

	 <p data-bbox="603 510 1072 571">Figure 1 Kasekese Cooperative showcasing their products at Tembwe in Mchinji</p>	<p data-bbox="1088 203 1428 481">In Lilongwe, value addition technology has been installed in the form of a soy flour processing value addition plant. At the time of reporting the communities were yet to start using it.</p> <p data-bbox="1088 483 1428 678">Multi stakeholder workshops have not been completed and are planned for the next quarter of this financial year.</p>
<p data-bbox="284 674 576 741">Output 3 Enterprise Development</p>	<p data-bbox="593 674 1428 875">1,500 rural entrepreneurs (900 will be women) in Mchinji, Lilongwe and Rumphi access necessary networks and training to develop and implement enterprises that use solar energy to increase profit. 80% of the 1,500 rural entrepreneurs will also adopt solar technologies for home use.</p>	
<p data-bbox="284 882 560 1010">3.1 Number of households engaged in solar powered enterprises</p>	<p data-bbox="593 882 1428 1048">Beneficiaries in the project are involved in different solar powered enterprises which is increasing their household incomes. 19 business groups that were formed last year have been equipped with the necessary training and equipment to start up their enterprises.</p> <p data-bbox="593 1050 1428 1256">In Rumphi, 351 (220 of whom are female) have established businesses including barbershops, video screenings, phone charging points and solar gadget enterprises owned by solar agents. In Rumphi, 30 solar agents are currently running solar businesses that are expected to reach an average of 1,500 people with solar lighting gadgets.</p> <p data-bbox="593 1258 1428 1352">In Lilongwe, 104 project participants (80 of whom are female) have established businesses including barbershops and phone charging points.</p> <p data-bbox="593 1355 1428 1449">In Mchinji, a total of 137 people in six new groups have been identified and ready to be supported with different solar based enterprises.</p> <p data-bbox="593 1451 1428 2056">A Memorandum of Understanding was signed between CADECOM and Solar Aid Malawi to partner in the Pay As You Go Program where entrepreneurs are linked with Solar Aid who support them with solar equipment and technical consultation. Solar agents are categorised into super agents and area agents. Super agents order the gadgets from Solar Aid and supply them to area agents who in turn sell to the final customer. Currently two gadgets are being promoted through this scheme: Pilot x (a solar light with a mobile phone charger) and SM 100 (a solar light). Agents order Pilot x at MK 18,000 (20 GBP) and supply to the area agents at MK 20,000 (21 GBP) who in turn sell to the customers at MK 22,000 (24 GBP). The customers buy at a Pay As You Go program with an initial payment of MK 4,000 (4.2 GBP) and later continue with MK 3,000 (3 GBP) payments on a monthly basis for 6 months. SM 100 is sold on cash basis at MK 4,500 (5GBP). In this case, super agents order at MK3,800 (4 GBP) and supply to area agents at MK4,000 (4.2 GBP).</p>	

		<p>Apart from this model, the project is also procuring and will distribute SM100 to the most vulnerable households as per the project requirement (those who cannot afford to participate under the arrangement above).</p> <p>In total, 592 people in 25 business groups have been identified and either started up solar based enterprises, or are ready to be supported to do so. We are on track to exceed milestone 2 target under this output indicator.</p> <p>For Village Savings and Loans (VSL), in Mchinji four new groups have been formed and a total of 97 (81 female, 16 male) have been participating in VSL activities in this reporting period. These are Tiyanjane 25 (23 female, 2 male) Mvulanthona 27 (27 female, 0 male), Chiyanjano 30 (23 female, 7 male) Kakoma 15 (8 female, 7 male), In the previous year, a total of eight VSL groups were formed where 160 females and 19 males participated. The eight groups have been able to save a total of MK 6,102, 500 (6,554 GBP). The groups are continuing to function well.</p> <p>In Rumphi, a total of 27 VSL groups have been formed and are saving and accessing loans through these groups. A total of 441 people (365 women, 76 men) are benefitting from this part of the project. To date the total savings for the 27 groups is MK 8,181,775 (8,788GBP).</p> <p>In Lilongwe a total of nine groups have been participating in the VSL. A total of 143 members (118 women, 25 men) are benefitting from this project with a total saving of MK 2,872,500 (3,085GBP).</p> <p>48 VSL groups have been formed since the project's inception, exceeding milestone targets 1-3.</p> <p>The project has also been able to facilitate meetings with solar equipment providers. For example, Mawelera (a solar supplier) supplied CADECOM Mzuzu with solar items for barbershops and video shows in Year 1 and the partnership is extended till next year. The supplier will supply similar equipment in Year 2, more specifically in the second half of the year. In the meantime, technicians from Mawelera have been supporting communities with knowledge on functionality and management of the solar equipment.</p> <p>Farmers have received the necessary training to start up their businesses, how to operate the solar business machines and on business management. Exposure visits have been planned in the next half of the year and will be reported in the End of Year 2 report. Farmers will visit each others' districts to increase their learning by observing the different project activities that have taken place so far.</p>
	3.2 Number of active	As the project is only just establishing many of the solar

