

Africa RISING – Integrating Nutrition in Value Chains (INVC) in Malawi Bridging Activity Project: Quarterly Progress Report (01 July 2017–30 September 2017)



Produced by

International Institute for Tropical Agriculture

Published by

International Institute of Tropical Agriculture

October 2017

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 – Integrating Nutrition in Value Chains (INVC) Bridging Activity Project

IITA – International Institute of Tropical Agriculture

QUARTERLY PERFORMANCE REPORT

(01 July 2017 – 30 September 2017)

Cover photo: A soybean farmer in Lilongwe. Photo credit: ACE.

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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
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
AI SL	Agri-Input Suppliers Ltd
BVO	Bid Volume Only
CAADP	Comprehensive Africa Agricultural Development Programme
CADECOM	Catholic Development Commission of Malawi
CBO	Community-based Organization
CDCS	Country Development Cooperation Strategy (USAID)
CDI	Clinton Development Initiative
CGIAR	Consultative Group on International Agricultural Research
CMI	Champion for Market Information
CNFA	Citizens Network for Foreign Affairs
CoP	Chief of Party
CRS	Catholic Relief Services
DADO	District Agricultural Development Officer
DAECC	District Agricultural Extension Coordinating Committee
DAES	District Agricultural Extension Service
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
FOG	Fixed Obligation Agreement
FtF	Feed the Future
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
IFRI	International Food Policy Research Institute
IITA	International Institute of Tropical Agriculture
IITA	International Institute of Tropical Agriculture
INVC	Integrating Nutrition in Value Chains
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
MIP	Market Information Point
MISST	Malawi Improved Seed Systems and Technologies Program
MKW	Malawi Kwacha (symbol for)
MoAIWD	Ministry of Agriculture, Irrigation, and Water Development
MOST	Malawi Oilseed Sector Transformation Program
MRA	Malawi Revenue Authority
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

Executive summary

The INVC BA was launched in June 2016 at a workshop held for AR/IITA and stakeholders; the output of the consultative meeting was used to refine the INVC BA proposal for resubmission to USAID and for establishing networking relationships between the Activity and implementing partners (IPs). Four core partners collaborated in the implementation of INVC BA in 2016-2017: ACE for Component 1 (Value Chain Enhancement); CADECOM, FUM, and WE EFFECT for Component 2 (promoting Agricultural Productivity); and CRS for Component 2 Activity 2 (Seed Fairs). ACE provided specific technical support and service to farmers' groups working with other partners in each district. In addition ACE subcontracted Agrotech to administer a seed credit program to 3000 farmers in Lilongwe and Mchinji districts.

After the INVC BA annual review meeting held in June, partners were engaged in revising implementation plans and developing budgets for Year 2 of the Activity. The discussions on the work plans were abandoned when communication was received that INVC BA would not continue into a second year owing to financing challenges. Thus plans for Year 2 were abandoned and a close-out plan was developed instead and sent to the donor for consideration.

Three support staff were recruited during the quarter in preparation for the 2017-18 agricultural season. Two were to be District Coordinators for Mangochi and Machinga and one was an M&E Assistant to assist in data management. The recruitment was done before the news of the decision to discontinue the Activity was received.

The major activity during the quarter was monitoring seed loan repayments, produce aggregation, and marketing, and promoting the use of PICS bags through briefings and distribution of the PICS bags for demonstration. The exercise was carried out jointly with the District Agriculture Development Office of the Ministry of Agriculture in partnership with AgDiv, briefing farmers and mounting PICS bag demonstrations; 10,800 bags were allocated to INVC BA farmer groups. Monitoring of market prices and marketing of soybean and groundnut continued during the quarter.

Repayment of seed loans varied among groups and among partners' zones of influence. Repayment rates were higher among beneficiaries in the Chithumba model than among farmers who received 10 kg of seeds. Gender disparities in repayment rates are also evident where the data, desegregated by gender, indicate that the women have a higher rate of loan repayment than their male counterparts.

Introduction

This report summarizes the activities of the Feed the Future INVC BA (hereafter also referred to as the Activity) for the period July through to September 2017.

