

Africa RISING – Integrating Nutrition in Value Chains (INVC) in Malawi bridging activity: Quarterly progress report (10 June 2016 – 30 September 2016)



Produced by

International Institute for Tropical Agriculture

Published by

International Institute of Tropical Agriculture

November 2016

www.africa-rising.net

The INVC Bridging Activity, hereafter referred to as The Activity, is a two-year project funded by the USAID Malawi Country Mission. It is a relay project/ activity between the Integrating Nutrition in Value Chains (INVC) 1 Project which came to an end in October 2016 and its successor project, Agricultural Diversification of Incomes and Nutrition (ADIN).

The Activity was commissioned with the objective of ensuring that the gains achieved by INVC 1 project are not lost in between the transition phase from INVC 1 to ADIN. It therefore carries on with the implementation of some of the actions implemented under INVC 1. Specifically, The Activity provides continuity in assistance to a subset of smallholder farmer groups and EPAs that received services from INVC for the 2016/17 and 2017/18. It also includes latest research findings from the Africa RISING project to further boost production of the Activity beneficiaries.



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AFRICA RISING –INVC BRIDGING ACTIVITY MALAWI

IITA – International Institute of Tropical Agriculture

QUARTERLY PERFORMANCE REPORT

(10 June 2016 – 30 September 2016)

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States government.

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Acronyms and Abbreviations

ACE	Agricultural Commodity Exchange for Africa
ADC	Area Development Committee
ADIN	Agricultural Diversification Income and Nutrition
AEDC	Agriculture Extension Development Coordinator
AEDO	Agriculture Extension Development Officer
AR- Africa RISING	Africa Research in Sustainable Intensification for the Next Generation
AGRA	Alliance for Green Revolution in Africa
AGSWAp	Agriculture Sector-wide Approach
AHCX	Auction Holdings Commodity Exchange
AGSL	Agri-Input Suppliers Ltd
BVO	Bid Volume Only
CAADP	Comprehensive Africa Agricultural Development Programme
CADECOM	Catholic Development Commission of Malawi
CBO	Community-based Organization
CDI	Clinton Development Initiative
CDCS	Country Development Cooperation Strategy (USAID)
CGIAR	Consultative Group on International Agricultural Research
CMI	Champion for Market Information
CNFA	Citizens Network for Foreign Affairs
CRS	Catholic Relief Services
DADO	District Agricultural Development Officer
DAES	District Agricultural Extension Service
DAECC	District Agricultural Extension Coordinating Committee
DARS	Department of Agriculture Research Services
DEC	District Executive Committee
DFID	Department for International Development (UK)
EPA	Extension Planning Area
ETG	Export Trading Group
FAO	Food and Agriculture Organization of the United Nations
FO	Farmers' Organization
FtF	Feed the Future
FOG	Fixed Obligation Agreement
FUM	Farmers' Union of Malawi
FY	Fiscal Year
GAP	Good Agronomic Practices
GDP	Gross Domestic Product
GIS	Geographic Information System
GoM	Government of Malawi
GP	Groundnut platform
GPS	Global Positioning System
GSL	Grain Security Limited
Ha	Hectare
ICRISAT	International Crops Research Institute for the Semi-Arid Tropics

ICT	Information Communication Technology
IITA	International Institute of Tropical Agriculture
INVC	Integrating Nutrition in Value Chains
IFRI	International Food Policy Research Institute
IPM	Integrated Pest Management
IR	Intermediate Results
ISFM	Integrated Soil Fertility Management
IT	Information Technology
LUANAR	Lilongwe University of Agriculture and Natural Resources
MAPAC	Malawi Program on Aflatoxin Control
MAPS	Malawi Agricultural Policy Strengthening
MCC	Millennium Challenge Corporation
MGDS II	Malawi Growth and Development Strategy II
MISST	Malawi Improved Seed Systems and Technologies Program
MIP	Market Information Point
MKW	Malawi Kwacha (symbol for)
MoAIWD	Ministry of Agriculture, Irrigation, and Water Development
MOST	Malawi Oilseed Sector Transformation Program
MSME	Micro, Small, Medium-Scale Enterprise
MSU	Michigan State University
NGO	Non-Governmental Organization
OSPTWG	Oil Seed Products Technical Working Group
OVO	Offer Volume Only
PMEP	Project Monitoring and Evaluation Plan
R4D	Research for Development
RMA	Rural Marketing Advisor
RUMARK	Rural Market Development Trust
SAIOMA	Strengthening Agricultural Input and Output Markets in Africa
SANE	Strengthening Agricultural and Nutrition Extension Services
SSTP	Scaling Seeds and Technologies Partnership
SSU	Seed Services Unit
STAM	Seed Traders Association of Malawi
STEPS	Supporting the Efforts of Partners
TWG	Technical Working Group
UN	United Nations
USAID	United States Agency for International Development
USG	United States Government
VC	Value Chain
VFP	Village Financial Platform
VSLA	Village Savings and Loan Associations
WRS	Warehouse Receipt System
ZOI	Zone of Influence

Overall progress of the INVC Bridging Activity for quarter 1

The following milestones were achieved during the reporting period:

