

**Scottish Government International Development Programme
End-Year Report**

| • General project information | | |
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| 1.1 | Project reference Number | MAL/18/11-CW |
| 1.2 | Name of organisation | Challenges Worldwide |
| 1.3 | Lead partner(s) organisation | Challenges Malawi |
| 1.4 | Project title | CROPS |
| 1.5 | Reporting period | From: 01/04/2020 To: 31/03/2021 |
| 1.6 | Reporting year | 2020-2021 |
| 1.7 | Project start date | 1 st October 2018 |
| 1.8 | Project end date | 31 March 2023 |
| 1.9 | Total project budget* | 998,074 |
| 1.10 | Total funding from Scottish Government* | 998,074 |
| 1.11 | Provide a brief description of the project's aims, highlighting which of the Sustainable Development Goals (SDGs) your project is working towards? (200 words) | CROPS Project aims at improving livelihoods of over 6200 rural farmers in Nkhotakota, Salima, Machinga and Chikwawa. The project seeks to increase household incomes of rural farmers in the 4 districts by 10% by 2023. The project contributes to SDG 8 (Decent work and economic growth) through economic growth demonstrated by 10 % increase in household incomes attributed to increased productivity, profitability of value added crops and sustainable local capacity to add value to crops. |

• **Project progress and results**

Please use this section to give an update on the progress the project has made during this reporting period.

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| 2.1 | <p>Provide an update on the progress your project has made over the past 12 months. 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> <p>Achievements made in the past 12 months:</p> <p>Increase in crop yields: During the reporting period, the project registered an increase in yields of the major crops as a result of increased adoption of practices promoted by the project, including increased use of certified seeds, increased use of organic manure and increased numbers of farmers practicing SRI (system of rice intensification). The following are the yields registered in year 3 of the project:</p> |
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- Rice – from 2.5 tonnes to 4.8 tonnes per hectare
- Groundnuts – from 0.79 tonnes to 1.4 tonnes per hectare
- Pigeon pea - from 0.6 tonnes to 0.8 tonnes per hectare when intercropped with maize.

Increase in crop aggregation:

The project registered an increase in volumes of crops aggregated at the VACs due to availability of aggregation funds which the VACs acquired through the loan facilitated by the project. The high volumes of aggregated crops means that the VACs have been in business throughout the year. Furthermore, the VACs made more profit because the crops were aggregated just at the beginning of the harvesting season when prices were reasonable. The following are the volumes aggregated at the 4 VACs in the past 12 months:

- Rice – 111 tonnes aggregated against 30 tonnes in year 2.
- Maize – 32 tonnes aggregated against 2 tonnes in year 2.
- Groundnuts – 1.5 tonnes aggregated against 1 tonne in year 2.
- Soya – 1.5 tonnes aggregated against 1 tonne in year 2.

Rice Seed Certification:

During the reporting period, the project facilitated production and certification of 33 tonnes of rice seed which was produced by 115 farmers from Nkhotakota, Machinga and Chikwawa. The project engaged the Seed Services Unit at Lifuwu Rice Research Station who collected samples from the 3 project sites for testing. The seed was certified with 99.5% purity rate and 95% germination rate. The certified seed increased incomes of the 115 farmers as it was sold at lucrative prices of £0.6 per Kg as compared to £0.25 for grain.

Winter cropping:

During the reporting period, the project facilitated winter cropping activities to enable farmers attain two harvests in a year and the subsequent increase in food security and income. The project achieved 205 tonnes of rice, 90 tonnes of maize and 88 tonnes of beans from the 202 hectares planted with rice, maize and beans.

Water User Association (WUA) strengthening activities:

During the reporting period, the project implemented a revenue mobilisation strategy for WUAs to help them generate enough revenue to finance their activities such as maintenance of irrigation structures, wages for guards, and wages for labourers and payment of land lease to government. The project intensified a campaign for WUA membership collection which resulted in £4,198 being paid by members in the 4 project sites. The project also encouraged the WUAs to explore other revenue mobilisation strategies as the membership fee was not sufficient to finance all WUA operations. The WUA committees have chosen to have a field where they will produce crops and sell to the VAC in order to generate adequate income for their operations. The project will therefore support the WUA committees with initial capital for inputs and training for them to produce more crops and generate more income for their operations.

