

			negotiations with the Malawi Confederation of Chambers of Commerce and Industry and expect to participate in a national trade fair to be organized in the next reporting period
	Nine advocacy issues tabled	None	Two advocacy issues tabled through the national conference of the Farmers Union of Malawi. Issues included: access to markets and access to agricultural services
	Three annual national stakeholder policy meetings held	None	Ten farmers participated in the national policy dialogues during the Farmers Union Annual General Meeting
	Two new agribusiness related policies developed and existing ones reviewed to enhance women's participation in agro-based value chains	No agribusiness related policies have been developed or reviewed	<p>The government of Malawi is in the process of developing an agriculture policy and Oxfam and partners are influencing the inclusion of access to markets, especially for women</p> <p>In February 2014, Oxfam in Malawi launched a nationwide campaign calling for a formal structure for profitable markets to benefit small holder farmers. We secured pledges of support from all political leaders to improve access to markets for our target beneficiaries. It is expected that a comprehensive agricultural policy will</p>

			be developed.
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## Programme Level Indicators

*This information will help us measure the impact of our Malawi Development Programme in its entirety.*

10. Please list each indicator and its baseline value, as outlined in Q39 of your application form, and then provide the current indicator level.		
Indicators	Baseline values	Current Indicator Level
D9	Most women in Dowa, Mchinji, and Lilongwe (15,000 women farmers across three districts) engaged in farming are unable to generate secure income from the agricultural value chain as they are undermined by lack of viable enterprises that would enable them to operate on the formal competitive sector	<ul style="list-style-type: none"> <li>- 60 per cent increase in average quantity commodities sold by participating women small holder farmers</li> <li>- 9,840 women farmers have been trained and now participate in agribusiness. This has far surpassed the target of 600 women due to increased interest in the project and mainstreaming business management training throughout all aspects of training within the project.</li> <li>- 326 VSLs have been established and have since started saving and giving each other loans</li> <li>- Three value chains have been mapped and at least 5,000 women are registered for each value chain</li> </ul>
D10	Of the 5,000+ women farmers who participate in agribusinesses, most sell to passing traders	<ul style="list-style-type: none"> <li>- Farmers have been successfully linked to with established buyers such as Farmers World, Rab Processors, Export Trading company, and Capital Oil Refining Industries (CORI).</li> <li>- To date, 150 farmer groups are competing effectively in agro based value chains which represents an increase of 88 per cent in the number of women</li> </ul>
D12	Three per cent of women farmers trained in agribusiness and business management	<ul style="list-style-type: none"> <li>- 60 per cent of the targeted women have been trained in business management and agri-</li> </ul>

		business and 150 producer groups linked to markets
<b>D15</b>	Five per cent of women farmers practice sustainable agricultural practices  None of the women using early warning systems	- 60 per cent increase in the number of women utilising sustainable agricultural practices and utilising early warning systems and utilizing conservation agriculture and early maturing crop varieties.

**11. Discuss the progress of your project since it started in relation to contributions your project is making to the aims and objectives of the Scottish Government's International Development Policy (maximum 300 words).**

Since 2012 the project has progressed well. Working through partners we are supporting poor women farmers across three districts in Malawi to address the challenges they face, creating an enabling environment for them to lift themselves out of poverty and create sustainable agribusinesses. The project reflects the ethos of the Scottish Government's International Development Policy and has progressed across two key areas:

**Gender equality and empowerment of women:**

To date, the project has made a significant contribution to gender equality and has worked to empower women economically across three districts. Women have been trained in leadership and assertiveness skills, whilst the project promotes collective power among women in order to deal with complex socio-cultural barriers and gender stereotypes. As you can see from Annex 2, gender roles are changing and women like Hilda are becoming empowered and have improved their status and position in society.

Over two years we have maintained the 60 per cent target of women. The formation of 326 VSLs has had a huge impact on gender roles in the communities – women have become economic leaders and are actively contributing and controlling their household income. The project is therefore contributing directly to Millennium Development Goal 3 Of Gender Equality and Women Empowerment.

**Enterprise development:**

To date, 9,840 women farmers have been trained in entrepreneurial skills, management and finance meaning they now have the capacity to run viable income-generating agribusiness enterprises. The bulking group centres provide a space for farmers to congregate and sell their produce in bulk and share information on markets. We have successfully started to link producer groups to microfinance institutions and buyers whilst the VSLs are enabling the farmers to access working capital to establish their enterprises and save money effectively.