- A Bridging Activity launching workshop was held for AR/IITA and stakeholders, and the output was used in the development of the INVC Activity proposal development; multiple consultations with partners and stakeholders provided insights and ideas for refining the draft proposal and for establishing networking relationship between Bridging Activity and partners.
- An INVC Activity concept note which benefited greatly from stakeholders' inputs was prepared and submitted to USAID who provided valuable comments that necessitated substantial revision of the proposal before resubmission.
- The revised proposal was approved by USAID in August.
- Consultation with potential Bridging Activity partners was initiated and an understanding for partnership in Activity implementation was reached.
- ACE agreement developed. ACE sub-contracted AgroTech to undertake Activity 3 (Creative Financing) of Component 1 (Enhancing Market Value Chains) in which it will implement a seed loan scheme.
- Preliminary identification of farmer groups, determination of seed quantities and varieties by partners, and notices to seed companies of imminent issuing of tenders were undertaken in preparation for procurement and delivery of legume seeds to beneficiaries.
- Agreement with CRS for implementation of Seed Fairs in three districts was finalized; partnerships with MISST, CADECOM, FUM, and WE Effect were agreed upon but were yet to be formalized. Visits were made to DAES HQ and DADOs in all seven districts to discuss the implementation roles of each party in the activity.
- Development of agreements with CADECOM, DAES, FUM, and WE was initiated.
- Project Management and Staff Recruitment.
- Office space and administrative assistance were provided for the Interim Activity Manager. Additional office space and furniture provided would be adequate for current and prospective Chitedze-based staff.
- Transport was provided by IITA Malawi for the Interim Activity Manager.
- Agreement was reached on equipment and vehicles to be transferred to the Bridging Activity; there were delays in the implementation of the agreement which will take place in October upon INVC close-out.
- Several meetings were held with USAID during the quarter plus joint field trips to all districts to seek stakeholder input into the project proposal. This expedited the process of proposal revision and partnership plan development.
- SOWs for five positions were prepared and the positions were advertised; candidates were shortlisted and interviewed. Three positions were filled (Activity Manager, Administrator, and Agricultural Productivity Specialist); the Value Chain Specialist candidate declined the offer made; the position of M&E Officer was re-advertised.

Introduction

This report summarizes the activities of the INVC Bridging Activity (the Activity) for the period June through September 2016.

INVC is ending in October 2016 and a successor project, Agricultural Diversification of Incomes and Nutrition (ADIN), which officially starts in the same month, is just getting underway. The Activity provides continuity in assistance for the next two farming seasons (2016/17 and 2017/18) to a subset of the farmer groups and EPAs that received services from INVC.

Project description:

The Activity features two of the four major components of INVC: (1) **Advancing value chain competitiveness** and (2) **Improving productivity**. The objective is to deepen participation in grain legume value chain by farmers previously assisted by INVC.

Component 1 aims to improve the competitiveness of the grain legume value chain by increasing access to business development, financial and extension services, transforming the relationships between value chain actors, and strengthening market linkages. The hypothesis is that the development of efficient value chains and remunerative markets will act as a pull factor for the sustainable production of the different commodities. Priority is being placed on fostering direct agreements among participating producer groups, sources of inputs, and buyers of products that have the potential to be sustained after the conclusion of the Activity.

Component 2 aims to increase productivity in the targeted crops through the efficient use of natural resources (land and water) and increased adoption of improved varieties and recommended agronomic practices while at the same time minimizing the negative impacts on the environment.

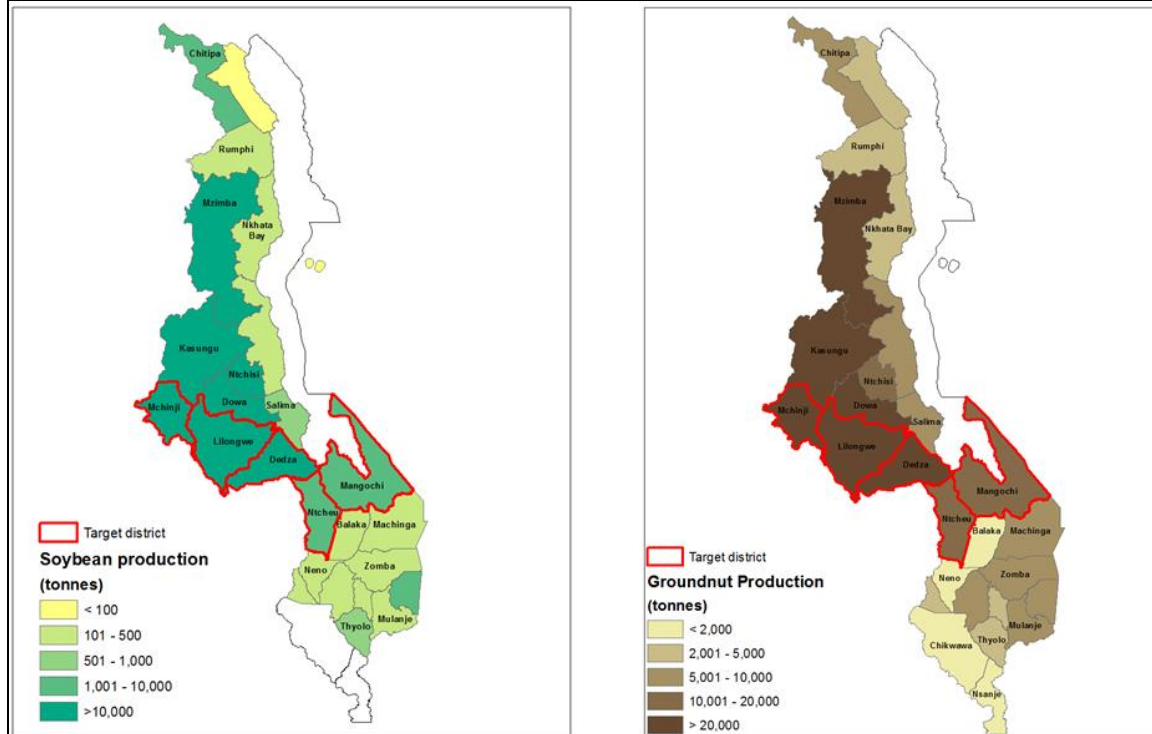
Support for grain legume Seed Fairs in three districts (Mangochi, Balaka, and Machinga) is also a feature of Component 2.

The main **objective** of the Activity is inclusive agricultural sector growth that will contribute to improved household incomes. The focus on grain legumes has the potential to contribute to increased incomes and also to a diversified diet with improved protein intake which should lead to reduced stunting and improved nutritional outcomes for women and children. The objective will be achieved through the following **intermediate results**: (1) improved agricultural productivity, and (2) expanded markets and trade, as measures that will also transform the less productive agricultural sector in Malawi.

Geographic Zone of Influence:

The INVC Bridging Activity is operating in seven districts in FtF's ZOI in Malawi. The Activity's services are targeting up to 39,000 rural households that will benefit from productivity and value chain interventions in five districts (Dedza, Ntcheu, Mchinji, Lilongwe rural, and eastern highlands in Mangochi). In total, the activity will cover 15 EPAs in Mangochi, Ntcheu, Dedza, Lilongwe, and Mchinji. An additional 18,000 will benefit from Seed Fairs in Mangochi lowlands, Balaka, and Machinga during this year (Table 1 and Figure 1).