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Agricultural training to farmers:

During the reporting period, the project trained 3,200 farmers (1320 males, 1290 females. 552 youths, 26 elderly, 14 living with disability) in good agricultural practices such as SRI, manure making, post-harvest handling, certified seed use and good water management. Apart from training sessions, the project also established 19 demonstration plots and conducted 8 field days to facilitate on farm training.

Organic manure making campaign:

During the reporting period, the project facilitated organic manure making campaign to enable farmers to apply organic manure to increase soil nutrients and enhance soil health through increased humus. Organic manure is also cheaper than inorganic fertilizers which reduces the cost of production for the farmers. The campaign resulted in 378 tonnes of manure made by 425 farmers (200 males, 225 females).

VAC financing:

During the reporting period, the 4 VACs accessed up to £40,000 worth of soft loans from Challenges Malawi, to allow them aggregate adequate crops during harvesting season. The loan will be repaid in 12 months at 16% interest rate per annum. At the time of report compilation, 3 of the 4 VACs had 3 months arrears due to the slowing down of business between January and March which is regarded as the lean period for the country.

The project also facilitated development of proposals for external funding which resulted in 3 VACs (Bua, Nsanama and Thabwa) being shortlisted for Agricultural Commercialization (AGCOM) grants.

Crop processing:

During the reporting period, the project registered an increase in the volume of crops processed and packaged by the VACs (belonging to the VAC), from 30 tonnes in year 2, to 89 tonnes as a result of more crops aggregated by the VAC. However, due to Covid-19 restrictions that resulted in closure of more businesses in Malawi, there was a reduction in the volumes of crops processed for other vendors at the VAC, with only 520 tonnes of crops processed compared to 992 tonnes in year 2.

VAC sales and marketing:

During the reporting period, the project embarked on a search for new markets as the formal markets for VACs (schools) were closed due to covid-19. The project therefore facilitated new sales contracts with WFP, Fish Net Lodge, Illovo Sugar Company where the VACs sold 89 tonnes of rice, 32 tonnes of maize, 1.2 tonnes of groundnuts and 1.2 tonnes of soya bean.

Profitability of VAC processed crops:

The VACs purchased raw crops during the harvesting season to take advantage of low prices in order to maximise profitability of VAC processed crops. For example, during the reporting period, paddy rice was purchased at £290 per tonne and sold at £800 per tonne after processing, against the recommended government price of £600 per tonne of processed rice.

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Good governance:

During the reporting period, the project trained 20 VAC board of directors and 72 executive members in leadership and governance and financial management. Good governance practices were observed in all the 4 VACs such as, quarterly board meetings, annual general meetings and election of new committee members, good financial management practices such as record keeping, internal expenditure controls and monthly financial reports.

Covid-19 sensitisation and prevention measures:

The project conducted Covid-19 awareness sessions for 3,200 beneficiaries at the start of project activities. The project further provided covid-19 prevention items (4,000 masks, 5 litres of hand sanitiser, 8 plastic pails for hand washing) to the 4 VACs to assist in prevention of the spread of the pandemic. The project also complied with government prevention guidelines such as recommended number of people in a gathering, social distancing and wearing of masks during project activities.

Challenges encountered during the reporting period:

Covid-19 negative impacts on the project:

- **Marketing of VAC products:**

The closure and downsizing of institutions such as schools and hotels due to covid-19 pandemic resulted in difficulties to sell VAC products as the main off takers for VAC products could not operate on full scale. For example, Bua VAC did not supply processed rice to their usual customer, Nkhotakota Secondary School, and only supplied 50% of agreed quantity to Dwangwa Illovo Sugar Company.