**12. Have any of the risks identified in Q33 of your original application been realised since the start of your project? If so, which ones and what actions have been taken in response?**

<b>Risk realized</b>	<b>Action taken or intended</b>
<b>Economic stability of the</b>	In April we communicated the exchange rate gain of £15,001 to

<p><b>country</b></p> <p>The economic situation in the country remains extremely unstable. In the 2012-2013 project period we reported a 120 per cent loss of value to the Kwacha, seriously affecting the project spend. Within the past year, inflation levels reached a high of over 37 per cent and many commodities increased, including the input prices within the project. Since January 2014 there has been some marginal stability leading to an exchange rate gain of £15,001</p>	<p>the Scottish Government. This issue is currently being discussed with the International Development Team.</p> <p>The upcoming elections and continuation of the “Cash Gate” investigation poses further uncertainty. It is expected that any short-term gains made within the project could quickly come undone. The team continue to closely monitor the financial situation, whilst our Funding Manager in Scotland is in close communication with counter-parts at other organisations who manage Scottish Government-funded projects in the country.</p>
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<b>13. Have you experienced any other issues/problems during the reporting period? If so, what actions have been taken in response?</b>	
<b>Issues/problems</b>	<b>Action taken or intended</b>
<p><b>Delays in review and approval of national policies (Outcome 3)</b></p>	<p>Oxfam in Malawi was successful in launching and obtaining cross-political party support for a new campaign which seeks to improve the market environment for small scale farmers. Oxfam will continue to lobby and work with the government to establish profitable markets for small holder farmers.</p> <p>However, due to the upcoming presidential elections, there have been some delays in other policies. The National Agriculture policy development has faced a lack of government funding. Whilst the approval of the National Climate Change policy and the land bill has also been delayed.</p>
<p><b>Late release of minimum buying prices for soya and ground nuts by the government</b></p>	<p>The government minimum buying prices of soybeans and groundnuts were released very late which impacted negatively on contract signing between women farmers in Dowa and potential buyers Oil and Protein Limited resulting into loss of business for the farmers.</p>

### Response to Previous Progress Reports

<p><b>14. Have you received any comments on previous reports? Yes</b> <input checked="" type="checkbox"/> <b>No</b> <input type="checkbox"/></p> <p><b>If so, what action have you taken in response to comments made on previous progress reports?</b></p>
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Comments	Action taken
<p>"I note the issues with the partner and previous email discussions around this and taking on a new partner. I understand that the project has been set back because of this and I'm glad to see things are getting back on track. It'll be good to see the difference at the end year report and particularly the budget underspend and how this is being addressed."</p>	<p>The project team were quick to secure new partners and the impact on the beneficiaries and project activities was minimal. However, this has led to under-spends within the project.</p> <p>Oxfam in Malawi took valuable learning from the experience with FAFOTRAJ. To this end we have tightened our monitoring and evaluation and financial support to partners to ensure there are no future losses. This ensures partners are accountable, deliver activities as per the project plan but also do not feel overwhelmed if funding is released at once.</p>

## Financial Reporting

The Scottish Government must ensure that the dispersal of International Development Funds is carried out in an effective and transparent way. Good financial and programme administration is also part of what is considered to be a successful outcome for the International Development Fund, and financial information will be monitored for accountability and clarity of output and outcome.

**15. Please provide a breakdown of actual expenditure for the financial year to which this annual report relates, compared to the projected expenditure detailed in Q40 of your original application form.**

Budget Headings	Projected Expenditure	Actual Expenditure
Salary costs	£52,405	£35,537
Running costs	£12,787	£12,010
Travel and Subsistence	£4,417	£3,150
Project Delivery	£93,979	£61,315
Audit	£3,900	£2,412
Additional funds from reduced admin	£1,037	£0
Administration	£8,700	£8,700
<b>TOTAL</b>	<b>£177,227</b>	<b>£123,124</b>

**16. Please comment on the breakdown of expenditure in Q15, particularly explaining any significant disparities between projected expenditure and actual expenditure within the relevant financial year.**

The budget above is based on our reallocation which was agreed with the Scottish Government following the 2012-2013 annual report.

The budget for financial year 2013-2014 reflects an under-spend of £55,101 (which accounts for 30 per cent of the budget). This is explained below:

**Salary costs**

Due to changes in the exchange rate, we have realised a gain of £16,868. The staff salaries and roles remain the same as the project plan.