The relative importance of the target districts in production of both soybean and groundnut in Malawi.



Bridging Activity districts and targeted high potential EPAs or EPAs that made promising progress during INVC implementation.

District	High potential EPAs for 2-yr Bridging Activity
Mchinji	Chiwohya, Mlonjeni, Mikundi
Lilongwe rural	Chileka, Mpingu, Chitsime, Nyanja
Dedza	Linthipe, Kanyama, Chifumbwa
Ntcheu	Njolomole, Manjawira, Bilira
Mangochi	Ntiya and Katuli
Seed Fairs¹	
Balaka	Bazale and Rivirivi
Mangochi	Katuli and Masuku
Machinga	Domasi and Nyambi

In Year 1, the Activity is providing seeds and extension services related to production and marketing to 15,000 households in communities that are proximate to one another in the target EPAs and associated with functioning community groups (e.g., co.ops, clubs, and nutrition care groups). An additional 24,000 households in the same areas will be added in Year 2.

The Activity will build on the efforts of INVC and consolidate the knowledge gains of past beneficiaries within five focal districts. For Component 1, the Activity will focus on marketing

¹ Tentative targeting to be confirmed with District Agricultural Staff.

and trade at the district level whereas for Component 2, the Activity will focus on increasing productivity in the EPAs that have high agro-ecological potential and/or those that demonstrated the best progress during INVC implementation (Table 1). Together the five target districts account for approximately 50% of groundnut and soybean production in the country

Implementation progress

This quarter marked the period of the Activity's initial operation in Malawi and featured the following:

- Preparation, revision, final submission, and approval of Activity proposal;
- Recruitment of staff;
- Definition of the Activity's structure;
- Development of partnership agreements and implementation plans;
- Identification of participating farmer groups;
- Initiation of seed procurement; and
- Transition arrangements during the final months of INVC and the initiation of ADIN.

Each of these topics is discussed below.

Project Proposal and Budget Preparation and Submission:

In response to a request from USAID Malawi, IITA/AR agreed to implement the Bridging Activity beginning in June 2016. A concept paper was prepared by IITA/AR and circulated to stakeholders in May. A stakeholder consultation took place at the Golden Peacock Hotel in Lilongwe on 13 and 14 June and was organized / facilitated by IITA/AR and the IITA Malawi office. The gathering was well attended and participants expressed a range of views on INVC and future directions. The results of the stakeholder consultation were taken into account in the preparation of the full project proposal that followed in mid-June².

A project proposal and budget was prepared under the leadership of the AR Manager (Irmgard Hoeschle-Zeledon) assisted by the Interim Activity Manager (Elon Gilbert) and other members of the IITA/AR team. The proposal was submitted by IITA PDO to USAID on 27 June 2016, revised and resubmitted in response to comments from USAID and partners, and finally approved in September 2016.

Component 1, **Advancing value chain competitiveness**, will be largely implemented by ACE with inputs from other partners including FUM, CADECOM, and WE Effect. Component 2, **Improving productivity**, includes two major activities. Seed procurement and distribution are the responsibilities of the Activity management team (Sub-activity 1.1). Provision and strengthening of extension services (Sub-activity 1.2) will be carried out as part of the ongoing grain legume promotional programs of MISST being implemented by IITA and ICRISAT. Seed Fairs (Activity 2) will be the responsibility of CRS. Both components will feature the involvement of additional partners at the district, EPA, and farmer group levels as discussed below (Section 3.3 Activity Structure).

Adjustments in activities included the addition of a seed credit program for 3000 farmers in Lilongwe and Mchinji districts which builds upon the experience of a successful pilot project implemented by ACE with support from MOST. The seed credit program is part of an effort to

²The agenda and summaries of the deliberations were posted on the AR wikispaces <https://africa-rising.wikispaces.com/AR-INVC_bridging_activity_inception_June2016>.

close the gap between Components 1 and 2 by providing seeds on credit to farmers so that the loan can be repaid in grain. Interested farmers are screened for their ability and commitment to produce grain legumes in sufficient quantities to ensure a marketable surplus (see Annex 2)³.

Project management and staffing

During Q1, Activity staff was limited to the Interim Activity Manager (Elon Gilbert) who was contracted as a consultant by IITA/AR. He is scheduled to complete his assignment in October. Administrative and logistical support was provided by the IITA Malawi team. Terms of Reference for five staff positions (Activity Manager, Value Chain Specialist, Agricultural Production Specialist, M&E Officer, and Administrator) were drafted with the assistance of the IITA Malawi team. The position of Administrator encompasses grant management responsibilities.

The recruitment of project staff conformed to the existing processes used by IITA Malawi. The development of TORs was followed by the successful recruitment of three staff members, Activity Manager, Activity Administrator, and Agricultural Productivity Specialist, all of whom are to start their assignments in early October (see below).

The Activity Manager previously served as Agricultural Productivity Specialist with INVC and her presence will help to ensure that the Activity takes account of the experiences of that project which ends in October. A Project Administrator/Grants Manager and an Agricultural Productivity Specialist were also recruited and started working in early October.

