new or tailored products and services for them to grow or diversify their businesses.

**Figure 2: ACDI/VOCA’s Development Model for Ag. SMEs Under Objective 2**



### 3.4 Cross-cutting Issues

#### Climate Change Integration and Environmental Compliance

Activities under climate change integration and environment compliance will commence in quarter two and will partly be informed by the Environment and climate risk analysis which has been contracted out. An Innovation & Technology Specialist is in the process of being hired and will spearhead these activities.

#### Gender and Positive Youth Development

**Activity 1: Gender, Youth and Social Inclusion Analysis:** As a pre-cursor to the development of the Gender and Social Inclusion Strategy and Youth Action Plan, EDGE carried out a Gender, Youth and Social Inclusion (GYSI) Analysis which involved the following activities:

- **GYSI Value Chain Mapping Workshop – Wednesday 25<sup>th</sup> November 2020:** The activity facilitated a Gender and Youth Value Chain mapping workshop with 23 industry actors to gather data on gender and youth enterprise and employment dynamics along the six selected EDGE VCs: Poultry, Animal Feed and Fodder, Horticulture, Groundnuts, Aquaculture and Honey.
- **Desk review and qualitative data collection:** The GYSI analysis involved conducting a desk review of the EDGE VC selection report, gender value chain reports, youth reports and others. The team also conducted primary data collection in the field using qualitative methods such as FGDs and key informant interviews KIIs. EDGE conducted 15 FGDs and 25 KIIs across the four target provinces (Central, Lusaka, Eastern, and Southern) to get a holistic picture of the current GYSI dynamics in the regions at the SME level, examining gendered opportunities and challenges at the ownership and employment levels.



### **Summary of Preliminary Findings for GYSI Analysis:**

- **Gender Roles and Responsibilities:** The stakeholders VC mapping exercises and data collection highlighted a number of gender and age trends across enterprise participation and employment in the six EDGE VCs. The legume, horticulture, feed, and poultry VCs showed the highest level of women's participation throughout the VC -from production to marketing. For instance, the processing of groundnuts provides more opportunities for women and youth than men. In the aquaculture VC, male-owned enterprises highly participate in the VC with women- and youth-owned enterprises during the production and marketing of feed, feeding fish, and processing for the informal markets. The honey VC also has more women participation at the processing and marketing stage while men and male youth participate in production and gathering. In terms of support services across VCs, the mapping exercise highlighted that male-owned enterprises mostly offer support services such as transportation and mechanical and repair services across the VCs.
- **Time Use:** The study revealed that both men and women hold the view that women face more challenges in time management than men due to their household responsibilities. While men assist in some activities like cleaning the yard or fetching firewood, there is still a stigma around men doing household chores. This results in less time for women to participate in productive activities on the farm or their businesses. Respondents also noted that in some instances, if a woman did not complete household work but went instead to work in her business, it resulted in gender-based violence (GBV), a risk that EDGE will have to mitigate.
- **Access to Resources:** Land is a resource that SMEs and some men, women, and youth in all sectors in all provinces have access to. However, based on the findings, the majority of women and youth do not own land but have limited access to family and rented land. By and large, men own and control land. Most women and female youth reported accessing loans from community village banking groups more than financial institutions. This is because loans from village banking groups do not require collateral, and they have lower interest rates than financial institutions. Men and male youth indicated accessing more loans from financial institutions than community village banking groups. This result is not surprising as most men are not members of village banking groups thus, they are not eligible to get loans from them.
- **Decision Making Power Amongst SMEs:** Decision making was varied across gender and age. The study found that women had autonomy in decision making around all aspects of their businesses as owners of the business, which was also the case for the youth- and male-owned businesses. However, there were cases where businesses were referred to as family-owned while registered as a sole owner, the male spouse. In instances such as these, men were still considered as the ultimate decision maker in the business.
- **Employment and Gender Stereotypes:** There are still some gender stereotypes among SMEs that affect men, women, and youth in employment as various SMEs categorise certain jobs for a specific gender and/or job category. For instance, it was found that mostly young males were employed to carry out physically heavy work, such as carrying heavy loads in the input supply business and digging ponds for fish farming, as young males are assumed to be stronger. Women were employed in activities such as sorting, feeding fish, planting in green houses, sanitation officers, and human resource managers, etc. as they are perceived to be careful and calm in decision making and in their understanding of market trends and surveying skills. Equally, an SME in the groundnut sector in Lusaka stated that women make good managers because they do not spend money carelessly, and they focus on work and make sure activities are properly done.