**Project Delivery Costs**

The budget reflects a difference of £32,664 in the project delivery costs:

**Partner change**

- The change in partner resulted in a delay in the delivery of training for the farmers. We have allocated £24,000 to this activity and it will be completed within the first quarter of the next reporting period.

**Trade Fair and Linking to Markets**

We have allocated £9,000 to key activities which were not completed at the end of the reporting period and will be completed within the next period:

- Organization of a Trade Fair (activity 3.2) for 300 women farmers.
- Linking women farmers to markets (activity 1.3), including training sessions, facilitating meetings between farmers, transporters and buyers.

**Exchange rate gains**

- Since January 2014 there has been some marginal stability to the Kwacha which resulted in an exchange rate gain within two budget lines:
- £15,001 in the project delivery costs and £16,868 within the salary costs. This was only recognized once the financial reports were processed at the end of March. This was communicated to the Scottish Government and the issue is currently being discussed.
- The team have assessed the project and would like to request that the currency gains are spent on agro-processing equipment whilst the salary cost savings be allocated to an increased spend within the travel and subsistence budget line. The reasoning behind this is a need to thoroughly assess the project in its final phase which will require transport and subsistence greater than initially planned.

**Budget Reallocation**

Details of the proposed budget for the next financial year is outlined below. We will welcome feedback from the Scottish Government on our proposed reallocation, taking into account the exchange rate gains which have also affected the budget.

Budget Headings	Actual Expenditure 13-14	Variance	Budget FY 2014-15	Total Allocation FY 2014-15
Salary Costs	35,357	0	36,960	36,960
Running Costs	12,010	777	9,800	10,577
Travel and Subsistence	3,150	1,267	2,940	4,207
Project Delivery	61,315	17,663	74,070	91,733
Equipment	0	1,000	1,000	2,000
Audit	2,412	1,488	2,100	3,588
Additional funds from reduced admin	0	1,037	131	1,168
Administration	8,700	0	8,820	8,820
<b>Grand Total</b>	<b>£123,124</b>	<b>£23,232</b>	<b>£134,821</b>	<b>£159,053</b>
<i>*Currency gains from Salary Costs and Project Delivery</i>		<i>£31,869</i>		<i>£31,869</i>

17. Please attach a breakdown of the programme expenditure for the next financial year, using the budget headings agreed with the Scottish Government.

Budget Headings	Projected Expenditure 14-15	
SALARY COSTS	£36,960	
RUNNING COSTS	£10,577	
TRAVEL&SUBSISTENCE	£4,207	
PROJECT DELIVERY	£91,733	
EQUIPMENT	£2,000	
AUDIT	£3,588	
Additional funds from reduced admin	1,168	
ADMINISTRATION	£8,820	
CURRENCY GAINS	£31,869	
<b>TOTAL</b>	<b>£190,922</b>	

**18. Have you secured any other funding for your project since it started? You may wish to refer to Q41 of your application form. Please explain if this funding has significantly differed from anticipated, and if so, why?**

Not Applicable

## Sustainability

**19. What have you done since the start of your project to ensure that the outcomes of your project are sustainable and will be built-on or continued?**

Now completing year two, the project has been able to build on the strong foundation laid for both institutional and technical sustainability after year one. We are currently using several approaches to ensure that the project is as sustainable as possible.

### **Capacity Building**

The project is building the capacity of women farmers through comprehensive training sessions on business, markets, climate change adaptation and leadership. By creating and strengthening farmer and producer groups, women can now collectively organise themselves and negotiate for better prices for their products. Farmers are already linked to buyers, the linkage will continue beyond the project duration, contributing to the project's sustainability. Oxfam in Malawi are also committed to strengthening local partner organisations which will ensure that the farmers are supported after the funding from Oxfam ends.

### **Village Savings and Loans**

The formation of VSLs in the three project areas are providing a financially stable environment for farmers to save and access credit. Once established, the VSLs require little support from our partners.

### **Climate Smart Agriculture**

By training farmers to use climate smart methods, advanced seeds and alternative crops, they will become able to mitigate against the effects of climate change in the future.

### **Linking Farmers**

By creating and facilitating linkages to national buyers it is expected that strong relationships will be built. Already, one producer organisation has been linked to Capital Oil Refinery. Once the agreement is in place this will give the group security in the future with fixed and agreed prices for their products. Additionally, farmer groups are being linked to national equipment companies and members are being trained on maintenance of equipment. This will make sure that in the event of machinery breaking down, the community are able to fix it, or know where to seek advice. Women have become empowered, receiving business, communications and leadership training which is enabling them to set up VSL groups which will ensure that the cooperatives and agribusinesses are self-sustainable.