Three of the four short-listed candidates for the M&E officer positions dropped out and the position was re-advertised. Interviews took place in early October.
INVC Bridging Activity Management Team

	Appointment Date	Date Reported
Activity Manager	3 October 2016	6 October 2016
Agricultural Productivity Specialist	29 September 2016	30 September 2016
Activity Administrator	28 September 2016	10 October 2016
Value Chain Specialist	First choice candidate declined offer (second place candidate accepted offer.)	To report 1 December
M&E Specialist	Interviews held; no successful candidate. Position was re-advertised.	
District Coordinators	To be advertised,	

Consideration is being given to recruiting additional staff to complement the existing capacities of Africa RISING and the IITA country team as well as those of partner organizations. The approved proposal and budget include provision for staff directly engaged by the Activity at the

³ This approach (MOST Model) was suggested as a possible option in the approved proposal, but not explicitly budgeted for. It was subsequently confirmed that the Activity budget could accommodate this level of activity (3000 farmers) as a dimension of seed procurement and distribution under Component 2, Sub-activity 1.1.

district and EPA levels to coordinate programs supported by the Activity. Discussions were held on district-level staff, numbers, responsibilities, and how they relate to partners at the district level. The Activity will share the costs of some of the field technicians that partners will engage/are engaging since it will carry out joint activities rather than having separate staff. It was agreed that it would not be necessary for the Bridging Activity to recruit and manage staff at the EPA level to avoid duplication of effort with partners. Partners will be asked to assign staff to focus on Bridging Activities where that is appropriate as part of their agreements. However, serious consideration is being given to directly engaging officers to oversee and ensure the coordination of activities partially or wholly supported by the Activity in selected districts.

Activity structure

In contrast to a “normal” development project such INVC which has a full complement of staff at the national and district levels who are involved in all aspects of planning, implementation, and reporting, the Bridging Activity operates virtually entirely through partners who develop and implement programs in accordance with a series of agreements or sub-contracts. The partners are all local organizations or development projects who have ongoing programs.

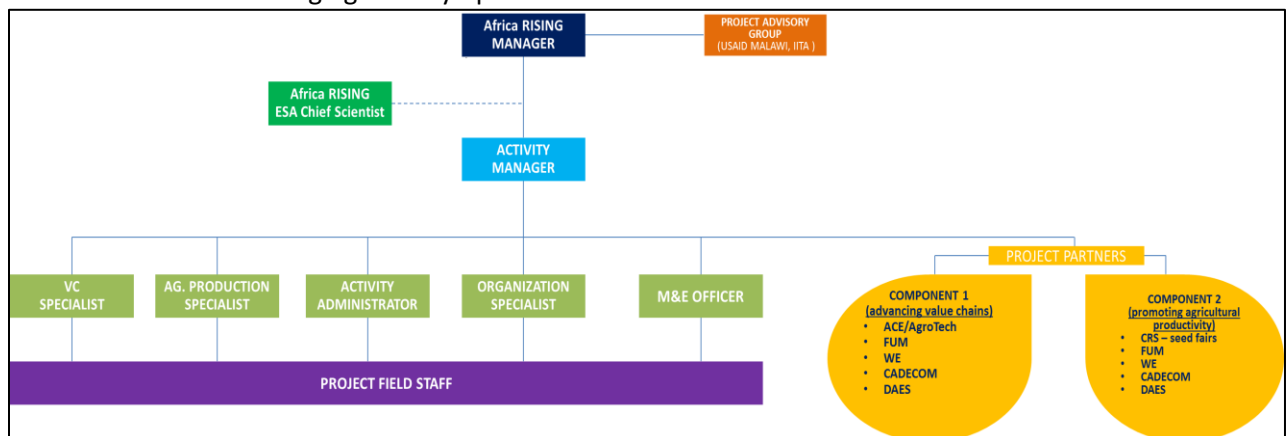
The success of the Bridging Activity depends to a very considerable extent on the performance of the partners as well as those served by these partners: the farmer groups, communities, and individual farmers.

At the national/project level, there is a small core of staff based at IITA Chitedze including the Activity Manager, Administrator, and Agricultural Productivity Specialist, and later this will include the Value Chain Specialists and M&E Officer. The core Activity staff develops a set of agreements with partners and oversees the implementation of the work plans featured in those agreements. The core team also contracts with seed companies to procure and deliver certified grain legume seeds to partners and farmer groups directly and via agro-dealers. (Component 2, Activity 1.1.)

As described above (Section 3.1), there are three major partners: ACE for Component 1 (Value Chain Enhancement); MISST for Component 2 Activity 1.2 (Promotional Activities); and CRS for Component 2 Activity 2 (Seed Fairs), as described in the approved proposal. The Activity Management team is responsible for seed procurement and distribution (Component 2 Sub-activity 1.1). MISST and ACE provide specific services to farmer groups working with partners in each district and EPA as detailed below. In addition ACE has subcontracted Agrotech to administer a seed credit program for 3000 farmers in two locations in Lilongwe and Mchinji districts. This program essentially spans and links Components 1 and 2.

In each of the five target district there are four or more partners. The Activity is partnering with DAES, MISST, and ACE in all five target districts. MISST and ACE have ongoing programs and have agreed to factor in the needs for providing promotional services to farmer groups (cooperatives, clubs, etc.,) participating in the Activity’s services at the EPA level in each district.

Visualization of INVC Bridging Activity operations in Malawi



Mangochi: WE Effect (WE) is the lead partner, coordinating its activities with MISST, DAES, and ACE. In addition to coordination, the operational responsibilities of WE include identification of participating farmer groups, development of plans for the provision of services for each group and coordination of the delivery of those services by partners in accordance with those plans; management of the seed credit program for those groups; and Monitoring, Evaluation, and Reporting.

WE will make provision for one staff person in their agreement budget that will be the Coordinator and have reporting responsibilities.

The DADO for Mangochi will also play a coordinating role in the sense of being kept aware of what is happening by WE and convene meetings of partners as needed. WE also chairs the DAEC at the present time so that formal interactions/reporting/information sharing could take place as part of DAEC meetings. DAES staff at the EPA level will be facilitated in carrying out specific bridging activities as they are currently doing with support from MISST.

WE already partners with CRS, FUM, NASFAM, MISST, and DAES in various activities. These partnerships will continue and be selectively expanded with support from the Bridging Activity. DAES, MISST and ACE will be service providers to farmer groups being assisted by WE.

CRS will be overseeing the implementation of the Seed Fairs (Component 2 Activity 2) in Mangochi as well as in the neighboring districts of Balaka and Machinga as described below and in the CRS work plan. CRS plans to formally contract a third party organization to manage the Seed Fairs in Mangochi; this should better ensure the close coordination of the Fairs with the services provided by ACE, DAES, and MISST to participating farmer groups.

