

# Scottish Government Malawi Development Programme

## End of Year 1 Report

<b>1. General Project Information</b>			
1.1	<b>Project Reference Number:</b>	MAL/18/11 - CW	
1.2	<b>Name of Organisation:</b>	Challenges Worldwide	
1.3	<b>Lead Partner(s):</b>	Opportunity International	
1.4	<b>Project Title:</b>	Creating Robust Opportunities for Crop Production and Sale (CROPS)	
1.5	<b>Reporting Period:</b>	<b>From:</b> 01/10/2018 <b>To:</b> 31/04/2019	
1.6	<b>Reporting Year:</b>	October 2018 – March 2019	
1.7	<b>Project Start ate</b>	01/10/2019	
1.8	<b>Project End date</b>	31/03/2023	
1.9	<b>Total Project Budget*</b>	998,074.00	
1.10	<b>Total Funding from IDF*</b>	998,074.00	
1.11	Have you made any changes to your logframe? If so please outline proposed changes in the table below. Please note all changes require Scottish Government approval. If changes have already been approved please indicate this in the table.		
	<b>Outcome/Output</b>	<b>Proposed /Agreed Change</b>	<b>Reason for Change</b>
	Impact Indicator Seven Value Addition Centres (VACs) in Malawi are strengthened	The project will contribute to SDG 8 through promoting decent work and economic growth.	To better monitor overall project impact
	Impact Indicator 1 Number of VACs delivering services in a self-sustaining manner	% increase in average household revenue per annum derived from farming.	New indicator for overall impact
		Impact Indicator 2 % increase in improvements to housing by household in target communities.	To assist the project gather data on downstream economic impact

Outcome 1 Each VAC becomes a centre of excellence for training and support to farmers and Water User Associations	Enhanced capacity and skills of farmers to deliver and benefit from improved agricultural production	To better capture impact on farmers	
Outcome 1 Indicator 1.1 Number of VAC Business Development Officers able to deliver training in: financial literacy, record keeping, risk management, pricing and market analysis	% age increase in agricultural yield among farmers involved in the project (based on yield per Ha)	To capture data on improved agricultural production from new Outcome 1	
Outcome 1 Indicator 1.2 Number of VAC Extension Officers able to deliver agricultural training to address low production and post harvest losses.	% of women farmers and farmers from disadvantaged groups included in the project who increase their agricultural production.	To capture data on impact on farmers from new Outcome 1	
Outcome 1 Indicator 1.3 Number of VAC Extension Officers able to build capacity of Water User Associations and improve irrigation systems (including introducing solar)	Number of Water User Associations operating effectively.	To capture data on improved capacity of water users	

Outcome 2 Each VAC has a strengthened value chain	Farmers receive increased profits from strengthened value chain	To better demonstrate the downstream impact of improved value chains	
Outcome 2 Indicator 2.1 Percentage increase in regular supplies of high-quality crops to process and sell.	%age increase in average household revenue as a result of increased sales of crops to VACs	To capture data to reflect the impact of increased profits on household revenue	
Outcome 2 Indicator 2.2 Percentage increase in sales to new urban anchor companies and export outlet customers	% average increase in price per tonne of main crops following VAC processing/packaging as compared with the unprocessed crop.	To reflect the impact of the VACs processing on price per tome for farmers	
Outcome 3 Each VAC becomes a self-sufficient operation through value addition and training services, governed and managed by a functioning Board of Directors.	Local capacity to add value becomes sustainable	To reflect long term sustainability of the VACs	
Outcome 3 Indicator 3.1 Percentage of farmers transitioning to payment of fees for services to VACs	Percentage of VAC costs covered by farmers	To reflect long term sustainability of the VACs	
Outcome 3	Number of VACs with a functioning Board of	To reflect long term	

Indicator 3.2 Number of VAC staff able to operate value addition processing and packaging machines.	Directors (with a minimum of 20% of members being women)	sustainability of the VACs	
Outcome 3 Indicator 3.3 Number of VACs with a functioning Board of Directors which is able to govern and manage the VAC successfully with minimal input from outside.		To reflect long term sustainability of the VACs	
Output 1 Centre of excellence	VAC staff supported to deliver training to farmers	To capture training input	
Output1 Indicator 1.1 Percentage increase in skills of VAC Business Development Officers to deliver business training (financial literacy, record keeping, pricing and market analysis)	Number of VAC Business Development Officers able to deliver business training (financial literacy, record keeping, pricing and market analysis) at least 20% of whom are women or disadvantaged groups.	To gather data on the number of BDOs able to deliver training rather than %age increase in skills	
Output 1 Indicator 1.2 Percentage increase in skills of VAC Extension Officers to deliver agricultural training (crop quality, storage/preservation/ compliance with standards).	Number of VAC Agricultural Extension Officers able to deliver agricultural training (crop quality, storage/preservation/ compliance with standards) at least 20% of whom are women.	To gather data on the number of EOs able to deliver training rather than %age increase in skills	