## Project Partnerships

**20. What has been the level of partner contributions in the project to date, both in Scotland and in-country? Have these significantly differed from anticipated and, if so, how and why (do not exceed 250 words)?**



### **New Partnerships**

As detailed above, we signed two new partnerships with CARD and CADECOM in October 2013. Both partners have been successful at re-starting activities following the exit of FAFOTRAJ:

CARD are supporting farmers in Dowa and Mchinji and to date have focused on mobilizing and training female farmers. Despite the delay following handover from FAFOTRAJ, CARD have progressed quickly, building trust with the farmers and linking up the project staff, beneficiaries, Farmers Union and other key stakeholders to ensure the project is sustainable in the long term.

CADECOM is a well-established organisation with a strong ground presence, specialising in agricultural projects in Malawi. The partner has been able to quickly mobilise farmers within the project, minimising the disruption caused with the exit of FAFOTRAJ.

With the launch of the Oxfam-led access to markets campaign, partnerships were also established with the media which has raised the profile of farmers' rights, and also with governance organizations such as the National Initiative for Civic Education (NICE) and Democracy Consolidation Programme.

### **Scottish [REDACTED] Manager Project Visit**

In February 2014 Oxfam Scotland [REDACTED] Manager, [REDACTED], travelled to Malawi to assess the impact of the projects and gather case studies and content to raise awareness of the projects in Scotland. This trip has developed the capacity of [REDACTED] in terms of programme management and increased her understanding of the challenges faced by country teams in the delivery of projects. During the field visits [REDACTED] met and interviewed representatives from CARD and CADECOM, as well as several women farmers. The findings of this trip were presented to the Scottish Government in April (Annex 3) and the trip has been featured in the Daily Record<sup>1</sup> and via Oxfam Scotland's social media channels.

### **21. What mechanisms do you have in place to ensure regular feedback from your partner organisations in-country? Please also detail any significant feedback you have received from your partner organisations.**

- a) Quarterly project reviews provide space for partners and Oxfam to share feedback on programme implementation.
- b) Periodic meetings such as the partnership meetings and the joint review and planning meetings provided feedback from partners.
- c) Regular communication through the open lines of communication allows Oxfam and partners to share feedback on a more informal basis.

### **Feedback**

In March 2014 our partners realised that the farmer and producer groups were progressing faster than expected within the project plan and requested additional funding for agro-processing equipment. This equipment would enable the farmers to add value to their produce, earn higher incomes and adds to the sustainability of the project as a whole.

<sup>1</sup> <http://www.dailyrecord.co.uk/news/uk-world-news/widows-malawian-house-success-story-3438231>

## Further Information

22. Please include a short narrative or case study (not exceeding 500 words) demonstrating the positive impact your project is having. Please make any further comments you feel might illustrate your progress.

Village Savings and Loans Association equips ██████████ with access to credit and entrepreneurship skills

██████████, 40, has seen a positive change in her life, all thanks to her involvement in the VSL in the TZ Chumutu in Lilongwe district. Before the VSL initiative, ██████████, a single mother of four, was unable to save any of what little money she could make from farming. She recalls that she often failed to provide even the most basic needs for her family and life was a constant struggle to survive.



██████████ (front centre) helps facilitate her VSL Group meeting

eleria joined 24 other women to form the Kapiziri VSL in November 2013, supported by CADECOM. She bought five shares at 100 Kwacha each. During the first saving period, between November and March 2014, Veleria managed to save 5000 Kwacha (\$13) and she was able to borrow 10,000 Kwacha. She used this money to send her children to school and to buy essential household items including food. As they begin the new saving cycle in May 2014, ██████████ intends to save up to 50, 000 Kwacha and intends wants to use the money to rehabilitate her house and buy fertiliser for her field.

CADECOM are also running training sessions to increase the business management and entrepreneurial skills of the group. Through their access to finance, women like Veleria are becoming empowered and encouraged to invest their money into small-scale businesses.

*"I am looking forward to save more than 50,000 Malawi Kwacha, and I want to use the money to rehabilitate my house and buy farm inputs for my garden" she says.*

Although the Kapiziri VSL Group is only six months old, the members have embraced it and are now able to support the education of their children, buy livestock fodder or seeds and are beginning to think of potential small scale business models.