solar enterprises recording profit	<p>enterprises, significant profits have not yet started registering. However, it is important to note that in Rumphi, 15 enterprises (five barbershops, one video screening, three phone charging points and six solar gadget enterprises owned by solar Agents) have already started registering profits, meeting our milestone 2 target for this indicator. With a minimum income of MK 7000 (7.5 GBP) for barbershops and the highest registered income of MK15,000 (17GBP) per month, communities are able to meet some of their daily demands.</p> <p>In Lilongwe, 10 people (4 of whom are female) are recording a profit of MK 27,000 (30 GBP) per month. It is expected that the number will increase as some have only had their businesses installed quite recently. With proper business training and capacity building, the beneficiaries are expected to increase their profits.</p> <p>In Mchinji, there has been less progress with this element of the project and people have not yet registered the profits as the groups have not started their businesses. However, the project has already procured the solar equipment which will be provided to the communities.</p>
3.3 Number of households using solar power, lanterns and lamps for lighting their homes	Households are gradually adopting the use of solar for lighting. From last year's figure of 80 households using solar power, this year there has been a tremendous increase to 425 households now using the technology. We are on track to meet the milestone 2 target for this output indicator. In Rumphi 338 households are now using the technology. In Lilongwe, the number has increased to 87. The households that are using the technology are benefiting. People now have access to clean lighting as compared to dirty and harmful kerosene lamps and have reduced use of candles which can be prone to start harmful fires. For Mchinji, work under this area is planned for the second half of this financial year.
Output 4 Advocacy and Policy	Policy research and development, advocacy and lobbying meetings and public awareness raising campaigns lead to an enabling environment for a new policy framework for renewable energy in Malawi by 2018.
4.1 Number of meetings and workshops undertaken alongside the Ministry of Natural Resources, Energy and Mining and Civil Society and relevant stakeholders to produce the renewable energy policy and legal frameworks	Oxfam engaged a consultancy to undertake research on the existing policies and legal frameworks governing renewable energy in the country. The research report was finalised in August 2016. A research validation workshop was organised with key stakeholders including the Department of Energy Affairs under the Ministry of Natural Resources, Energy and Mining. Prior to that, consultations were carried out with the different stakeholders including the Department of Energy. This informed some of the findings of the report. In October 2016, the Department of Energy will be carrying out consultations on the Draft Energy policy and Oxfam has been invited to be part of this consultation workshop.
4.2 Number of awareness raising campaigns delivered	Planned for later in Year 2.

	through radio and other media		
	4.3 Number of legal and institutional frameworks governing the use of renewable energy initiated.	Progress to be updated at the end of the project year.	
Please add additional outputs/ outcomes as required			
2.5	Risk Management If progress towards delivering activities and outcomes is slower than planned or there have been delays in the delivery of the project, please explain: a) What the issues have been and whether they were highlighted on your risk register? b) What actions have been taken in response to these issues?		
	Issue/ Risk	On risk register?	Action Taken
	Erratic weather including droughts and dry spells which has affected crop production under irrigation.	Yes	Changing the irrigation model from using channels to using submersible pipes in Rumphi. Exploring alternative sources of water e.g. drilling boreholes to access underground water, though funds were not enough to support this. Whilst the scheme is big enough to supply larger numbers of farmers, in extreme drought conditions, less farmers are able to benefit.
			Reduced loss of water due to reduced evaporation. Funds were not sufficient to construct boreholes. Participating numbers of farmers benefitting from irrigation schemes are lower than anticipated last year due to the severe drought conditions.
	In Mchinji, the irrigation pump developed some problems which resulted into some crops wilting as water could not be fully pumped to the fields.	No	The contractor replaced the pump at the same conditions agreed in the first contract.
			The irrigation started working well again.
Please add additional issues as required			

3. Financial Report

The narrative report below should be provided in conjunction with the Budget Spreadsheet report (see Annex 2). Please fill in the Budget Spreadsheet to confirm actual spend to date for the year and justify any significant disparities between programmed expenditure and actual expenditure within the financial year.