The Activity has two components: (1) Advancing value chain competitiveness and (2) Improving productivity. The objective is to deepen participation in the 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 and 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 at increasing the productivity of soybean and groundnut 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 negative impacts on the environment.

Follow-up extension messages on postharvest grain handling, aggregation, and marketing were being disseminated to farmers who benefited from seed loans in Dedza, Lilongwe, Mangochi, Machinga, Mchinji, and Ntcheu.

Objective: INVC BA seeks to stimulate an inclusive agricultural sector growth that will contribute to improved household incomes. The focus was on grain legumes that have 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 was to 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 (See Fig. 1). The Activity's service is 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.

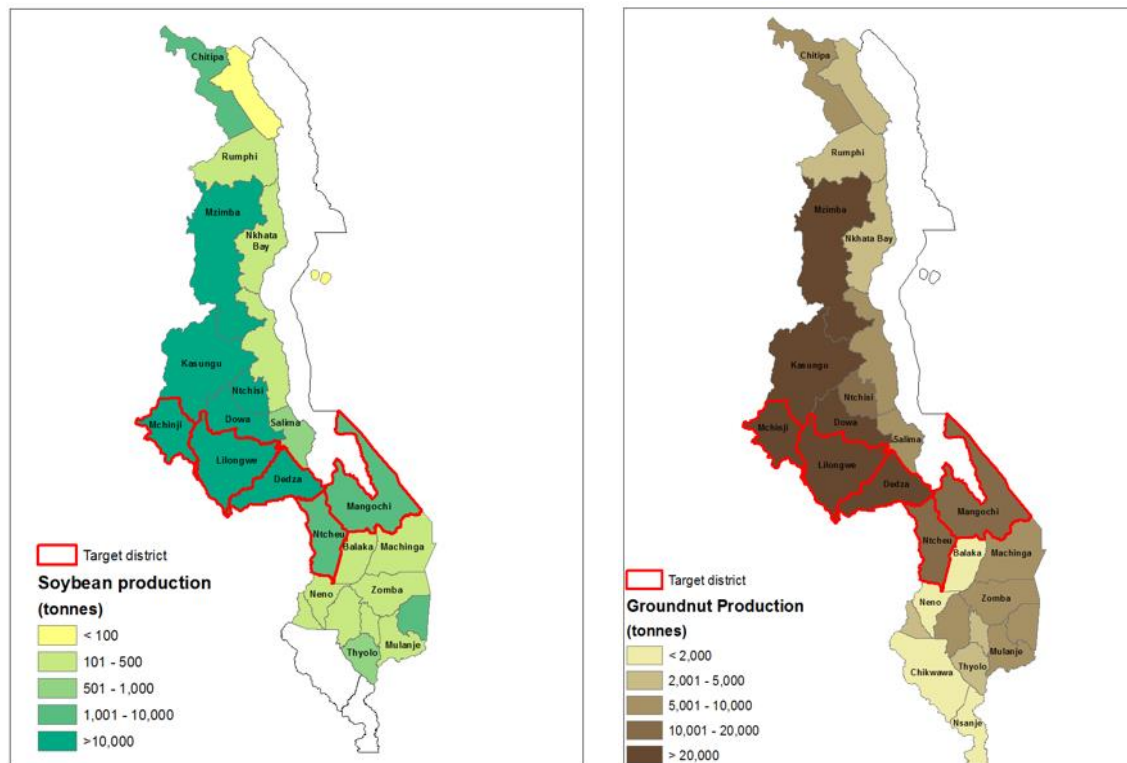


Figure 1: INVC BA operates in 7 districts within Feed the Future’s zones of influence in Malawi

Implementing partners

The Bridging Activity has partnered with seven organizations for implementation. Each of the partners has a specific role and/or geographic zone to cover. The six implementing partners are the following:

- i. Agricultural Commodity Exchange (ACE) is responsible for the implementation of activities to promote value chain competitiveness in Lilongwe and Mchinji. They are also providing capacity building to trainers for three partners operating in three other geographic areas.
- ii. CADECOM is implementing activities in four EPAs in Dedza (Chafumbwa and Kanyama) and Ntcheu (Njolomole and Bilira).
- iii. Farmers Union of Malawi (FUM) is implementing activities in five EPAs in Dedza (Linthipe), Lilongwe (Chileka and Chitsime), and Mchinji (Chiosya and Mikundi).
- iv. WE EFFECT (WE) is implementing activities in Mangochi (Katuli and Ntiya).
- v. Catholic Relief Services (CRS) conducted Seed Fairs in Balaka, Machinga, and Mangochi.