- **Wage Disparities:** All the SMEs in the four provinces stated that there are no wage differences between the genders.
- **Discrimination:** Findings show that women and youth face discrimination from their husbands, fathers, family, and community members as business owners and employees. For instance, some women are dominated and restricted from participating in work and business by their husbands.

### **Activity 2: Onboard session on Gender, Youth, and Social Inclusion (GYSI)**

In the quarter under review, an all-staff capacity building training on gender, youth and social inclusion (GYSI) was held on November 19, 2020, to enhance understanding of roles and responsibilities.

### **Activity 3: Gender Strategy Development**

The team is currently developing the gender and social inclusion strategy and associated action plans, envisaged to be concluded in Q2, and will guide the mainstreaming of gender and youth considerations across implementation.

### **Activity 4: Technical Backstopping on Social Inclusion**

The social inclusion team provided continuous technical assistance to the EDGE team and implementing partners, Agova and OCA, on the integration of gender and positive youth development in the selection process of BAs and SMEs, as well as the FSP scorecard and selection of FSP partners.

## **3.5 Monitoring, Evaluation and Learning**

With the approval of the AMELP, EDGE is finalizing an adaptive and a results-based monitoring, evaluation, and learning (MEL) system, using qualitative and quantitative methods to measure systems change, guide interventions, and test results chain hypotheses. The MEL system is incorporating methods and tools such as social network analysis, outcome harvesting, outcome mapping, statistical analysis, geographic information systems, and various participatory methods/tools.

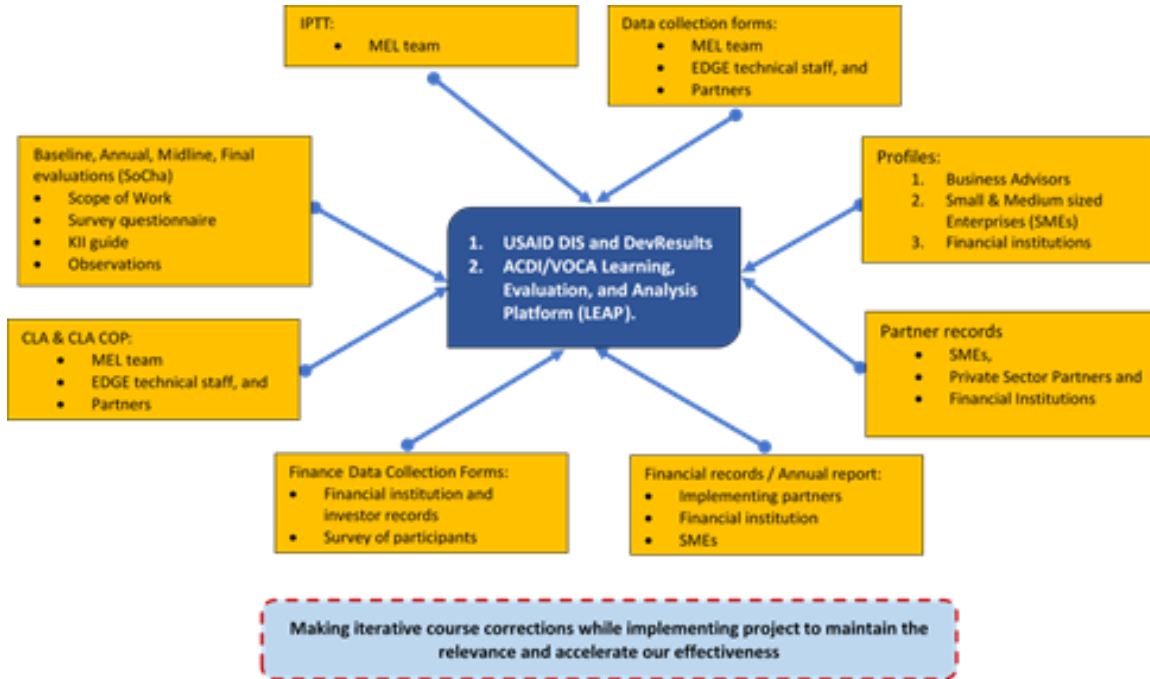
### **3.4.1 MEL SYSTEM**

The MEL system design has broadly involved reviewing and mapping producers and users of information and their data needs, agreeing on procedures (know-how or practices that facilitate information gathering, processing, and dissemination), and reviewing available technology for information gathering and report production.