3.1 Project Underspend

Please note whether the project anticipates a significant underspend, and whether the project intends to request that some funds are carried forward with the agreement of the Scottish Government. Please provide justification for this underspend below. Please note that any carry-over of funds to the next financial year should be agreed with the Scottish Government by January 31st of the current financial year.

The Year 2 Mid Year Financial report is attached as Annex 2.

Actual expenditure over the last six months is £93,947 against Programmed Expenditure of £247,648 for the full financial year, meaning a usage of 38% of the Year 2 budget at the midway point.

Comments on underspend on particular budget lines:

National staff salaries: Some staff salaries were charged at an incorrect percentage during the first six months of this financial year. This will be mitigated in the second half of the year and staff will monitor this budget line to ensure we do not exceed allocated amounts for salaries by year end.

National travel: There are two reasons for underspend in this budget line. 1) Oxfam did not conduct many monitoring visits to the project sites over the last six months as the main focus of partners was on installation of irrigation and some value addition equipment. More monitoring will take place in the next six months. 2) On a few occasions partners have submitted travel costs under activity budget lines (outputs) rather than separating out to a 'travel' section of their budget. Oxfam will review partner budgets with partner organisation and ensure partners are able to code expenditure correctly.

International staff subsistence:

This budget line has not been spent at all as there is no international staff trip planned for this financial year (as per the project proposal). However, we have discovered an error in the proposal budget. On the proposal budget *Summary sheet* £3,550 has been allocated to International staff subsistence in all three years, and £600 to National subsistence in Years 1 and 2. Yet on the *Travel and Subsistence* breakdown sheet on the proposal budget, these amounts are reversed with £3,550 allocated to national rather than international subsistence. The proposal budget is attached as Annex 5 for your reference.

Given this error, we suggest moving £1,500 to National Subsistence for Year 2. We request that the remaining £2,050 from this budget line, as well as £2,692 underspend on the same budget line in Year 1, be moved to capital/ output 1 to support the irrigation element of the project. This would enable the project to consider borehole/ ground water irrigation which would be more effective in drought periods, and also provide domestic water as well as that for irrigation.

In feedback from the Scottish Government to our End of Year 1 report, we were asked for more information to justify this. We hope that the need for new irrigation solutions to manage the impact of unpredicted drought in the project areas will be an acceptable justification for adjusting the budget in this way.

Output 1. Expenditure is slower than planned on this budget line due to the fact that most of the focus over the last six months has been on construction/ installation of equipment for irrigation schemes. The 'software' elements of the activity that support this 'hardware' will be increased during the second half of the year. With new irrigation sites identified for construction and irrigation this year, it is likely that farmers will not complete all training until after March when the rainy season stops. Therefore we expect some underspend in this budget line by year end. However mobilisation of farmers and some training will still take place in this financial year for farmers using the new irrigation sites. Oxfam programme staff will discuss this with partners, so they are able to forecast any underspend on this budget line when reporting to the Scottish Government in January 2017.

Output 2: The value addition component to the project is progressing but has been delayed slightly due to the main focus of the project over the last six months being irrigation. We expect more expenditure on this line over the next six months.

Output 3: Again, the focus on irrigation over the last six months (particularly in Lilongwe and Mchinji) has delayed progress on this output. More has been done in Rumphu, where the irrigation installation was slightly delayed. There has also been a lot more activity in all three districts in October, which will be captured in the End of Year 2 Report.

Output 4: At this stage, we expect underspend by year end on this budget line. Expenditure is low because the Government of Malawi is in the process of forming the national energy policy and has therefore been hosting many of the consultative meetings for the development of this policy. Meetings that Oxfam planned to host at the proposal stage are now being covered by the Government, and it would not be advisable for Oxfam to run a parallel process. Oxfam has of course, participated in the Government run meetings, and input the results of our research.

Oxfam programme staff will review the best use for these funds in terms of advocacy activities that support the development of a national policy, and on this basis will give a forecast for underspend/ proposed alternative use of funds when reporting to the Scottish Government in January 2017.