INVC BA is operating in 19 EPAs in central and southern Malawi. These are shown in the schedule below.

Region	District	EPAs
Seed loan		
Central	Mchinji	Chiwosya and Mikundi
Central	Lilongwe rural	Chileka, Chitsime, Mitundu, Malingunde
Central	Dedza	Lintipe, Kanyama, Chafumbwa
Central	Ntcheu	Njolomole and Bilira
South	Mangochi	Ntiya and Katuli
Seed Fair		
South	Balaka	Bazale and Rivirivi
South	Mangochi	Katuli and Mthiramanja
South	Machinga	Domasi and Nyambi

Activity structure

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

The success of the Activity was critically dependent on the performance of the partners as well as those served by these partners, the farmers’ groups, communities, and individual farmers. Hence placing staff at district level to coordinate and monitor Activity progress was important.

At the national/project level, there is a small core of staff based at IITA Chitedze including the Activity Manager, Agricultural Productivity Specialist, and Value Chain and M&E Officer. The Activity Administrator resigned in July and the position has not been filled owing to the brevity of the period left for the Activity.

There are four core partners collaborating in implementation of INVC BA in during the quarter under review. These are ACE for Component 1 (Value Chain Enhancement); CADECOM, FUM, and WE EFFECT for Component 2 (promoting Agricultural Productivity); and CRS for Component 2 Activity 2 (Seed Fairs). MISST and ACE provide specific technical support and service to farmers’ groups working with other partners in each district and EPA as detailed below. In addition ACE subcontracted Agrotech to administer a seed credit program for 3000 farmers in two locations in Lilongwe and Mchinji districts. This program essentially links Components 1 and 2.

The Activity partnered with DAES, MISST, and ACE in all five target districts. MISST championed the setting up of demonstration plots for the showcasing of technologies being promoted on soybean and groundnut production. ACE had other ongoing programs but agreed to factor in

the need for providing promotional services to farmers' groups (cooperatives, clubs, etc.) participating in the Activity's services at EPA level in each district.

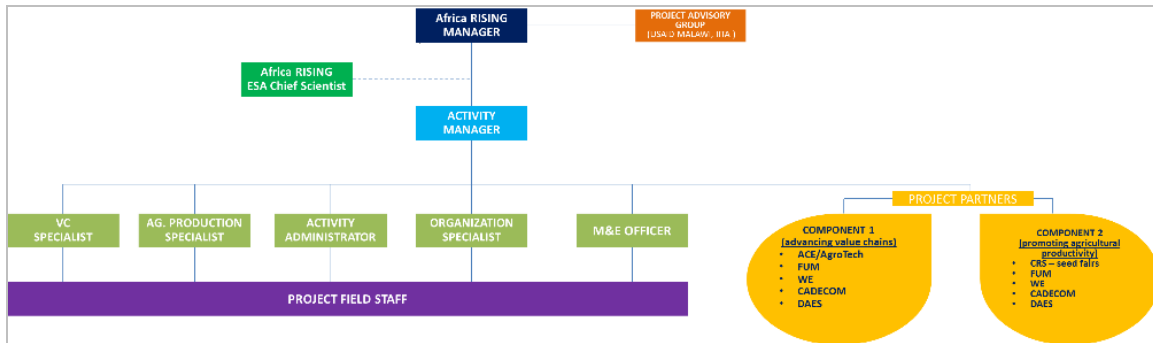


Figure 2: INVC BA organizational structure.

Management and administration

Staffing

Contracts for two interns in Agricultural Productivity/Value Chains expired in July and the contract for an intern under M&E, supporting data collection and processing, expired in August.