- **Producers and users of project information:** The EDGE technical team, together with project beneficiaries, are data producers, but users include all personnel who need information processed by the MEL team at the strategic, management, and operational level for the effective implementation of the various activities. In addition, an all-staff MEL capacity building training was conducted on December 16, 2020, to enhance understanding of MEL roles and responsibilities.
- **Data needs and Data Flow Map (DFM):** A DFM has been drafted to graphically represent the flow of data in the project. The DFM, as seen in Figure 3, displays how data is collected in forms and shared in reports. The DFM shows each form and report and how they are connected, i.e., the flow of data from the data-gathering forms to the learning, evaluation, and analysis platform (LEAP), ACIDI/VOCA's database, where its analyzed for onward decision

making. Data for measuring progress against EDGE's 16 qualitative and quantitative indicators listed in the Indicator Performance Tracking Table (IPTT) will be collected using the forms and records highlighted in the DFM figure below.

**Figure 3: EGDE Data Flow Map**



- Formulation of the database schema:** This is first stage of designing the EDGE database, where all project data will be captured now that we preparing to register SMEs. The schema is a visual representation of the database structure. The schema articulates the relationship of indicator data and how this data is stored in the database. The schema will be finalized early in Q2 to allow the capture of selected SME profiles.
- Data gathering technology:** The MEL system will use a range of tools for data collection and analysis. High-quality data collection will be done through mobile applications on ACDI/VOCA's innovative DB Buddy or KoBoCollect, or through direct entry into ACDI/VOCA's LEAP database. Data in LEAP will be visualized into reports using Power BI, providing real-time information sharing to donors, HQ, partners, staff, and community participants. Further, MEL will conduct regular context monitoring to track current conditions in the field such as disasters, new government laws, or new investors/businesses.
- Data Capturing in the Feed the Future Module within USAID's Development Information System (DIS):** All Feed the Future indicators to be tracked by EGDE have been captured in the DIS, together with their targets of success. The required narratives for various sections were also entered. Some technicalities such as missing names of our targeted VCs were noted and have been rectified. Moving forward, the DIS will be updated quarterly after submission of quarterly progress reports.
- Baseline data needs:** The MEL team has compiled baseline data needs that will be shared in a co-creation meeting with SoCha, an organization recruited by USAID to conduct an EDGE baseline study. Needed data includes baseline values for all the 16 indicators, SMEs' most critical

needs, barriers to SMEs’ access to finance, SMEs’ investment constraints, quality of current relationships among VC actors (social network analysis), employment status of women and youth in targeted VCs, and gender balance in decision making at the household level.

### 3.4.2 LEARNING AGENDA

EDGE is pursuing a continuous learning agenda to implement intentional and systematic approaches based on a nuanced understanding of the market system and how to catalyze change. The team is designing learning plans using data from monitoring, research, evaluations, and other sources, and adapting activity implementation based on knowledge generated. In addition to earlier learning questions shared in the first progress report, the following are examples of questions which EDGE activities aim to answer:

- To what degree have EDGE-selected SMEs been able to catalyze market systems change, e.g., effecting crowding-in, copying, diversification, establishment of new policies, laws, regulations, and higher quality products reaching end markets (higher standards, code/regulation compliance)?
- As a result of EDGE, what are the most important external service providers that SMEs are now using to fulfill specific business needs (accessing inputs, business advisory, etc.)? How do these services rank in terms of the value they provide to the SMEs?
- Which SME growth constraints has EDGE been most successful at alleviating across the VCs?
- Which EDGE-prioritized VCs have received the most financing from FSPs? Which types of businesses (or which value segments) have seen the most financing disbursed as a result of EDGE interventions?
- Of EDGE supported SMEs, which innovations in climate smart technology are creating the most of job opportunities for youth and women, building a culture of stewardship among farmers/small holders, and generating awareness of climate change and good environmental practices?
- What interventions make it easier for women and/or youth to take a more prominent role in the targeted VCs? How has increasing their networks impacted their businesses?

EDGE will continue developing learning questions as it collaborates with Z-MELP (SoCha) in conducting its 2021 baseline study, onboards SMEs and learns about the constraints to be addressed, selects BAs for Tiers B and C, and identifies FSPs and the products to offer in Q2.