Ideas so far are:

- Print the research report and disseminate to appropriate stakeholders to influence development of policy and influence the contributions of other stakeholders.
- Develop the proposed public campaigns to raise awareness of the need for the policy, ensure there is public support to catalyse Government action and hold the Government to account when new policy is developed. It is however very difficult to predict when the Government will announce the complete policy.

M,E &L: As described above, less monitoring visits have taken place in the first half of the year, and this will increase in the second half. Moreover, the large part of this budget allocation is dedicated to the Mid Term Evaluation. Oxfam Malawi is currently developing terms of reference for recruitment of consultant. We expect the final report to be produced by January/February 2017.

Dissemination: This budget line is underspent, as the dissemination of project learning will pick up in the second half of this financial year. Oxfam's Media Officer is currently preparing a media plan for this project which will be implemented in the next six months. We will update the Scottish Government in the January 2017 financial forecasting if it looks likely that there will be underspend on this budget line.

Annex 1: Guidance Notes: Mid Year Report

- This report is to be completed by all project managers/leaders 6 months into the next reporting year.
- Please complete this form electronically.
- Once complete please send this reporting form, by email to your Scottish Government project manager.
- The report should be submitted by the end of October following the financial year to which the report relates.

Question	Guidance
Basic Project Information	
1.1	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 relating to your project within the system.
1.2	Insert the financial year for which you are reporting
1.3	Insert the year of your project (i.e. Year 1, 2 or 3)
1.4	Insert the name of your lead organisation responsible for managing the grant (based in Scotland). Please make a note if this has changed during this financial year. Reasons for changes should be reported in section 3.
1.5	Insert the names of your partner organisations in Scotland and Partner countries. Please make a note if this has changed during this financial year. Reasons for changes should be reported in section 3.
1.6	Insert the name of your project in the space provided. This should correspond with the name given in your grant offer letter. Please make a note if this has changed during this financial year. Reasons for changes should be reported in section 3.
1.7	Provide a brief project description as per your grant offer letter.
1.8	Insert the geographical area in which your project is being implemented. Please make a note if this has changed during this financial year. Reasons for changes should be reported in section 3.
1.9	Insert start and end dates. The start date is the date you received your first tranche of funding.
1.10	Insert the total project budget (including funding from other sources). Please make a note if this has changed during this financial year. Reasons for changes should be reported in section 3.
1.11	Insert the total amount of funding received through the IDF for this project.
1.12	Indicate the theme that your project addresses (tick as many boxes that apply.)
1.13	Confirm that supporting documentation has been included with your report. Please tick those boxes that apply. Confirm whether any changes have been made to the logical framework, and whether the LF submitted has been approved by the Scottish Government (or is pending approval). Reports that do not include all required documentation will not be considered complete.
1.14	Please reference previous (actionable) feedback that you have received since your last report, and describe any action that has been taken in response/ since then.
1.15	Insert the date that your report was produced.
1.16	Insert the names and positions of the key person(s) involved in preparing your report.

1.17	It is essential that you let us know if any of your contact details have changed, either in Scotland or in Malawi.
Progress and Results	
2.1	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. Please also describe and explain any changes to basic project information here.
2.2	If your Logical Framework has changed over the last Financial Year please detail and explain these here. This enables us to more quickly understand the changes and your progress, based on the most up-to-date information.
2.3	Baselines MUST be in place within the first 6 months of the project and must be reported on in the first Mid Year report. This question is only required for the first 6 month report (in the first year).
2.4	Please summarise key progress and results, providing explanations where required.
2.5	If progress towards delivering activity and outcomes has been slower than planned, please use this space to indicate the reasons why and whether any of the risks outlined in your application have impacted on the project.
Financial Reporting	
3	For this question, you will also need to complete the summary page of the budget spreadsheet. Please use the budget headings on the spreadsheet to provide a detailed breakdown of actual expenditure incurred during the financial year to which this report relates, against expenditure planned as well as expected expenditure for the next financial year. Please outline any reasons for any discrepancy in the budget spend. <i>N.B If the budget spend is more than 10% different from the original estimate please use the additional tabs on the budget spreadsheet to provide more detail.</i>
3.1	It is important for us to understand and learn from how projects budget, including reasons for underspend.

Annex 2: Budget Spreadsheet