Three support staff were recruited during the quarter in preparation for the 2017-18 agricultural season. Consideration was given to recruiting the three additional staff on a temporary status to support the staff gaps in the Activity. Two of these were to coordinate the Activity's work in Mangochi and Lilongwe districts and an M&E Assistant was to support the M&E Specialist in data entry and management. The approved proposal and budget have provision for staff directly engaged by the Activity at the district level to coordinate programs supported by the Activity. Discussions were held with partners at the district level on the staff's responsibilities and how they would relate to partners at the district level. The Activity would contribute to office utility costs for hosting the field technicians at partners' offices. The staff recruitment was done before the news of the decision to discontinue the Activity was received.

In response to the notice about INVC BA being discontinued, the process of disengaging staff commenced in October by giving notices to eight staff members of an end to their contracts on 31 October. The M&E Specialist and one driver will have their contracts ending on 30 November because they are required to assist in the demobilization of assets and compilation of the final INVC BA report.

Management

In August, communication was received from the USAID Mission to Malawi that the USG had substantially cut the FtF program budget, and consequently INVC BA was requested to cut its budget by at least 50%. This was done and presented to the Mission with justifications. One of the justifications was that INVC BA needed these funds to consolidate the data that had been collected on the adoptability of the various technologies being promoted as well as to validate the economic gains achieved in the first season of the Activity. The Mission promised to come back with information of the actual budget cuts made in 2-3 weeks.

In first week of September 2017, communication was received indicating that the USAID had made a decision to discontinue INVC BA and expected that the remaining activities which were planned for Year 2 could be undertaken by Agriculture Diversification Activity. Consequently INVC BA was requested to submit a close-out plan as soon as possible, to indicate in the close-out plan how they would specifically program the disposal of assets and staff disengagement. The plan (Table 1) has since been submitted to the donor.

At least three briefing meetings were held with the USAID Mission during the reporting period, mainly to brief the Mission team on the reduced budget, the budget cuts, and the discontinuation of funding to INVC BA. A joint visit to Dedza, Mangochi, and Mchinji was made with the Gender Advisor from USAID's Bureau of Food Security in Washington DC. The M&E Lead and INVC BA Manager attended a half-day workshop on Gender Integration Framework (GIF) facilitated by the Gender Advisor at the end of her field visit.

Table 1: Close-out plan submitted to USAID.

TASK	START DATE	END DATE	RESPONSIBLE PERSON	REMARKS
Compile and submit close-out plan to USAID Mission	18-Sept-17	22-Sept-17	INVC BA Manager/Country Director/Africa RISING Manager	
Compile list of assets and suggestions for disposal	18-Sept-17	22-Sept-17	Station Manager/ INVC BA Manager	List comprising assets distributed to partners and at the project office
Follow-up and consolidate seed loan repayments and deposit them in ACE warehouses for storage and subsequent sale	18-Sep-17	30-Nov-17	Value Chain and Ag. Productivity and M&E leads.	Work with partners and farmers' groups
Develop MoU with Ag Div. and hand over farmers' groups and the custody and utilization of the revolving fund generated from repaid grain sales	9-Oct-17	20-Oct-17	INVC BA Manager / Value Chain and Ag. Productivity	Work with Ag. Div Activity
Staff disengagement (first group) 2 Drivers, 5 District Coordinators, Ag Productivity Specialist, Value Chain Specialist	20-Sept-17	30-Nov-17	INVC BA Manager/ Station Administrator	Notify all INVC BA staff to take their remaining leave days and serve notice to staff of termination of service contracts
Develop MoU with ACE for storage and sale of repaid grain for seed loans	25-Sept-17	13-Oct-17	Value Chain/ INVC BA Manager	Work with ACE
Brief partners and farmers' groups about the Activity's	2-Oct-17	6-Oct-17	INVC BA Core Team	Visit all partner Zol

accomplishments in Year 1 and why it be cannot continued as planned				
Submit list of assets to USAID Mission		22-Sept-17	Africa RISING Manager/ INVC BA Manager	
Finalize entering Implementing Mechanism Performance narrative in FtF Monitoring System online dashboard as demanded by USAID	31-Oct-17	30-Nov-17	M&E Specialist/ INVC BA Manager	Ensure final data for Implementing Mechanism Performance for FY16 are entered in the FtF MS.
Disposition of INVC BA assets in accordance with USAID instructions	1-Nov-17	30-Nov-17	Station Administrator / INVC BA Manager	Distribute assets as advised by USAID Mission
Compilation of final INVC BA report	23-Oct-17	22-Nov-17	Nicholas/Elizabeth	Submit and respond to comments from HQ
Staff disengagement (second and last group)	30-Nov-17	30-Dec-17	Station Administrator /HR Manager	Official closure of Activity
Submission of final INVC BA report	23-Nov-17	15-Dec-17	INVC BA Manager	Via IITA HQ