Output 1 Indicator 1.3 Percentage increase in skills of VACs Extension Officers build capacity of Water User Associations	Number of farmers (at least 10% of which are women farmers or farmers from disadvantaged groups) gaining or strengthening basic business skills through VAC-delivered courses.	To gather data on the number of farmers acquiring skills rather than the %age increase in skills	
Output 1 Indicator 1.4 Number of VAC Extension Officers able to restore poor and deteriorating irrigation systems by fixing/ maintaining existing poor quality irrigation systems and and moving economically-viable systems to solar-powered irrigation.			
Output 2 VAC's value chain strengthened	VACs develop processing/packaging facilities and market options	To capture direct data on development of facilities	
Output 2 Indicator 2.1 Farmers production increased through access to loans and improved storage systems	Number of tonnes processed by VACs	To capture the use of the VACS by farmers	
Output 2 Indicator 2.2 Number of new outlets forged with local and	%age increase in annual sales by VACs to new market outlets eg anchor companies in urban outlets	To better capture VAC productivity	

international markets			
Output 3 Self sufficient VACS	VAC personnel build technical and management capacity	To gather data on capacity building	
Output 3 Indicator 3.1 Number of directors of VAC Board of Directors with increased skills in leadership and management	Number of directors of VAC Board of Directors who have successfully completed courses in leadership and management at least 25% of whom are women or from disadvantaged groups.	To gather data on acquisition of knowledge and skills	
Output 3 Indicator 3.2 Number of VAC Staff with increased skills in operating value addition processing and packaging machines	Number of VAC Staff who have successfully completed training in operating value addition processing and packaging machines at least 25% of whom are women or from disadvantaged groups	To gather data on acquisition of knowledge and skills	
Output 3 Indicator 3.3 Number of directors of VAC Board of Directors with increased skills and knowledge of budgeting and finance.	Number of directors of VAC Board of Directors who have successfully completed courses in budgeting and finance at least 25% of whom are women or from disadvantaged groups.	To gather data on acquisition of knowledge and skills	
1.12	<b>Supporting Documentation</b> <b>Check box to confirm key documents have been submitted with this report</b>	<b>Up to date Logical Framework, which reflects any changes detailed above.</b>	<b>X</b>
		<b>Up to Date Budget Spreadsheet</b>	<b>X</b>
		<b>Case Study</b>	

<b>Report Author: [Redacted]</b>	<b>Signature: [Redacted]</b>
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<b>2. Progress and Results</b>	
2.1	Please give an update on the progress your project has made during the reporting period. Please use this space to update us on what has gone well and any challenges you have experienced, detailing how you have overcome these. (Max 500 words)
	<p><b>Office set-up</b></p> <ul style="list-style-type: none"> <li>i. Recruited and inducted in country Project Manager.</li> <li>ii. Recruited and inducted other in country project staff such as project agriculture manager, project finance officer and VAC staff.</li> <li>iii. Registered Challenges Worldwide as a company in country</li> <li>iv. Set up bank account in country</li> </ul> <p><b>Baseline study</b></p> <ul style="list-style-type: none"> <li>i. Designed and conducted baseline study for the project to identify gaps and interventions to mitigate the gaps.</li> <li>ii. Produced a baseline report.</li> <li>iii. Developed a work plan with activities aligned to log frame and baseline report</li> </ul> <p>A significant challenge to the project has been the fact that we have had to remove our in country lead partner from the project. SG has been kept informed of this and of the process that we will adopt to ensure that a replacement lead partner is secured as soon as possible.</p>
2.2	Have you completed all baselines for the project? If not please explain why and describe what plans are in place to ensure these are completed. If you have please ensure these have been added into your logframe. (Max 200 words)
	Yes, the baselines was conducted in all four VACs by a team consisting of Adaran Associates, the Project Manager, the Finance officer and the Agricultural Manager. A comprehensive report has been generated which has been used to propose some adjustments to the budget and log-frame.
2.3	Have you experienced any delays to planned activities? Please provide full details including what action is being taken to bring activities back on track. (Max 250 words)
	<ul style="list-style-type: none"> <li>i. Yes, the project has experienced delays in implementation of planned activities due to delays in recruiting an in-country project manager and in signing of the MOU between Malawi Government and Challenges Worldwide.</li> </ul>

- ii. We have requested government of Malawi to quicken the MOU processes and sign the MOU as quickly as possible, at least before 19<sup>th</sup> April, 2019.
- iii. We now have an excellent project manager in place and a full complement of project staff and newly recruited VAC staff who are ready to be inducted later this month.
- iv. We have developed prudent activity sequencing which will allow dependent activities to be implemented concurrently, to ensure that the project catches up with the lost time.
- v. We have developed an activity assignment matrix with details of who does what and when in order for staff to have a sense of responsibility and accountability.