### 3.4.3 STATUS OF KEY MILESTONES

As in the approved Year 1 work plan, EDGE’s critical key milestones to achieve its desired impact are shown in Table 3 below. The status for each is also indicated as at the end of the reporting period.

**Table 3: Status of key milestone at the end of Q1 FY21**

Milestone	Target	Achieved in Q1	Comment
Number of SMEs identified	120	■	EOI to participate in the project sent out. Score card for SME selection developed.
Number of BAs	9-12	■	Selection criteria and proposed incentives for BAs finalized.
Number of VCs analyzed	10	■	

Milestone	Target	Achieved in Q1	Comment
Number of VCs selected	5	■	The number of targeted VCs was revised upwards to 6 and finalized.
Number of FSPs engaged	10	■	Identified, engaged, and sent questionnaires to 17 banks and five MFIs. However, only 11 (7 banks and 4 MFIs) sent back responses, and therefore, EDGE will proceed with them to the next stage.
Number of VC stakeholder events	23	■	Held consultative meetings with CNFA, RUFEP, Amina, Prospero, AINFP, and a GYSI stakeholder mapping workshop.

### 3.4.4 COLLABORATING, LEARNING, AND ADAPTING (CLA)

EDGE's proposed CLA approach includes an emphasis on enabling processes, culture, and the intentional use of information for continuous evidence-based adaptation. The CLA system is evolving based on the current operating context. To this effect, a CLA action plan is being drafted to guide activities that help the team to discover more effectively what works in its complex operating environment and to achieve systemic change in the market system. Table 4 shows a snapshot of the CLA action plan:

**Table 4: CLA Action Plan for EDGE**

Activity	When? / Frequency	What are we trying to achieve?	Champion: who is responsible?	Inputs Required in Advance? Resources?
<b>Zambia EDGE Team Joint planning meetings</b>	Weekly, but now changed to monthly	Continually evolve the project's understanding of priority activities to open opportunities to undertake other activities and achieve greater impact. Also, share individual learning.	Chief of Party	Team members share activities undertaken and what they plan to do in the following week/month.
<b>After Action Review (AAR) for all EDGE Assessments</b>	As and when a main activity has been undertaken	Focuses on performance standards and enables team members with similar or shared interests to discover for themselves what happened, why it happened, and how to sustain strengths and improve on weaknesses.	Director MEL&CLA and officers responsible for activities	Notes shared in advance by activity leaders.
<b>Co-creation workshops for main activities and deliverables</b>	As and when a main activity has to be undertaken e.g. baseline survey	Ensure all expectations from stakeholders are brought on board and data needs are known and satisfied in terms of quality.	Chief of Party, Director MEL&CLA, implementing partners, Z-MELP	Co-creation workshop terms of reference (TOR).
<b>Pause and Reflect</b>	After submission of quarterly reports	Pause and reflect to see what the team is learning from what transpired in the previous quarter.	Chief of Party, Director MEL&CLA, implementing partners	Joint quarterly review and planning.
<b>Impact Review</b>	Every September	Pause and reflect to see what the team is learning from MEL	Chief of Party, Director	Annual review and planning.

Activity	When? / Frequency	What are we trying to achieve?	Champion: who is responsible?	Inputs Required in Advance? Resources?
		data and staff observations around market systems and SMEs	MEL&CLA, implementing partners, Z-MELP	

- During the quarter under review, five joint planning meetings for the EDGE team held where team members shared activities undertaken, key lessons learned, and plans for the following week. This helped the team to broaden its understanding of the project and opportunities for collaboration.
- One AAR meeting was held on GYSI, which revealed that an SME, co-owned by a husband and wife, indicated that the husband was more likely to make key business decisions, an inequality EDGE will address.
- An all staff CLA capacity building training was conducted on November 30, 2020, to enhance understanding of CLA roles and responsibilities.
- Developed and incorporated CLA behaviors into all staff job descriptions.

### 3.6 Project Administration and Management

#### Human Resources:

All directors were hired and have been in place since November 16, 2020, including the chief of party, who started remotely from Kenya and moved to Zambia on December 28. The EDGE communications specialist was recruited and is starting on February 1, 2021. This position will be key to developing internal and external communication systems and creating outreach, information sharing, and CLA products, platforms, and tools. EDGE's MIS specialist was hired in December 2020 and is working closely with the MEL director on systems and database set up, rounding out the recruitment for the MEL team. Interviews for EDGE's technical services and innovation specialist were conducted in Q1, with negotiations at report drafting time, underway for a February start for the finalist. The arrival of this position will enable EDGE to ramp up efforts to identify climate smart and environmental gaps, identify capacity needs and interventions that EDGE should focus on, and assist with planning for environmental impact assessment requirements for selected SMEs.