Final payment for supply of certified legume seeds

A dispute between Global Seeds and IITA that arose because of the poor germination of seeds it had supplied to farmers participating in INVC BA was settled out of court during the quarter. The supplier finally agreed to reduce the contract amount by 40% and thereby received 60% of the contract value for the 30 t of CG7 groundnut seeds it had supplied to INVC BA beneficiaries in Mchinji. The funds have since been paid and the case is closed.

A similar case is ongoing with the Agricultural Input Supplies Limited (AISL), which supplied 70 t of certified groundnut seeds that did not germinate well in farmers' fields, and no settlement has been reached so far. IITA proposed an out of court settlement. AISIL has agreed to the proposal and is considering its options.

Sub-grants

During the period under review, US\$ 93,615.61 was transferred to various partner accounts in accordance with the provisions of their contract agreements with IITA. Revisions to implementation agreements with FUM and WE EFFECT were made to accommodate no-cost extensions so that instead of the agreements expiring on 31 July they were extended to 30 September 2017.

Bridging Activity implementation

The major activity during the quarter was monitoring produce aggregation, promoting use of PICS bags through raising awareness, and distribution of the PICS bags for demonstration. The exercise was carried out jointly with the District Agriculture Development Office of the Ministry of Agriculture, in partnership with Agricultural Diversification Activity (Ag Div.), briefing farmers and mounting PICS bag demonstrations during which 10,800 bags were distributed to INVC BA farmers' groups. Monitoring of market prices and marketing of soybean and groundnut continued during the quarter.

A deliberate effort was made to expose farmers from Chitowo Cooperative in Dedza to the ACE Bid Volume Only (BVO) market platform as an alternative channel for produce sales. During a sample BVO auction, the highest price offered for soybean was about US\$0.24/kg (MK172/kg) landed in Lilongwe. However, most of the farmers attending the auction were not pleased with the final price offer, considering that they had incurred transportation costs to bring the grain to the ACE warehouse, and had had to pay the transporter. Hence they were reluctant to sell their commodities at the offered price. They made a decision not to sell but to look for other buyers. During the period, the prices for soybean that were being offered by informal traders at the point in time ranged from \$0.19 to \$0.22/kg (MK140-160/kg). Two farmer organizations were still keeping soybean grain and waiting for market prices to improve. These were Nachichi Cooperative in Lilongwe (Chitsime EPA) (with 70 t) and Mikundi Cooperative (Mikundi EPA) in Mchinji (with 22 t).

Seed loan recovery

The INVC BA provided loans of production inputs (certified seeds of soybean and groundnut) and inoculant for soybean production. The seed loans were given through their farmers' groups or associations, with the understanding that the farmers would pay back the equivalent value in grain at the end of the season through their associations to form a revolving fund for their groups. Implementing partners would ensure that the repayments are followed up, the grain sold through the ACE platform, and the funds used for another cycle of input loans in the group, especially for new members joining the group.

It was agreed that each partner should submit a plan for how the revolving fund would be managed. However, by the end of July, only ACE had presented a plan on how the funds realized from sales of repaid grain would be managed and utilized. In the plan ACE would link seed suppliers to farmer groups and the supplier would manage the seed loans with oversight from ACE. However, ACE would offer a contributory risk assurance for seed loans to farmers in case of justifiable defaulting, at the end of the loan recovery period.