**2.4 Project Outcomes**  
 In the table below, please list each of your project Outcomes, and provide further detail on your progress and results over this reporting period. Describe any delays or other challenges that you have experienced and how these have been addressed, and provide information about any unexpected results (for example where targets have been vastly exceeded). Progress should also be updated within the relevant fields of your logframe.

Outcome:		
Outcome Indicator	Milestone / Achievement	Progress
1. Percentage increase in agricultural yield among farmers involved in the project	0 % for year one because activity implementation has not yet started.	0% No activities implemented.
1.2 Women farmers and farmers from disadvantaged groups included in the project benefit from benefit from increased agricultural production.	0 % for year one because activity implementation has not yet started	0% No activities implemented
1.3 Number of Water User Associations operating effectively.	0 % for year one because activity implementation has not yet started	0% No activities implemented
2.1 Percentage increase in average household revenue as a result of increased sales of crops to VACs	0 % for year one because activity implementation has not yet started	0% No activities implemented
2.2 Percentage average increase in price per tonne of main crops following VAC processing/packaging as compared with the unprocessed crop	0 % for year one because activity implementation has not yet started	0% No activities implemented



	3.1 Percentage of VAC costs covered by farmers	0 % for year one because activity implementation has not yet started	0% No activities implemented
	3.2 Number of VACs with functioning Board of Directors (with a minimum of 20% being women)	0 for year one None of the BOD functioning	0 No activities implemented.
2.5	<b>Project Outputs</b>		
	In the table below, please list each of your project Outputs, and provide further detail on your progress and results over this reporting period. Describe any delays or other challenges that you have experienced and how these have been addressed, and provide information about any unexpected results. Progress should also be updated within the log frame.		
	Output:		
	<b>Output Indicator</b>	<b>Milestone / Target</b>	<b>Progress</b>
	1.1 Number of VAC Business Development Officers able to deliver business training (financial literacy, record keeping, pricing and market analysis) at least 20% of whom are women or disadvantaged groups.	0 for year one None of the BODs delivered business trainings because they were just recruited.	0 No activities implemented
	1.2 Number of VAC Agricultural Extension Officers able to deliver agricultural training (crop quality, storage/ preservation/ compliance with standards) at least 20% of whom are women.	0 for year one None of the Agricultural Extension Officers delivered agricultural trainings because they were just recruited.	0 No activities implemented
	1.3 Number of farmers (at least 10% of which are women farmers or farmers from disadvantaged groups) gaining or strengthening basic business skills through VAC-delivered courses.	0 for year one None of the farmers gained basic business skills during the reporting period.	0 No activities implemented.
	2.1 Number of tonnes processed by VACs	0 for year one No tonnage was processed/packaged.	0 No activities implemented
	2.2 Percentage increase in annual sales by VACs to new market outlets	0% because activity implementation not yet started	0% No activities implemented.
3.1 Number of directors of VAC Board of Directors who have successfully completed	0 No Board member had completed leadership	0 No activities implemented.	

	courses in leadership and management at least 25% of whom are women or from disadvantaged groups.	and management courses.	
	3.2 Number of VAC Staff who have successfully completed training in operating value addition processing and packaging machines at least 25% of whom are women or from disadvantaged groups	No VAC staff was trained in operating processing and packaging machines.	No activities implemented
	3.3 Number of directors of VAC Board of Directors who have successfully completed courses in budgeting and finance at least 25% of whom are women or from disadvantaged groups.	No board member had completed budgeting and finance trainings	No activities implemented.
<b>3. Operational plans and partnerships</b>			
3.1	Are all staff required to deliver the project now in place? If not, please explain what action you are taking to ensure all essential roles as outlined in your application, are in place as you move into year two of the project. If plans for staffing has changed, please tell us about this. (Max 200 words)		
	<p>All the required staff to deliver the project are in place. The following are the staff positions recruited</p> <ul style="list-style-type: none"> <li>i. In-country Project manager (1)</li> <li>ii. Agriculture manager (1)</li> <li>iii. Finance officer with responsibilities for training and access to finance oversight(1)</li> <li>iv. Business development officer (4)</li> <li>v. Agriculture extension officer (4)</li> </ul>		
3.2	Are all partnerships on the project now in place? Please update on how these partnerships are progressing, letting us know about any highlights, challenges or changes to roles and responsibilities. (Max 300 words)		
	<p>The project had two partners; Adaran &amp; Johnson Associates (AJA) and Opportunity International (OI). AJA was responsible for technical support on agricultural productivity and processing components of the project while OI was responsible for access to finance component.</p> <p>The partnership with AJA was terminated in March 2019. Challenges Worldwide Malawi is in the process of identifying a new partner to replace AJA.</p> <p>The partnership with OI is progressing very well.</p>		

