

Country Name	<b>[Phase 1] Institutional and Human Resource Development Project For One Village One Product Programme (OVOP)</b>
Republic of Malawi	<b>[Phase 2] Strengthening the Capacity of OVOP Programme for Delivering Services to OVOP Group in Malawi</b>

**I. Project Outline**

Background	<p>Since 2003, when President Muluzi (then) visited Oita Prefecture of Japan along with attending the Third Tokyo International Conference on African Development (TICAD III), the Government of Malawi had implemented OVOP activities by establishing OVOP Secretariat and replicating the initiatives implemented in Oita Prefecture. To support such self-help efforts by the government and people of the country, JICA implemented Phase 1 of this technical cooperation project between 2005 and 2010.</p> <p>Through the implementation of the project, some achievements were observed on the capacity development of OVOP secretariat officials and OVOP group members. However, there were remaining areas and challenges for further development, such as improving access to the markets, quality control, and business management. In response to the situation faced by the OVOP activities in Malawi, Phase 2 of this project was started in 2011.</p>																	
Objectives of the Project	<p>The project aimed to strengthen the capacity of OVOP Secretariat and Assistant Cooperative Liaison Officers (ACLOs)* for delivering services to OVOP activities at the local level in Malawi through the institutional arrangement, human capacity development (in the OVOP concept, value-added production technologies, and business development), the building of good practices, information sharing, promotion of quality control, and strengthening of domestic and international market linkages, thereby enabling the local community to produce value-added goods and services that are marketable nationally and internationally by using locally available resources and to increase their income level.</p> <p>*ACLO was changed to Assistant District Trade Officer (ADTO) after they were incorporated into the government system.</p> <p>[Phase 1]</p> <ol style="list-style-type: none"><li>Overall Goal: Using locally available resources, the high quality of goods and services with comparative advantage are generated.</li><li>Project Purpose: Institutional capacity &amp; human resources of OVOP Secretariat &amp; other related institutions are developed to create sound environment for communities to start business activities using locally available resources for higher quality products &amp; services.</li></ol> <p>[Phase 2]</p> <ol style="list-style-type: none"><li>Overall Goal: Income level of the local community engaged in OVOP movement is increased by producing value-added goods and services which are marketable nationally and internationally, by using locally available resources.</li><li>Project Purpose: Capacity of OVOP Secretariat and ACLOs for delivering services to OVOP activities at local level is strengthened.</li></ol>																	
Activities of the Project	<ol style="list-style-type: none"><li>Project Site: Malawi</li><li>Main Activities:<p>[Phase 1]</p><ol style="list-style-type: none"><li>Establish mechanisms of OVOP planning, screening, project funding, and product marketing.</li><li>Conduct training in OVOP concepts, small-scale business management, and production technologies.</li><li>Verify model OVOP groups; publish “Business Manual,” “Food Processing Manual,” and “OVOP Technical Operation Guideline.”</li><li>Facilitate Assistant Cooperative Liaison Officers (ACLOs) to submit an activity report to districts; publish information dissemination materials.</li></ol><p>[Phase 2]</p><ol style="list-style-type: none"><li>Operationalize OVOP Extension Centres with OVOP Secretariat and OVOP Award; organize study tours; organize OVOP Exhibitions and Fairs; send OVOP groups to trade fairs.</li><li>Conduct training in product development, etc.; develop a Business Development Service providers database and the Resource Person list (not completed).</li><li>Facilitate OVOP groups for Malawi Bureau of Standards (MBS) verification; train ACLOs in quality control of OVOP groups.</li><li>Conduct business training for ACLOs and OVOP groups.</li><li>Establish OVOP Cooperative Support Fund as an entity that purchases and sells OVOP products (including OVOP Antenna Shops).</li></ol></li><li>Inputs (to carry out above activities)<table><tr><td>Japanese Side</td><td>Malawian Side</td></tr><tr><td>[Phase 1] * As of Project Completion</td><td>[Phase 1] * As of Terminal Evaluation</td></tr><tr><td>1) Experts: 6 persons</td><td>1) Staff allocated: 5 persons</td></tr><tr><td>2) Volunteers: 9 persons</td><td>2) Office space and furniture</td></tr><tr><td>3) Trainees received: 36 persons</td><td>3) Operation cost</td></tr><tr><td>4) Equipment: Vehicles, office equipment, etc.</td><td></td></tr><tr><td>5) Operation cost</td><td></td></tr><tr><td>[Phase 2] * As of Project Completion</td><td>[Phase 2] * As of Terminal Evaluation</td></tr></table></li></ol>		Japanese Side	Malawian Side	[Phase 1] * As of Project Completion	[Phase 1] * As of Terminal Evaluation	1) Experts: 6 persons	1) Staff allocated: 5 persons	2) Volunteers: 9 persons	2) Office space and furniture	3) Trainees received: 36 persons	3) Operation cost	4) Equipment: Vehicles, office equipment, etc.		5) Operation cost		[Phase 2] * As of Project Completion	[Phase 2] * As of Terminal Evaluation
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	1) Experts: 7 persons 2) Trainees received: 63 persons 3) Equipment: Vehicles, office equipment, etc. 4) Operation cost	1) Staff allocated: 11 persons 2) Office space and furniture 3) Operation cost
Project Period	[Phase 1] October 2005 – September 2010 [Phase 2] April 2011 – April 2017 (Extension period: April 2016 – April 2017)	Project Cost [Phase 1] (ex-ante) 300 million yen (actual) 263 million yen [Phase 2] (ex-ante) 341 million yen (actual) 382 million yen
Implementing Agency	National One Village One Product (OVOP) Secretariat, Ministry of Local Government and Rural Development (MLGRD) * OVOP Secretariat was renamed to Value Addition Division under the Department of SMEs and Cooperatives, Ministry of Industry and Trade, in the Financial Year 2016/17. For readers' convenience, this report consistently uses the name "OVOP Secretariat" when referring to Value Addition Division. * The national level counterpart agency was changed from the Ministry of Agriculture to MLGRD in July 2005, and to the Ministry of Industry and Trade in July 2009. Then, the Ministry was split into two Ministries, namely Ministry of Industry and Ministry of Trade, in July 2020. The Value Addition Division is currently under the Ministry of Industry.	
Cooperation Agency in Japan	-	