Ntcheu and Dedza: In addition to MISST, ACE, and DAES, the Activity envisages the participation of CADECOM in two EPAs in each district and of FUM in one EPA in Dedza. As with WE Effect in Mangochi, the responsibilities of FUM and CADECOM include identifying participating farmer groups; developing plans for the provision of services for each group and coordinating the delivery of those services by partners in accordance with those plans; and managing the seed credit program for their respective farmer groups, as well as Monitoring, Evaluation, and Reporting. For a range of reasons, serious consideration is being given to directly recruiting one

staff person to serve as Coordinator for these two districts based in Dedza rather than having either FUM or CADECOM perform this function.

DAES will play coordinating and operational roles in both districts, similar to those in Mangochi, with the operational details and relationships to be worked out between the partners and relevant DADOs.

ACE and MISST will continue to provide services as they have been doing in the two districts, with the understanding that those services will be extended to farmer groups selected for participation in the Bridging Activity to the extent that these groups are not already covered.

Lilongwe and Mchinji: FUM is providing services to the participating farmer groups in four EPAs in Year 1 (two each in Lilongwe and Mchinji) as described above for Dedza and Ntcheu. ACE and MISST will be providing services in both districts to the FUM groups. In addition, ACE/AgroTech will be implementing a seed credit program in two or three locations for 3000 farmers in the vicinity of existing ACE warehouses in these two districts. Again for a range of reasons with the need for coordination and communication among all partners, including AgroTech and ACE MOST, serious consideration is being given to having the core Activity team based in Chitedze handle this task for the two districts.

Balaka and Machinga: CRS is the lead or coordinating partner in these two districts where Seed Fairs featuring grain legumes are the only activities being supported by the Bridging Activity. However, it is envisaged that the Seed Fairs will be coordinated with other efforts to promote grain legumes, notably by MISST and PCI/Njira, with CRS playing the leading role in that process as far as the Bridging Activity involvement is concerned.

Development of Partnerships:

Well over half of the efforts during Q1 were devoted to exploring and selectively developing the partnerships required for implementation. As already noted, the key partners include ACE (for Component 1); MISST (Component 2, Sub-activity 1.2) and CRS (Component 2, Activity 2). Agreements with Year 1 work plans and budgets were concluded with ACE and CRS during the quarter.

- **ACE:** ACE was subcontracted by INVC to implement a range of activities related to strengthening the value chains for groundnut and soybean in particular and it is envisaged that those activities will continue for the most part under the Bridging Activity. The activities include the development of marketing information systems (MIS) serving producers and a range of value chain participants; a warehouse receipt system by which producers and others holding inventories can have access to credit using produce stored in warehouses as collateral; and training of participants at various levels of the value chains for the selected commodities. ACE also plans to initiate additional services with support from the new project.
- The agreement with ACE has been expanded to include a seed credit component similar to the approach that they had successfully piloted with support from the Malawi Oil Seed Transformation (MOST) project this past season.
- Multiple interactions with ACE were held in conjunction with the preparation of the proposal and budget for a better understanding of the mode of operation of the

warehouses they manage (which are owned by FUM and NASFAM); the status/effectiveness of the MIS system in providing information to farmers/farmer organizations in such a fashion that they can act upon that information; and whether these activities interface with each other as well as with Component 2 activities so that the participation of small-scale farmers in the market will be enhanced/improved. The major beneficiaries of the ACE activities to date appear to be not so small producers and trading companies; this is understandable and not a bad thing, but there appears to be a serious gap in efforts to engage small-scale farmers with such services.

- To date ACE has focused most of its warehousing and commodity financing efforts on soybean because of problems with aflatoxin in groundnut. ACE/AgroTech plans to feature groundnut along with soybean in their supervised credit program this coming season.
- **MISST:** A number of meetings and communications with representatives of the MISST Consortium were held on their participation in the INVC Bridging Activity as partners. Agreement was reached on combining efforts in the promotion of improved grain legume varieties and best-bet production practices in the 15 targeted EPAs. It is anticipated that the partnership with MISST will be formalized in a working agreement and a set of EPA and district plans in Q2 (see Annex 4).
- **Partnership with MSU:** MSU is providing teaching and learning materials for delivery of best bet agronomic practices to farmer groups through training of trainers for extension staff of implementing partners and DAES in collaboration with the Bridging Activity Agricultural Productivity Specialist and M&E Specialist.
- **CRS:** CRS will implement a program of Seed Fairs in three districts (Balaka, Machinga, and Mangochi) in accordance with an agreement, work plan, and budget that were developed and agreed in September.
- **FUM/CADECOM:** Considerable time was devoted to developing agreements with FUM and CADECOM, focusing on the substance of how they are going to operate with ACE, MISST, and DAES in each district. These efforts are continuing and should be concluded early in Q2.
- **WE Effect:** WE Effect is a Swedish Cooperative working with local partners in Mangochi on a range of topics relating to agricultural productivity, greater participation in value chains for grain legumes in particular, natural resource management, and the strengthening of local organizations, community savings and loans, among other activities <http://www.weeffect.se>. They are currently involved with promotion of OFSP with CIP MISST in that district and an agreement was concluded on the possibility of their assistance in reaching farmer groups in the two targeted Mangochi EPAs which were previously covered by NASFAM and later by INVC.
- **Other Contacts/Potential Partners:** There were contacts with several additional potential partners including SANE, STEPS, Cultivating New Frontiers in Agriculture (CNFA), AGRA, and MOST⁴.

⁴ Additional information on each of these partners and the possibilities for collaboration is included in the emails and monthly reports of the Interim Activity Manager.

Identification of participating farmer groups:

Partners are assisting in the identification of participating farmer groups in all five districts and it is anticipated that a complete list of groups representing at least 15,000 farmers will be ready by mid-October. Participating groups will be selected in consultation with partners. Since the funding for seed purchases from the activity is limited, the farmer groups served by INVC and partners in the 15 EPAs will be ranked according to the following criteria.

- Strong, effective leadership;
- Performance, notably in the aggregation and marketing of products;
- Volume of grain legume production and sales in recent seasons;
- Financial capacity (savings, assets, financial management capacities);
- Adequate aggregation arrangements;
- Connections with buyers and experience in dealing with them; and
- Proximity to transport/markets/storage facilities.