EDGE recruited a procurement and logistics coordinator, and the incumbent will start mid-January, bringing a needed boost for the multiple, upcoming processes to complete the EDGE's startup, and move to daily/routine operations later in Q2. As EDGE has procured its three vehicles, drivers will be interviewed during the second week of January, allowing EDGE staff to increase their presence in the field and around the city, while considering COVID-19 restrictions and safety protocols.

From November 16 through December 7, ACDI/VOCA HQ staff, together with the COP and key Zambian technical staff, developed and carried out a series of six onboarding trainings for EDGE staff and partners. The training included:

- Overview of the EDGE activity
- Gender and Social Inclusion
- CLA
- Market Systems and Network Analysis

- Private Sector Engagement and Impact Investment
- MEL

Office setup: Office space was acquired at Incito II (home to USAID projects and the U.S. Peace Corps) in Kabulonga. EDGE signed a lease the first week of January, with furniture procurement initiated on January 11, so staff can begin to, on a rotational basis (in light of COVID-19 context), work from EDGE's new office. Multiple requests for quotations (RFQs) are underway for office services including office supplies, internet and landline provision.

Vehicles: EDGE vehicles have been purchased and will be delivered mid-January 2021, with branding and fuel cards, logbooks, and GPS tracking system procurement to be completed.

## 4. SCHEDULES

Based on EDGE's Year 1 work plan, contractual deliverables are on track as indicated in Section 2, Deliverables, above (page 7). Some work plan activities listed under Deliverables, but not contractual deliverables per se, are slightly behind schedule. These deliverables are expected to be completed early in the following quarter. These include the gender and youth strategy, which is discussed in section 3.4 Cross-cutting Issues (page 15).

EDGE had nothing to report in the annual property report, which was due 90 days from the effective date of the award or November 2.

A few other activities are slightly behind schedule but expected to be completed in the following quarter, including identifying and training BAs, identifying SMEs, and selecting training providers for building SMEs' middle management capacity.

## 5. CHALLENGES

EDGE encountered a number of challenges during the quarter under review, but mitigating measures were put in place to the extent possible. Some challenges are described below.

There were delays in implementation of activities related to developing the gender strategy and the youth action plan. The social inclusion team was onboarded between mid-October and November. As a result, the quarter was spent planning for implementation of the GYSI, meant to inform the development of the strategy. To ensure this activity did not lag, a research assistant was hired to spearhead the activity.

The COVID-19 pandemic has negatively impacted business in general worldwide, and business activities in Zambia have not been exempted. Despite the COVID-19 challenge, the team continued working toward project objectives. Some of the methods employed by the team to complete tasks, included working from home. Meetings with partners, such as VC actors, were held virtually. Where field work and in person meetings could not be avoided, the team conducted its business while observing the necessary safety precautions, such as wearing of masks, observing social distance rules, and frequent use of hand sanitizers.

## 6. PLANS FOR Q2

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

During the first half of 2021, the following activities are planned:

**Product Development:** EDGE will work on product development for its partners based on the outcome of the investment landscape and BEE report and the FSP and SME scorecards to ensure availability of new products or processes to better serve agribusinesses within the prioritized VCs.

**Building Internal FSP Commitment to Increase Lending to Agricultural SMEs, with a Focus on Gender and Youth:** EDGE will work with the selected FSPs to influence the design of financial products and services for agricultural SMEs to favor and/or include gender and youth sensitive methodologies.

**Linking Banks and MFIs to Savings Groups:** EDGE will seek partnerships with institutions who have worked in this area to obtain their experience to gain an in-depth understanding of solutions to connecting savings groups with financing in the market. In this regard, EDGE has engaged RUFEP to leverage its experience in this area.

**Identifying and Facilitating Agricultural Investments:** EDGE will work toward actualizing partnerships (signing MOUs or collaboration agreements) with at least 50 percent of the identified potential organizations.

**Zambia Edge Capital Fund:** Subject to the outcome and guidance of the investment landscape and BEE report, EDGE may begin to engage with both local and external partners toward establishing the fund.