Loan recoveries were ongoing at the close of the quarter. Due to the early closure of INVC BA, the Activity Office decided to collect grain that was aggregated from loan repayments and deposit it in ACE warehouses. It is also documenting details of the seed loan which include names of beneficiaries of the loans, repayments so far made, balances, cash generated and deposits, bank account details, and loan balances. Owing to the lack of clear plans from partners on how the revolving fund would be managed the INVC Bridging Activity Office collected the grain repayments and deposited these in ACE warehouses for safekeeping and eventual sale.

Details have been secured of the accounts where the funds have been deposited and will be handed over to IITA Country Director and the donor at the close of the Activity.

A total of 474,410 kg of grain was expected to be collected as repayment for the loan of 210,000 kg of seeds. However, only 310 873 kg of grain had been received by the end of the quarter representing 66% of the expected volume.

The rate of seed loan recovery in farmers' groups is mixed. In some groups, the average repayment was up to 85% while in others, the repayment has been as low as 29% (Table 2). The low repayment rates will cause erosion in the value of the revolving fund, owing to defaulting as well as the low seasonal market prices at the time of liquidating the repaid grain. Prices of commodities in 2017 marketing season have been generally low (about 25% lower on average) compared to 2016 prices. Hence the value of grain repaid by farmers will not fetch a value equivalent to that of the certified seeds distributed. The details of the loan recoveries in three partners' Zol, as at 30 September, were as follows:

Table 2: Seed repayments by implementing partners.

	Partner	Expected Repayment (kg)	Actual Repayment (kg)	Percentage Repayment		
				overall	M	F
ACE	Chiosya	43,050	35,631	82.8	74	80
	Mikundi	100,650	85,101	84.6	79	79
	Mitundu	69,720	52,271	75.0	57	61
	Phirilanjuzi	63,360	39,483	62.3	46	41
CADECOM	Bilira	33,000	10,801	32.7		
	Njolomole					
	Chafumbwa	50,000	14,500	29		
	Kanyama					
FUM	Linthipe	128,000	38,015	29.7		
	Chiosya					
	Mikundi					
	Chileka					
	Chitsime					
WE EFFECT	Katuli	49,990	26,071	52.2		
	Ntiya					
Total		474,410	310,873			

Repayment rates were higher (averaging 76%) among farmers who were under the ACE's Chithumba model. Rates were lower among farmers who received the 10 kg of seeds and varied from 52% under WE EFFECT to about 31% under CADECOM and 30% FUM. Gender disaggregation for farmer organizations other than those under ACE Chithumba model was ongoing at the time of compiling this report.

Gender perspectives

The data collected during the season have revealed that more farmer organizations grew soybean (75%) than groundnut (25%), and that more women (62%) participated in production of the two legumes than men (38%). The majority of the farmers who participated were new entrants (87%) and only 13% were farmers who had participated in the INVC project in the past for not less than two seasons (Figs 3 - 5).

The proportions of men and women among farmers who came forward to obtain loans of certified seeds of soybean and groundnut were about the same in both crops where more women accessed certified seed loans than men (61% and 62% for women versus 39% and 38% for men accessing the 10 kg of groundnut and soybean seeds).

Grain yield followed a similar trend, with male farmers recording higher yields on average, compared to their female counterparts. For soybean, the average yield for male beneficiaries was 1,710 kg/ha against 1,363 kg/ha for female farmers. Similar results were recorded in groundnut of 1,103 kg/ha for male farmers and 871.25 kg/ha for female farmers. The possible explanation for this is that men are concerned with raising income for the households since they are perceived as the bread winners and tend to invest more for optimal output than women farmers who are mainly focused on producing for subsistence. Furthermore, women have more distractions which demand their time than men, such as sickness in the family or funerals in the village.

With regard to land ownership, men had slightly higher access to land than women farmers on average as men planted 0.19 ha of soybean compared to women who grew soybean on 0.17 ha on average. On the other hand, men had more land planted to groundnut than women (0.21 ha for men versus 0.11 ha for women).