Procurement and distribution of seeds:

The Activity plans to procure and distribute approximately 200 t of certified seeds for groundnut and soybean. A small amount of pigeon pea seeds may also be procured in response to the expressed preferences of specific participating farmer groups. The Activity plans to contract with seed companies to deliver the required amounts to specific locations, hopefully early in Q2, in accordance with the specifications in the contracts. Special attention is being paid to ensuring the quality of the seeds that will be delivered.

Estimates of seed requirements were developed during the quarter in consultation with partners. Information on seed procurement procedures was obtained from partners and the process was initiated in late September with the sending out of notices to prospective suppliers of seeds (see Annex 3). This will be followed by a formal tender notice in October which will request bids for the delivery of certified grain legume seeds to locations in the five districts by early November.

Transitions:

The Bridging Activity is a tale of two transitions. The first transition featured prominently during Q1 as INVC wound down its field activities in June and commenced the formal close-out process in July that was completed by the end of October. Although the process has had more than its share of flaws, the results in relation to a major purpose of providing a degree of continuity in approach, relationships with partners, and services to farmer groups have been quite positive on balance.

Multiple interactions with INVC staff were held during the quarter to gain a better understanding of the status of activities that would be continued with the Bridging Activity, notably the Value Chain Strengthening and Productivity Enhancement components of INVC. These discussions were aimed at ensuring a smooth transition as INVC winds down and finally is concluded in October 2016. Discussions with INVC also featured the transfer of assets, notably vehicles and equipment, and continuity in relation to selected partners. The contract for the ADIN project was awarded to the Palladium Group and a team, including the Chief of Party (Tom Gardener), is to arrive in early October.

Achievements and results (see annex 4)

Major achievements/results during Q1 include the following:

- Approval of the Activity by USAID;
- Recruitment of staff;
- Agreements with two partners (CRS and ACE).

Challenges

The process of developing agreements with partners has been very time consuming, especially where coordination and communication among the partners were required. Partners generally prefer to operate independently of each other and are particularly wary of being dependent on inputs from partners with whom they may have had problems previously. There is a tendency to expect or possibly to prefer all communications between partners to pass through the Implementing Partner, even though agreements may specify the roles of partners and how they should work together. There are advantages and disadvantages in having a high level of centralization but in the context of the Bridging Activity's set of activities which is quite decentralized to the district level, the disadvantages of centralization are significant and would be likely to require a significantly larger core staff than is currently the case.

A related consideration is the extent to which different partnering and management arrangements should be concerned with the sustainability of those arrangements and the capacities of partner organizations beyond meeting the immediate needs of the Activity. The implementation of activities specified in the work plan is de facto the most important consideration, even though some attention may be given to sustainability and institutional strengthening in project documentation. The arrangement with WE Effect in Mangochi builds upon existing organizational relationships (with MISST, DAES, and other partners) with WE Effect continuing in a coordinating role among partners. In contrast, serious consideration is being given to having District Coordinators engaged by the project to be based in other districts, notably Ntcheu and Dedza. Such arrangements are likely to cease with the conclusion of the Activity and the organizational relationships may be interrupted as a result.

The Activity has communicated with other projects and organizations, including SANE and STEPS, seeking guidance on interactions with the partners that are the focus of their programs, notably DAES, FUM, and CADECOM. The Bridging Activity has sought to complement their efforts although it has not always been so easy or straightforward.

Planned activities for quarter 2

1. Develop Year 1 work plans for all components and activities with partners and submit to USAID.
2. Complete staff recruitment.
3. Visit five target districts and 15 EPAs covered by the project to finalize and initiate district and EPA plans for the provision of services to participating farmer groups.
4. Finalize agreements with four partners (MISST, FUM, WE Effect, and CADECOM).
5. Finalize arrangements to procure seeds for seed procurement, complete ordering of seeds and have them distributed by early November.
6. Finalize selection of farmer groups in at least 11 EPAs and identification of at least 15,000 farmers who will be given the option of receiving seeds on terms that are mutually agreeable to their cooperatives, or associations, the specific partners involved with those groups, and the Bridging Activity.
7. Develop ToRs for District Coordinators and recruit for those positions.
8. Operationalize M&E activities as discussed in the approved proposal as soon as the M&E Officer has been recruited.
9. Initiate discussions with ADIN on transition.

Annexes

Annex : Seed credit pilot project (most model)



PILOTING ALTERNATIVE FINANCING MECHANISMS FOR IMPROVED ACCESS TO FARM INPUTS – PROJECT SUMMARY

In the 2015 to 2016 agricultural season, the Agricultural Commodity Exchange (ACE), in partnership with the Malawi Oilseed Sector Transformation programme (MOST), Agri-Inputs Suppliers Ltd (AISL) and Clinton Development Initiative (CDI) implemented a project that piloted alternative financing mechanisms for improved access to inputs and markets. With the aim of enhancing soya production and access to market, 954 smallholder farmers, out of which 563 were women, were provided soya seed and inoculant on loan. The input packages provided sufficient certified seed and inoculant to plant between 1/3 to 1 acre and were distributed to the farmers during Farmer Field Days in the four selected central region districts (Lilongwe, Mchinji, Kasungu, Ntchisi).



Text

The project, managed by ACE, comprised a number of activities to follow-up throughout the growing season. In fact, over the last 6 months, the beneficiaries received trainings on soya production, delivered by CDI and AISL, and on ACE services delivered by ACE. In addition, thanks to the ACE Market Information System, the beneficiaries received frequent SMSs on agricultural extension, market prices, project information and trade opportunities. Finally, ACE trade agents conducted two individual field visits in the villages to further discuss the project progress and marketing issues.

In May 2016, farmers paid back their input loans with part of their harvested commodity (soya grains) and were offered the possibility to sell their remaining soya through ACE; using the warehouse receipt system (WRS) or ACE direct trade facilitation services. On average, the project observed a repayment rate of 93.2%. The aggregated volume was sold on auction through the ACE platform (OVO) at 361,000MWK per mT while the market price on that day was around 340,000MWK per mT, showing the potential of such system to increase profit. Due to the high soya prices this season, a profit of ~3.5million MWK (~5,000\$US) was disbursed back to the participating cooperatives.