**23. Please let us know if any of your contact details have changed in Scotland or in-country.**

Contact details have not changed.

Signed by \_\_\_\_\_ Date \_\_\_\_\_

Designation on the project \_\_\_\_\_

## Guidance Notes: Full Financial Report

- This report is to be completed by all Project Managers at the end of each financial year.
- Please complete this form electronically.
- Once complete please send this reporting form by email to:  
[internationaldevelopment@scotland.gsi.gov.uk](mailto:internationaldevelopment@scotland.gsi.gov.uk)
- The report should be submitted by the end of April of the year directly following the financial year to which this report relates.

Question	Guidance
<b>Administrative Information</b>	
1	Insert the name of your organisation and the name of your project in the space provided. Make sure that this is the same name given in your grant offer letter.
2	The project reference number was given to you by the Scottish Government in your grant offer letter – please refer to it in all correspondence. This is a number unique to your project and helps the Scottish Government track information related to your project within the system.
3	The start date is the date you received your first tranche of funding.
4	State the duration of funding for your project.
5	Insert the financial year for which you are reporting e.g. 2010-2011.
6	Please tick which theme(s) of the South Asia Development Programme your project aims to address. You may tick more than one box.
<b>Monitoring Objectives and Outcomes</b>	
7	If your project has changed significantly in the focus of its delivery since your last report, please explain how and why, attaching copies of all relevant correspondence you have had with the Scottish Government about this.
8	Please describe, as briefly as possible, the activities the project has delivered since its start date, you may wish to refer back to Q32 of your application form. Please also list the activities that you intend to undertake during the next 12 months. Please keep your activity statements as concise as possible.
9	With reference to your Project Level Indicators, as detailed in Q38 of your application form, please complete the table. In the first column list the outcomes, in the second column list the indicators used to monitor your progress in achieving these, in the third column list the baseline values and in the fourth column list the current value.
10	With reference to your Programme Level Indicators, as detailed in Q39 of your application form, please complete the table. In the first column list all the indicator reference numbers given in Q39 of your application form, in the second column list the baseline values and in the third column list the current indicator level.
11	In 300 words or less please discuss the progress your project has made since its start, towards the aims and objectives of the Scottish Government's International Development Policy.
12	Comment on any risks that you identified in Q33 of your original application that have been realised. Please explain what actions you have taken to address these or what actions you intend to take.
13	Please comment on any issues or problems you have faced over the reporting period, how you addressed them or how you intend to address them.
<b>Response to Previous Progress Reviews</b>	
14	You may have received a query or comment in response to previous reports from the Scottish Government, to which you are required to respond. If this is the case, then please tick the appropriate box and record the comment in the first column.

	In the second column explain what action you have taken to respond to that comment.
<b>Financial Reporting</b>	
15	Please provide a detailed breakdown of expenditure incurred against expenditure planned, using the budget headings agreed with the Scottish Government either at the beginning of the grant, as per Q40 of your original application, or during the grant if you have had approval to change budget headings.
16	Please comment on the detailed breakdown given in Q15, in particular explaining any significant disparities between projected and actual expenditure.
17	Please provide a breakdown of your projected expenditure for the next financial year, using the agreed budget headings in Q36 of the application form.
18	Have you been successful in securing any other funding over the last 12 months? If so, please give details. You may wish to refer to Q41 of the application form.
<b>Sustainability</b>	
19	Please describe what has been done over the last 12 months to ensure that the outcomes of your project are sustainable and will be built-on or continued. Assess how likely project outcomes are to continue once the project ends and tell us what you are doing to encourage continuity.
<b>Programme Partnerships</b>	
20	A key element of the International Development Fund is the <u>two-way</u> exchange of knowledge and expertise between Scotland and developing countries. The Scottish Government wants to ensure this is happening, therefore, please provide a concise narrative with examples of effective partnership working from your project. Please limit your answer to 250 words.
21	Please describe how feedback has been sought from your partner organisations in-country. You might comment on the mechanisms in place to ensure effective feedback and monitoring and evaluation. Please also detail any significant feedback you have received.
<b>Further Information</b>	
22	We would be interested to hear any stories that illustrate the positive impact the project is having. Please include any further information or comments you feel are important but not covered in this form, that might facilitate the effective monitoring and evaluation of the progress made on your project from its start date. Please limit your answer to 500 words.
23	It is essential that you let us know if any of your contact details have changed, either in Scotland or in-country.