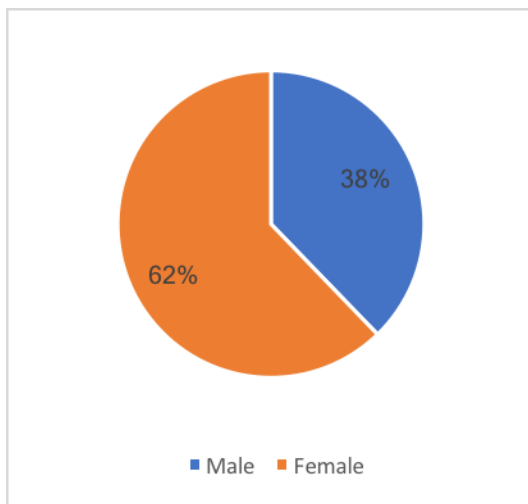


Figure 3: Participation in INVC Bto by gender (N=15383).

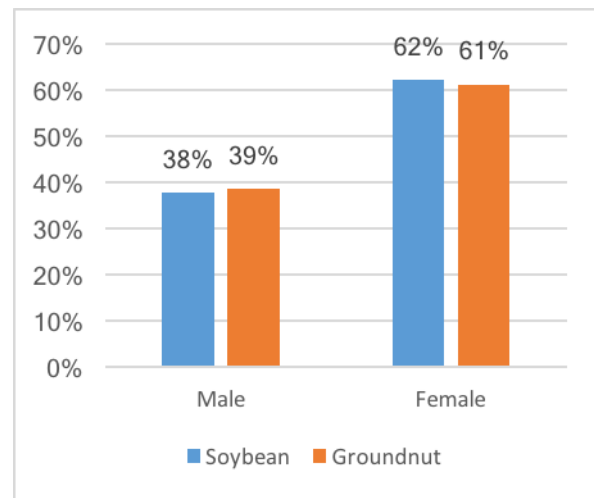


Figure 4: Gender Segregation per Crop for Seed loans (N=15,059).

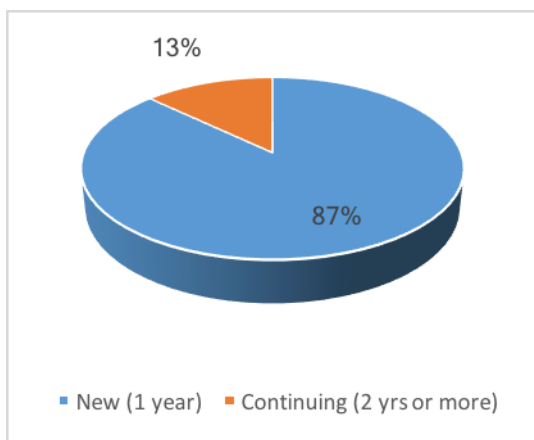


Figure 5: Proportion of Farmers Participating in INVC Project (N=15383).

Market information system

ACE continued to expand its client base for its MIS platforms. It continued to profile producers, farmer organizations, and MSMEs via two avenues: direct profiling of clients by ACE Rural Marketing Advisors (RMAs) and the profiling of clients by partners on the project (FUM, CADECOM, and WE EFFECT). Since the inception of the new MIS the ACE RMAs have managed to profile 3,498 people on the ACE MIS in the FtF Zol.

During the quarter, ACE also continued to sponsor marketing messages on Zodiak Broadcasting Cooperation (ZBS). During the reporting period, 10 programs were broadcast. It is encouraging to note that the popularity of the program continues to grow. This was evidenced through an increased number of inquiry calls to the ACE trade number that follow soon after the program. RMAs have also observed that most farmers are very much aware of the program as it advises them on contemporary issues in relation to grain trading and markets. Farmers continued to get updates on trade opportunities and prices of key commodities soybean, groundnut, and pigeon pea.

To scale the MIS, ACE needs to scale the client base. ACE continued work to profile producers, farmer organizations, and MSMEs through the direct profiling of clients by ACE RMAs and profiling of clients through INVC BA partners (FUM, CADECOM, and WE EFFECT).

On Market days every week, ACE RMAs continued to collect market information in their area of operation. The information collected included wholesale and retail prices for the commodities of interest and the information was uploaded onto the ACE MIS for subsequent dissemination via a number of channels, such as SMS, radio, and newspapers. Furthermore, ACE provided multiple trade facilitation services to producers, farmer organizations, and MSMEs in the FtF Zol. Collectively, it facilitated 1,207.99 t of trades, disaggregated into 26.79 t of soybean, 1,101.30 t of groundnut, and 79.9 t of pigeon pea. These are a combination of direct trades and warehouse receipt trades.