- **Delays in completing project activities:**

The project resolved to conduct activities with smaller groups, mostly 20 people in order to prevent the spread of covid-19 which resulted in more days and funds used to complete an activity, especially farmer trainings.

2.2

Has the focus or plans for delivery changed significantly during the last year? Please highlight what issues or challenges prompted this change and how you anticipate any changes in focus will impact on the previously agreed outcomes (Max 500 words)

The project changed its approach to activity implementation, from larger class trainings to smaller outdoor trainings to prevent the spread of covid-19 pandemic amongst project beneficiaries and staff. The project further included delivery of covid-19 awareness, and covid-19 protective items in activities. However, the project expects that the change in activity delivery approach will not significantly impact on agreed outcomes.

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| 2.3 | <p>Taking into consideration what you have achieved during the last 12 months, along with any challenges you have experienced, please highlight to us what lessons you have learned, and how these will be applied in the project in the future. (Max 500 words).</p> <p>The project has learnt that development of covid-19 contingency plans will be an integral part of good project management and will lead to smooth and effective implementation of activities in the next 12 months.</p> <p>The project has also learnt that establishment of a shop in Lilongwe City to act as a distribution point for VAC products will be key to marketing of VAC products in covid-19 conditions where institutions have reduced the quantities of products they used to buy from VACs before Covid-19.</p> |
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• Partnerships and collaboration

This section allows you to discuss how partnership working is progressing on the project, as well as wider collaboration and sharing of learning.

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| 3.1 | <p>Provide an update on how partnership working has gone in the past 12 months. Let us know about any highlights, challenges or changes to roles and responsibilities. (Max 350 words)</p> <p>The project maintained its partnership with Scottish Fair Trade whose role in the project was to coordinate webinars to increase awareness of the project.</p> |
| 3.2 | <p>Have any Scotland-based staff visited the project in the past 12 months? Give details including key activities and outputs of these visits.</p> <p>No visits took place in the past 12 months.</p> |

| Date of visit | Key achievements / outputs of visit | Follow-up actions |
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| 3.3 | Please tell us about any dissemination and learning throughout this reporting period. How have you promoted effective learning across the project? Please explain what processes you have used both internally and externally to share learning from the project so far, and how this learning is being used. (Max 500 words) |
| | <ul style="list-style-type: none"> • Webinars: The project conducted two webinars in collaboration with Scottish Fair Trade. The first webinar was conducted on 28th January 2021 and focused on climate smart business model for the project while the second webinar conducted on 31st March 2021 focused on young green entrepreneurs. • Stakeholder meetings: The project conducted stakeholder meetings with key stakeholders of the project at district and national level in order to update stakeholders on the progress and challenges faced so far in the implementation of the project. <p>The project has been included in the Ministry of Agriculture Technical Working Group (TWG) where quarterly updates are provided to the committee.</p> |
| 3.4 | If the project has been able to complete a mid-term project evaluation in the past 12 months, please provide detail of the outcome of the evaluation. (Max 500 words). |
| | <p>The project conducted the mid-term evaluation in the third quarter of year 3 to assess progress in achieving the outcomes for the project. The following are the major findings:</p> <p>The project is on course to achieving its major objective of economic growth through increase in annual household income derived from farming. The mid-term evaluation found that the households were earning an average of £250 in year 3 against a target of £265 in the baseline.</p> <p>The evaluation also showed that there was significant increase in crop yield especially rice and groundnuts by 92% and 77% respectively as a result of trainings and adoption of technologies promoted by the project. The increase in productivity is also as a result of a readily available market provided by the VAC for farmers.</p> <p>The evaluation further found that the community members surrounding the VACs were benefiting from affordable milling services which were being accessed at distant places and at higher prices before the project. The evaluation found out milling businesses used to charge £1 per 50 Kg of maize or rice while the VAC charges £0.5 for the same quantity.</p> <p>The evaluation also found that there was improved governance and leadership as evidenced by smooth change of committee terms for both board and executive committees, improved record keeping and financial management and reduced conflicts. Overall, the VACs registered a huge improvement in their readiness for investment which has resulted in AGCOM interest to fund the VACs with grants.</p> |