Despite the very promising results, the past season highlights the magnitude of the task ahead when it comes to enhancing soya production and increasing access to structured trade.

In the long-term, the objective is that the project becomes self-sustaining and can be expanded to many more farmers and districts, including more commodities such as sunflower and groundnuts. As of today, the expansion plan for next year is targeting 6,000 farmers. This project has demonstrated to input suppliers the existence of a new business model to increase sales as well as the value of partners' collaboration to develop a holistic self-sustaining model for smallholder farmers.



1) Top right – Chipiliro Kantikana, Capacity Development manager at ACE discussing marketing options and ACE services with the beneficiaries, 2) Middle left- Gaven Banda, one beneficiary farmer in Mchinji proudly standing in his soya field – 3) Bottom right – Soya pod in a beneficiary farmers' field 1-3) Photography courtesy of G Shaw, shaw.com.munication@gmail.com

Annex 2: Notice to seed companies

From: Gilbert, Elon (IITA) <e.gilbert@cgiar.org>

Subject: Request for indications of interest to supply certified grain legume seeds on behalf of the INVC Bridging Activity

Date: 2 October 2016 at 7:57:27 am GMT+2

To: <shanephiri@yahoo.com>

Cc: Davie Botie <D.Botie@cgiar.org>

Reply-To: Davie Botie <D.Botie@cgiar.org>

Dear Mr Phiri,

The INVC Bridging Activity and our partner hereby give notice of an impending seed supply tender for certified groundnut, soybean, and pigeon pea seeds.

The project is in the process of developing the details of the tender to provide you with exact requirements. This communication serves to keep you informed and prepared since the window between the actual tender and the supply date may be short. We would like seeds delivered to up to 15 EPAs in five districts (Lilongwe, Dedza, Ntcheu, Mchinji, and Mangochi) by 31 October 2016.

The Bridging Activity will require approximately 100 t each of certified soybean and groundnut seeds and a small volume of pigeon pea seeds.

With this letter we would like to get an indication of your interest in participating, as well as potential volumes and the varieties you are able to supply.

Payment for the lots supplied and delivered will be made immediately after the specifications in the contract have been satisfactorily met, as detailed in the upcoming tender.

All communications should be directed to Davie Botie, <D.Botie@cgiar.org> Station Administrator, IITA Malawi, Chitedze Research Station, PO Box 30258, Lilongwe 3, Malawi Tel: +265 1 707 022 | Fax: +265 1 707 026 | Mobile no: +265 999 578 578 / +265 888 578 578

Regards,

Elon Gilbert,
Interim Program Manager,
Feed the Future Malawi
Bridging Activity, IITA Africa RISING Mobile +265 (0)997645597
Email <e.gilbert@cgiar.org>, Skype elon gilbert

Annex 3: Partnership with MISST

From: Gilbert, Elon (IITA) <e.gilbert@cgiar.org>

Subject: Re: DRAFT AGENDA MISST Bridging Activity meeting Thurs 4 Aug 8:15 am, IITA Conference Room Chitedze

Date: 10 August 2016 at 10:25:28 am GMT+2

To: Gbenga Akinwale <G.Akinwale@cgiar.org>

Cc: naomi kamanga <N.Kamanga@cgiar.org>, Joseph Atehnkeng <j.atehnkeng@cgiar.org>, Soka Chitaya <s.chitaya@cgiar.org>, Arega Alene <A.ALENE@CGIAR.ORG>

Dear Gbenga/all,

Thanks for coming by on Monday pm. I like your ideas very much on how MISST, IITA, and the Bridging Activity can work together jointly at the district and EPA levels. Here is my recollection of the topics we covered. I have some thoughts that we might not have specifically discussed. These arrangements could serve as a model for working with other MISST consortium members as well. Comments are most welcome from all.

1. Seed procurement and distribution: This is basically in line with what is stated in the current version of the revised Bridging Activity proposal that will go to USAID shortly.

- MISST will advise on (i) grain legumes and varieties which should be offered to specific EPAs on the basis of MISST's trials, feedback, and experiences in the last two seasons.
- MISST will advise on sources of quality seeds (reliable seed companies and producers).
- Bridging Activity and partners (including MISST) will determine the demand for different grain legumes by each participating farmer group/EPA.
- The Activity will communicate needs, delivery timing, and locations to eligible/prequalified seed sources and invite proposals/bids; contracts will be finalized
- The Activity and partners will monitor performance of seed delivery, including seed quality at all stages

2. Promotional Activities:

- MISST will provide guidance on the set of messages/GAPs and promotional activities for each district/EPA.
- MISST and the Bridging Activity will have a common promotional effort at the district and EPA levels rather than two separate programs, (assuming reporting arrangements can be sorted out in a fashion that is acceptable to USAID). MISST and the Bridging Activity, working together with other partners, will develop joint plans for providing services to participating farmer groups. These plans will take account of the promotional activities that these groups have already been exposed to by MISST, INVC, and partners to build on that experience.
- MISST and the Bridging Activity will share the costs of the promotional activities, including the time of the MISST field technicians devoted to services to participating farmer groups/target EPAs.

3. **M&E:** We did not discuss this, but we should be able to work together and achieve economies in data collection, analysis, and reporting. Details are to be worked out.

4. **Seed Fairs:** I am not sure we discussed this specifically, but the Bridging Activity includes provision for Seed Fairs in three districts (Balaka, Machinga, and Mangochi). Although we will not be supporting other activities in Balakca and Machinga we are urging CRS (who will be implementing the Seed Fairs with partners) to include as much as possible the same groups that INVC worked with and try to link the Seed Fairs with promotional activities being carried out by DAES, MISST, and others in these districts.

In addition to sharing the costs of field technicians, the Bridging Activity plans to have a Coordinator in each district that may be located with one of the partners.

I am very interested in joining the workshop you are planning to have in September with partners. We want to involve DAES in all our activities in the seven districts.