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

The following activities are to be completed in Q2 of FY21

**Development of BA and SME training materials:** As of the end of Q1, the training materials for the BAs and SMEs is under development. The approach for developing this material is fully integrated, involving project partners and focusing on key project aspects of capacity building in business acumen, finance, and youth and gender inclusion.

**SME advisor fair where the SMEs select their BAs:** As both the SMEs and BAs have not been onboarded to the EDGE project, this was not completed by Q1 of FY21 per the original work plan. The first cohort of BAs and respective SMEs should be onboarded by the end of Q2. At that time, EDGE will onboard the second and third cohort of BAs and SMEs the per the work plan.

**SME Agreements:** SME agreements linking them to their BAs will be for an initial period of one year. These agreements will outline the working practices and expectations for these project partners. It is expected that as the first BAs and SMEs are recruited to the project, additional agreements will also be made between the SMEs and the new BA cohorts.

**SME Coaching:** This coaching is from the BA to the SME. It follows the linking of the SMEs to their BAs, at which point, it is expected that the BAs will offer support to the SMEs, including coaching. When the first cohort of BAs and SMEs are onboarded to the EDGE activity within Q2 of FY21, this work plan



activity will commence. The sample list of SMEs (a summary of the three types of the VC actors and service providers by category) will be shared with USAID, along with EOI preliminary results.

**Linking SMEs to large and mid-size VC actors:** The purpose of this activity is to ensure that the SMEs have the necessary linkages to the key VC actors, and this will be a driver for revenue and profit generation for SMEs. It is also a key driver for job creation as the SMEs need to generate enough activity in the business before they can support business expansion that necessitates recruitments. This activity is dependent on the selection of BAs and SMEs and will begin within the Q1 of FY21. VC actors have been identified. EDGE's next step will be to pursue MoUs for participation in the project.

### 6.3 Cross-cutting Issues

**Identifying opportunities for increased coordination among VC actors:** Facilitating coordination among VC actors will support linked SMEs and BAs to improve the business environment for SMEs. A planned activity for Q1 of FY21 involves field work and extensive discussions with VC actors to identify opportunities, challenges, and probable solutions to VC bottlenecks.

**Gender, Youth, and Social Inclusion analysis:** In the next quarter, EDGE plans to conduct two staff trainings on gender and positive youth development with its implementing partners. EDGE will present findings on the GYSI carried out in the reporting quarter. These findings will lead to the development of the gender and social inclusion strategy and youth action plan, which will be presented to the whole EDGE team and all its partners. EDGE will continue providing technical assistance and leadership on gender and social inclusion while carrying out its activities.

**Monitoring, Evaluation, and Learning (MEL):** Main MEL activities will be to finalize the creation of the EDGE database, LEAP, conclude the development of data collection forms, and capture profiles of selected SMEs. The EDGE Year 1 GANTT chart will be updated in February, during Pause and Reflect sessions, and shared with USAID. Other MEL activities for Q2 include:

- Hold Pause and Reflect sessions (on workplan activities, BA and SME selection approaches, and studies/analyses conducted in Q1 and 2).
- Continue developing learning questions.
- Hold a pause and reflect session for the Q2 FY21 report.
- Develop a plan to address learning questions and finalize the EDGE learning agenda.
- Implement learning activities.
- Develop a coordination agenda.
- Hold a stakeholders' feedback session on VC analyses.
- Finalize the development of the LEAP database.
- Development of various MEL tools identified according to the database schema and DFM.
- Capture indicator results in LEAP and the IPTT.
- Conduct co-creation meetings:
  - For the baseline survey with USAID and Z-MELP

- For developing ICT solutions for SMEs with Dimagi

**Formative Assessments:** Originally, all formative assessments were to be completed during this quarter under review, but owing to the change in approaches, some of them will be completed in Q2 as shown in Table 5 below.