3.3	Have any visits to the project taken place in this period? Please give details including key activities and outputs of these visits.		
	Date of Visit	Key achievements / outputs of visit	Follow up actions
	6.10.19 – 13.10.19	Visit to project by UK Project Manager. recruitment of PM, met with lead partners, visited project sites and met with beneficiaries, set up local office.	Project underway
	22.01.2019 - 01.02.2019	Baseline data collection	Data analysis and report writing
	26.03.2019	Facilitating linkage between Bua Cooperative and First Capital Bank (financial institution).	First Capital Bank develop a loan product for the cooperative.
	14.02.19	SG visit- Nicole Cogan to Salima VAC:she was keen to hear from the farmers about the progress of CROPS Project, how the farmers conduct their daily business, the challenges they face, and their expectations on the Project. The VAC committee cited lack of working capital, lack of staff, and delays in power connection as their main challenges.The WUA committee cited lack of farm inputs, especially certified seed, as their main challenge. Nicola urged farmers to take the trainings offered by Challenges seriously, and work together as a whole community in order to benefit from the VAC services. She promised the farmers that the Scottish Government would continue to support the project for many more years if they showed results.	The CROPS Project will not distribute farm inputs, but we could implement seed multiplication activities to solve seed unavailability issues.VAC staff are currently being recruited and were working with OI to provide working capital solutions.

#### 4. Financial Information

This section will be reviewed alongside your end of year financial report, which must be included with this report. Please ensure an explanation for any variance to planned expenditure is provided against each budget line in the space provided in the budget spreadsheet.

4.1 If your spending is not on track as expected, please outline the reasons why, and detail what plans are in place to bring spending back on track. If you are requesting changes to your budget at this stage, please outline them below. (Max 350 words)

The project registered an underspend of £59,824 in the first year due to the delay in starting implementation of activities caused by the delays in staff recruitment and baseline assessment. The delay in the signing of the MOU between the Government of Malawi and Challenges Worldwide also held back project implementation.

The project is seeking approval to roll over underspends on project implementation to the second year to assist in quick achievement of milestones in this year.

The project has developed a very prudent activity sequencing which will allow dependent activities to be implemented concurrently, to ensure that the project catches up with the lost time, hence preventing a similar underspend to occur in the second year.

Budget adjustments and reprofiling:

1. Salaries adjusted for skills and experience. Also a different mix of staff for the VACs based on baseline assessment and machine maintenance under a separate budget to spend on specialists - £3000 added to year 2 and 3 for this purpose – see tab 5. Also phase out payments for VAC staff from year 4 and 5 as they move to employment by the local cooperative and with the aim that the VACs become self sufficient by the end of the project.
2. From the baseline assessment it is considered vital that farmer representatives and Board Directors receive business and financial management skills training as soon as possible so £3000 has been added in for this purpose in year 2.
3. Under M&E we have added in cross exchange visits to VACs as it is evident that some VACs are ahead of others in crop processing, business management and value chain development. Also added strategic planning meetings.
4. As part of the baseline assessment and also Nicola Cogan's visit to the Salima VAC farmers have been asking for seeds so seed multiplication programme added. Farmers are also in great need of mobile threshers and power tillers to improve efficiency and increase cultivated land.
5. £2000 added for VAC computer and small printer for communication and record keeping purposes.
6. Alterations to the timing of funding including £7000 packaging materials capital item to year 2 to enable the staff to have more time to develop this, £3500 for project dissemination to year 2 from year 1 to enable staff to develop better material once the project is in full swing;
7. Rent and utilities split out.

#### **5. Any other Information**

Please use this section to tell us any other relevant information regarding your project. (Max 350 words)



**Figure 1: John interacting with farmers during baseline data collection**



**Figure 2: Hope interacting with WUA members during baseline data collection**



Figure 3: Rice milling machinery at the Salima VAC



Figure 4: Irrigated rice field Bua



Figure 5: Bua VAC with rice drying outside