Annex 4: Overall progress of the project for quarter 1

Table1. Results versus Output Targets (June – September 2016)

A. Preparatory Activities					
	Objectives/ Key Activities	Key Outputs	Partner Responsible	Results	Comments
A1: Stakeholder Consultations					
A1.1	June workshop in Lilongwe	A Comprehensive workshop report	AR/IITA with inputs from stakeholders	Workshop report used in the development of a draft proposal	A direction for INVC Bridging Activity was created.
A.1.2	Multiple consultations with partners and stakeholders	Notes, emails, and creation of a network of partners and stakeholders	AR/IITA with inputs from stakeholders	Additional ideas/insights that were used in the development of the draft proposal An effective network/relationship between INVC Bridging Activity and partners	
A2:Preparation of Draft Proposal and submission to USAID					
A.2.1	Preparation of initial project proposal	Timely submission of project proposal	AR/IITA with inputs from stakeholders	Draft proposal was reviewed by USAID and returned with comments which	Insufficient time was devoted to discussions with partners beyond the workshop. There was a rush to get the proposal completed in order to meet deadline.

		USAID		resulted in a substantial revision and the resubmission of the proposal.	
A.2.2	Revision and resubmission of proposal	Revised proposal submitted to USAID	AR/IITA with inputs from stakeholders	Revised proposal approved by USAID	
B: Developing Partnerships					
B1	Component 1, Activities 1 and 2: Advancing Value Chain Competitiveness	Development of Agreements with ACE FUM, CADECOM, DAES, and WE Effect that draw on INVC experience	AR/IITA; ACE, FUM, CADECOM, WE Effect,	AR/IITA; ACE, Agro Tech Agreement completed; agreements with other partners pending	Initial focus was on trying to get ACE, FUM and CADECOM at the national level to develop a common approach based on lessons from INVC and work out a division of labor. This failed for a range of reasons. Subsequent efforts to build consensus at the district and EPA levels proved much more successful.
B1.2	Component 1, Activity 3: Creative Financing	Seed Credit Pilot covering 3000 farmers in two to three locations in Lilongwe and Mchinji	ACE/AgroTech	Subcontract with AgroTech included in ACE agreement	
B.2	Component 2: Improving Agricultural Productivity				
B.2.1	Activity 1: Enabling farmers to				

	have access to improved inputs (seeds and inoculum) and services				
B.2.1 a	Activity1.1: Procure and deliver quality seeds and inoculum to farmers	Procurement and delivery of legume seeds to participating farmers via contracts with seed companies	AR/IITA, Seed Companies, FUM, CADECOM, WE Effect	Preliminary identification of farmer groups, determination of seed quantities and varieties by partners; notice to seed companies of imminent issuing of tender	
B2.1 b	Activity 1.2: Provision and strengthening of extension services	MOU with MISST to extend its activities in five districts to include participating farmer groups. Participation of other partners including DAES, FUM, CADECOM, and WE Effect was to be worked out.	AR/IITA, MISST, CADECOM, FUM, WE Effect, DAES	Agreement was reached with MISST to be formalized in October; progress was made on agreements with CADECOM, FUM and WE Effect which should be formalized in Oct. Visits to DAES HQ and DADOs in all 7 districts resulted in understandings on their roles.	

B1.2	Activity 2	Agreement with CRS to plan and implement program of Seed Fairs in three districts	AR/IITA, CRS	Agreement developed and formalized	
C. Project Management and Staffing					
C5.1	Recruitment of Staff	Five SOWs prepared; positions advertised, candidates shortlisted and interviewed	AR/IITA	Three positions were filled (Activity Manager, Administrator, and Agricultural Productivity Specialist; The Value Chain Specialist candidate declined the offer. M&E Officer position was re-advertised.	This was a lengthy process. Interim Project Manager operated alone during the quarter.
C5.2	Meeting with USAID	Several meetings held during quarter plus joint field trips to all districts	AR/IITA and USAID	Modification of proposal prior to submission; participation in the development of partnerships	Valuable assistance/guidance was provided by USAID Malawi which expedited the proposal development process and assisted in development of partnerships and implementation plans.
C5.3.	Office space, furniture, and administrative assistance	Office space and administrative assistance for Interim Activity	IITA Malawi	Adequate during quarter	Additional office space and furniture were provided which should be adequate for current and prospective Chitedze-based staff.

		Manager provided			
C.5.4	Vehicles and equipment	A vehicle was provided for the Interim Activity Manager; a vehicle and driver were provided for field trips; discussions were held with INVC and USAID on transfer of vehicles and equipment.	IITA Malawi; AR/IITA; USAID; INVC	Agreement was reached on equipment and vehicles to be transferred to the Bridging Activity; but there were delays in the implementation of the agreement which will take place in October, upon INVC close-out.	The lack of vehicles and equipment from INVC was not a problem during Q1, but the arrival of staff in early October would require that the transfer of at least some equipment and vehicles should begin ASAP.
D Monitoring and Lesson Learning					
D.1	Review of INVC PMEP				Postponed pending recruitment of M&E Officer
D.2	Accessing INVC data base	Obtain beneficiary files			
D.3	Lesson learning				
E. Plans for the upcoming quarter					
E.1	Develop Year 1 work plan	Work plan	IITA/AR and partners		

E.2	Complete staff recruitment	M&E Officer, District Coordinators, and Value Chain Specialist hired	IITA/AR		
E.3	Finalize and initiate district and EPA plans	Plans produced	IITA/AR and partners		
E.4	Finalize agreements with MISST, FUM, WE Effect, and CADECOM	Agreements finalized	IITA/AR and partners		
E.5	Finalize selection of farmer groups and lists of names of participating farmers	Selections completed and lists of farmers prepared	IITA/AR and partners		
E.6	Complete procurement and distribution of seeds	Seeds procured and delivered to participating farmer groups	IITA/AR, seed companies and partners		
E.7	Develop ToRs for District Coordinators and recruit for those positions.	Coordinators recruited	IITA/AR and partners		

E.8	Operationaliz e M&E activities as soon as the M&E Officer has been recruited	M&E activities initiated	IITA/AR and partners		
E.9	Transfer assets from INVC to Bridging Activity	Assets transferred	IITA and INVC		
E.10	Initiate discussions with ADIN on transition	Discussions initiated	IITA/AR, ADIN, and USAID		