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| 3.5 | Please highlight how you are maintaining an awareness of others working in this region, giving details of collaboration, joint working or partnerships with others. (Max 500 words). |
| | <p>The project has been working with government field staff in implementation of activities at VAC level such as field days. The project also partnered with Lifuwu Research Station to provide rice seed certification services, including provision of basic seed for multiplication, field monitoring and sample testing and certification.</p> <p>The project also partnered with GIZ to implement a rice seed multiplication business model aimed at formalising the rice seed system by engaging the private sector to drive the seed chain.</p> |
| 4. Safeguarding and fraud | |
| <i>Please ensure you complete questions 4.1 and 4.2 even if you have no incidents to report.</i> | |
| 4.1 | <p>Have there been any safeguarding incidents, either relating to staff/volunteers or beneficiaries of the Grant or the Project, in the last 12 months?</p> <p>No safeguarding incident occurred in the last 12 months.</p> |
| 4.2 | <p>Have these incidents reported at 4.1 been reported to relevant authorities, and if so, to whom?</p> <p>No safeguarding incident occurred in the last 12 months.</p> |
| 4.3 | <p>Describe what action has been taken, and highlight any lessons learned.</p> <p>No safeguarding incident occurred in the last 12 months.</p> |
| 4.4 | <p>Have there been any incidents in the last 12 months of financial mismanagement, theft, fraud etc, either relating to the Grant or the Project or which affects the organisation?</p> <p>No financial mismanagement, theft or fraud incident occurred in the last 12 months.</p> |
| 4.5 | <p>Have these incidents reported at 4.1 been reported to relevant authorities, and if so, to whom?</p> |

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| | No financial mismanagement, theft or fraud incident occurred in the last 12 months. | | |
| 4.6 | Describe what action has been taken, and highlight any lessons learned. No financial mismanagement, theft or fraud incident occurred in the last 12 months. | | |
| 5. Risk assessment | | | |
| 5.1 | Have any issues materialised during this reporting period? If so, how were they addressed? <i>Please refer to risk assessment provided at application stage.</i> | | |
| Assumption | Risk | Action taken | Was this included in the Risk Assessment Table in your application? |
| Failure to market VAC products due to Covid-19 | Reduced income for VACs | -Increased retail marketing targeting people staying at home -Establishment of VAC product distribution point in Lilongwe City from the start of year 4. | No. |
| Severe weather | Loss of crop productivity | -Implementation of climate smart practices such as SRI, manure making, and planting of early maturing varieties. -Implementation of flood resilient activities such as construction of sand bands to divert water from damaging crop fields. | Yes |
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| 6. Inclusion & accountability | | | |
| <i>Thinking specifically about the past 12 months, please use this section to tell us how you are mainstreaming through your project, ensuring that you are aware of and actively working to reach vulnerable and marginalised groups.</i> | | | |