**Table 5: Assessments and Timelines**

Analyses	Features	Status/Comments/CLA	Timelines
<i>Gender, youth, and social inclusion (GYSI) analysis:</i> Evaluates inequality affecting marginalized populations, including entry barriers, system biases, stigma, GBV constraints, and key interventions to close those gaps and empower women and youth	Incorporates gender and youth lenses to ensure selected VCs successfully integrate women and youth	<ul style="list-style-type: none"> <li>• Completed; led by director social inclusion and innovation (with TLA support)</li> <li>• The overall purpose of the GYSI analysis is to inform the development of the GYSI strategy and action plans which will guide activity implementation and promote the empowerment of women and youth, so that they have equitable opportunities to participate in and benefit from EDGE.</li> <li>• An AAR has been done on this activity</li> </ul>	Completed
<i>End market analysis (EMA) Phase II:</i> Studies barriers to market entry, production capability to meet market quantity and quality demands, and the system's existing or potential competitive advantages	Identifies the main end-market actors and their product specifications. Looks at barriers to market entry, production capability to meet market quantity and quality demands, and the system's existing or potential competitive advantages.	<ul style="list-style-type: none"> <li>• To be led by the director SME development.</li> <li>• Data will be collected during three EMA stakeholders' meetings. (Day 1: 30 VC end market actors; Day 2: 30 VC end market actors; Day 3: 15 regulators/codes/ standards/government experts. Secondary research to be done by the fourth week of January (team members to be identified). Two-pronged approach: Use the meetings to conduct FGDs/KIIs for both the EMA and the enabling business environment analysis</li> </ul>	Will be completed between Jan & Feb 2021
<i>Socioeconomic network analysis (SNA):</i> Analyzes the importance and quality of relationships among market actors and support service providers and identifies gaps in service provision	<ul style="list-style-type: none"> <li>• Identifies providers across multiple VCs, VC influencers, and SMEs with the capacity to create the greatest impact.</li> <li>• Map the strength, turnover, and perceptions of the relationships of market actors to financial institutions, markets, and support services.</li> </ul>	<ul style="list-style-type: none"> <li>• To be led by director of MEL &amp; CLA (with TLA support)</li> <li>• SNA data will be collected during EMA stakeholders' workshops. The SNA will be a living document, continuously updated, on a rolling and ad hoc basis, with new cohorts of SMEs, and other actors that may join EDGE.</li> </ul>	To commence together with EMA - Will be done between Jan & Feb 2021
<i>Financial/investment analysis:</i> Conducts a deep analysis of FSPs, assesses suitability of new financial products and services, and studies strategies to	Generates critical information to develop financial products tailored to each VC and identifies business opportunities for FSPs.	<ul style="list-style-type: none"> <li>• To be led by OCA in collaboration with the director of Access to Finance (with TLA support)</li> <li>• The scope of work will be reviewed prior to its implementation and building in SNA (using framework questions) and GYSI components into design</li> </ul>	To commence by February 2021

Analyses	Features	Status/Comments/CLA	Timelines
increase SMEs' access to credit and capital, with an inclusiveness lens			
<i>Business enabling environment analysis:</i> Evaluates the laws, norms, institutions, and procedures that guide market behavior, decisions, and investments within, and across VCs	Identifies potential business enabling environment reform areas for subsequent, deeper analysis.	<ul style="list-style-type: none"> <li>To be led by OCA in collaboration with the director of A2F (with TLA support)</li> <li>Analysis to recommend solutions that EDGE can tackle via facilitation-style support, with minimal budget</li> </ul>	To commence by February 2021 together with the financial/ investment analysis
<i>Baseline study:</i> to determine baseline values for all 16 indicators	To provide an information base against which to monitor and assess EDGE's progress and effectiveness during implementation and after the activity is completed: <ul style="list-style-type: none"> <li>Determine baseline values for all 16 indicators</li> <li>Facilitate the creation of profiles of the first 120 SMEs and all 9 BAs</li> </ul>	<ul style="list-style-type: none"> <li>Will be led by Z-MELP in collaboration with the director of MEL &amp; CLA (with TLA support)</li> <li>Survey data collection will commence once the first cohort of SMEs are identified, some additional SNA data is collected, and an agreed upon concept on graduation of SMEs is determined</li> </ul>	To commence by February 2021
<i>VC competitiveness analysis:</i> Generates information to develop competitive strategies and identify the source(s) of competitive advantages	Refines the understanding of VC linkages and possible competitive edges	This assessment was done as part of the VC mapping exercise	Completed.
<i>Environment and climate risk analysis:</i> Builds on the 2016 PROFIT+ study of agricultural climate risk to crop VCs in Zambia to assess environmental and climate risks and opportunities to mitigate impacts and increase VC resilience.	Identifies climate risks and mitigation strategies to design project interventions in each VC.	This study is fully contracted out	To commence by March 2021

**Collaborating, Learning, and Adapting:** This will involve implementing the CLA action plan and includes joint planning meetings, AARs for all EDGE assessments, co-creation workshops activities and deliverables, pause and reflect sessions, and impact reviews.

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