ACE was also able to facilitate a total of US\$ 509,463.69 (equivalent to MKW 364, 811, 890) in the FtF Zol. It should be noted that the value of finance disbursed considers all facility types and all commodities within the Zol. It is not specific to the three value chains under the Activity.

Partnerships

Coordination meetings were held with the Ag Diversification Value Chain Specialist on postharvest management of grain using PICS bags. As part of collaboration, Ag Diversification Activity and INVC BA are working together in enlightening farmers and mounting demonstrations on PICS bags; 10,800 bags have been allocated to INVC BA farmer groups for demonstration.

DAES staff in the Zol played a big role in the promotion of PICS bags for crop storage which was done in collaboration with Ag Div. through the INVC BA partners. Farmers were trained on how to use the PICS bags and 15,200 bags were distributed in the INVC Zol.

Plans for year 2

INVC BA partners prepared and submitted draft work plans and budgets for the 2017-2018 season following a successful review meeting in June. The work plans were progressively being reviewed and discussed with the partners. However progress was interrupted when communication was received that INVC BA, with other FtF activities, would have to cut the budget for Year 2 by at least 50%, because the US government cut funding to the FtF Program drastically. The budget was trimmed accordingly and resubmitted to the donor for approval. But before a response was received, the Activity was informed that it would have to close because there are no more funds for implementing it in Year2, and was requested to submit a close-out plan, which has since been submitted. The plan includes INVC BA assets disposition, staff disengagement, and submission of the end of project report.

Challenges and action taken

The following are some of the challenges encountered during the project implementation and the actions taken to address them.

Challenge	Action taken
Long distances to certified warehouses affected groups' ability to aggregate and repay loans due to challenges in storage room and transport to certified warehouses. Out of the 25 farmer groups that were interested to aggregate, only 4 groups were within the reach of ACE certified warehouses.	The project provided options for beneficiaries to aggregate at central places in their respective villages and clusters and arrange for buyers to buy from such central places without necessarily bringing the produce to ACE certified warehouses.
Low market prices for the two value chains due to favorable weather conditions in 2016/2017 season resulted in high supply of the commodities on the market against limited demand.	Farmers were encouraged to wait for the market prices to improve before offering to sell. Hence they were encouraged to apply best practices in postharvest handling and storage to minimize postharvest losses.
Budgetary constraint on the part of IP. Some important components such as strengthening farmer groups, and trainings for post-harvest handling were not budgeted in partners' proposals as they were encouraged to submit reasonably lean budgets.	INVC sought the collaboration of Agricultural Diversification Activity to support other activities of common interest, such as postharvest grain handling through promotion of PICS bags.

Lessons learned

Some of the lessons learnt, best practices; and recommendations for a similar project or future projects are as follows:

- The decision to participate in structured trade is dependent on the volume of production for individuals in the farmers' organization. Those farmers that have produced large quantities of the targeted value chain are willing to participate in structured/organized markets unlike farmers that have small quantities of the selected value chains.
- Input loans should be implemented by the input supplier who has the interest to expand markets. Input loans through projects become heavily subsidized since it does not take into consideration investments in by the Activity players just to distribute and recover the loans. In future, input suppliers can be linked to farmers for the provision of the loans since the supplier is developing a wider market and would be best placed to develop the strategy on dispensing the loan. The project could only be involved in identifying and linking beneficiaries to the supplier for the loan scheme.
- Despite staff gaps in the beginning of the Activity, it has been able to collect valuable data which will be valuable to understand farmers' attitude towards the Activity's promoted technologies and messages, and to understand why there is need to target technologies to various gender categories depending on the circumstances.
- Capturing good and trustworthy data requires good investment in collection, synthesis, analysis and interpretation.

Success story

Despite its short life span, INVC BA managed to derive credible data from its spot surveys which have helped to provide evidence on the adoptability of technologies being promoted for the intensification of groundnut and soybean. The information can be used to refine some of the technologies which are not easily adoptable and accelerate the scaling out of those technologies that are easier for the farmers to adopt.