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| 6.1 | <p>Is the project still relevant for the beneficiaries you are working with? Please highlight how you ensure accountability on the project, ensuring beneficiaries have the opportunity to feedback on the project and influence its development? (max 350 words).</p> <p>The project is still relevant for the beneficiaries as evidenced by their willingness to continue benefiting from the project activities. The project conducts planning meetings with VAC and WUA committees at the start of each year to sensitise beneficiaries on the activities to be implemented, and also conducts review meetings with the same committees to take stock of activities implemented during the 12 months. These meetings also help the project to assess if the activities are aligned to the needs of the beneficiaries through the feedback that is given by the beneficiaries. Furthermore, the project administers KAP evaluation (Knowledge, Attitude, and Practice) in order to get feedback on how the activity has transformed the participants.</p> |
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| 6.2 | <p>Do you have an awareness of particularly vulnerable or marginalised groups within the community in which your project is working? Please give details on how you are disaggregating data to recognise these groups across the project. (Max 350 words).</p> <p>The project put in place deliberate action to encourage vulnerable and marginalised groups to participate in project activities by addressing their fears and concerns before activities are implemented. The project has a tool that tracks participation of the vulnerable and marginalised groups in the project. The vulnerable and marginalised groups participating in the project include youth, disabled and elderly. During the last 12 months, 552 youth, 26 elderly and 14 disabled beneficiaries participated in various activities.</p> |
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| 6.3 | <p>How is your project working to actively meet the needs of these vulnerable and marginalised groups, ensuring they are benefiting from the project? Please outline any mechanisms you are using. (Max 350 words)</p> <p>The project encourages participation of the vulnerable and marginalised groups by convincing them that their weaknesses have been carefully considered before starting implementation of activities.</p> |
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| 6.4 | <p>Taking into consideration some of the challenges of mainstreaming, please describe any challenges you have faced in reaching vulnerable and marginalised groups, how you have overcome these or plans you have developed to support inclusion on the project. (Max 350 words).</p> <p>The major challenge is that these groups lack confidence in themselves to mix with others during activity implementation. The project conducted safeguarding</p> |

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| | orientation to all beneficiaries to help them understand that everyone was safe when participating in project activities. |
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| 7. Financial information | |
| <p><i>This section will be reviewed alongside your budget report, which should be included alongside your narrative and logframe. Please ensure this spreadsheet is completed with both a detailed breakdown of expenditure for this financial year, along with your projected spend for the next financial year.</i></p> <p><i>Please note carry-over of funds to the next financial year should have been agreed with the Scottish Government by January 31st of the current financial year.</i></p> | |
| 7.1 | With reference to your budget spreadsheet, please give a detailed explanation of any variances between planned and actual expenditure, including reasons for the variances and whether these are as a result of COVID-19, timing issues, price achieved, quantity etc. If these are temporary variances, please outline plans for expenditure. (Max 500 words) |
| | The variance between planned and actual expenditure amounted to £410. It is requested that this is used for marketing activities for Value Addition produce in 2021/22. It is also requested that £1143 is moved from Twin Export Links to Scottish Promotion activities in 21/22 and that £9000 is moved from Output 2 activities (£8000) and Output 3 activities (£1000) to fund power tillers for the project in 21/22. |
| 7.2 | Please give details of any capital expenditure in this reporting period. (Max 350 words) |
| | N/A |
| 7.3 | Please explain how you have worked to ensure cost effectiveness on the project in the past 12 months, whilst maintaining the quality of delivery. (Max 350 words) |
| | <p>Cost effectiveness has been achieved through a number of measures:</p> <ul style="list-style-type: none"> • Training lead farmers to undertake training to local farmers in their area. • Employing local Business Development Officers and Agricultural Extension Officers who are established workers in the project rather than sending in staff and consultants. • Using telephone and online conference facilities rather than travelling to meet staff, clients and officials where possible. • Challenges Worldwide provided loans for working capital for the Value Addition Centres enabling them to purchase and process more crops thus improving profitability. • Sharing of costs when collaborating implementation of activities with stakeholders. For example, government departments have been providing vehicles for free when used for CROPS activities. |

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8. Any other information

Use this section to tell us any other relevant information regarding your project, including any information relevant to COVID-19 and how that has impacted project activities and/or budget. (Max 500 words)

Covid-19 had two different impacts on the project:

The first impact was on delivery of project activities. Because of guidelines on acceptable people gathering, the project conducted most of the activities in smaller groups which resulted in activities taking longer and requiring more funds to complete. However, the project was able carry out all of its activities.

Secondly, Covid-19 had a significant impact on VAC products marketing as most buyers for the VACs were closed or downsized, which resulted in reduced revenues for VACs compared to their targets for the year. To mitigate this, the project will be opening a distribution centre in Lilongwe City to help sell VAC products to city residents.