## II. Result of the Evaluation

### <Constraints on Evaluation>

- Due to the impact of the COVID-19 pandemic, we were unable to conduct a field survey. Therefore, this evaluation is based solely on the information provided by OVOP Secretariat (Acting OVOP National Coordinator (Acting Deputy Director for Value Addition) of Value Addition Division), and neither interviews with local groups nor on-site confirmation of the situation were conducted. Accordingly, detailed information, especially factors behind the provided information, was not available.

### <Special Perspectives Considered in the Ex-Post Evaluation >

- Phase-integrated evaluation: Since Phase 2 was to continue what was built under Phase 1, we evaluated the two phases together by regarding them as an integrated project. We used the Overall Goal and Project Purpose of Phase 2 as those of the integrated project. As Phase 2 did not set indicators for the Overall Goal, we verified its achievement using the indicators of Phase 1's Overall Goal, which were logically found to be compatible with the Overall Goal of Phase 2. However, we omitted the target years mentioned in these indicators (i.e., 2010) as they do not fit as target years after Phase 2. Instead, we examined whether these indicators showed an upward trend after Phase 2 completion to the time of ex-post evaluation.
- Project Purpose Indicator 2 "Performance level of ACLOs Annual Plan": The Mid-term Review Team and the Terminal Evaluation Team for Phase 2 concluded that this indicator was not practical to use since the degree of implementation of the annual plans would be influenced by the budget disbursement, an external factor. As an alternative, the Terminal Evaluation Team used "Performance level of ACLOs." We supported this idea and used "Performance level of ACLOs" as Supplementary Information.
- Overall Goal Indicator 2 "Number of OVOP groups which generate real net profit from the level of each group's starting year" (Use of Supplementary Information): The Terminal Evaluation Team used "Total real net profit" and "Real net profit per group" instead of this indicator as it was considered difficult to collect the actual value of the original indicator. We supported this idea and used these two alternative indicators as Supplementary Information while trying to measure the original indicator as well.

## 1 Relevance

### <Consistency with the Development Policy of Malawi at the Time of Ex-Ante Evaluation>

At the time of ex-ante evaluation of Phase 1, this project was consistent with the Government of Malawi's designation of OVOP as a national program. It was also consistent with the Poverty Reduction Strategic Paper (MPRPS) (2002), which aimed at realizing "sustainable poverty reduction through the empowerment of the poor." At the time of ex-ante evaluation of Phase 2, the Malawi Growth and Development Strategy (2006) mentioned the OVOP programme as a key strategy for promoting rural people's economic empowerment.

### <Consistency with the Development Needs of Malawi at the Time of Ex-Ante Evaluation>

By the time of ex-ante evaluation of Phase 1, OVOP Secretariat had already been set up, and activities had started. There were strong requests for technical support and business management from farmers' associations who had been supported as pilots. At the time of ex-ante evaluation of Phase 2, people continued to have high expectations from OVOP activities of value addition utilizing local resources, which were deemed to contribute to the rural economy.

### <Consistency with Japan's ODA Policy at the Time of Ex-Ante Evaluation>

At the time of ex-ante evaluation of Phase 1, this project was consistent with "assistance in the diversification of rural livelihood" and "promotion of small-scale business," which were sub-areas of "food security" and "sustainable economic growth," respectively, two of the three priority areas of Japanese assistance for Malawi as of 2005. At the time of ex-ante evaluation of Phase 2, this project was consistent with "sustainable economic growth (agricultural and rural development)," one of the three priority areas of Japanese assistance for Malawi as of 2011.<sup>1</sup>

### <Evaluation Result>

In light of the above, the relevance of the project is high.

## 2 Effectiveness/Impact

### <Status of Achievement of the Project Purpose at the time of Project Completion>

The Project Purpose was partially achieved by the time of Phase 2 completion. Through the activities mentioned above, OVOP Secretariat became able to formulate Annual Plan and deliver and promote OVOP activities. They were satisfied with the performance level of implementation of the Annual Plan (Indicator 1). ACLOs (then) made their respective Annual Plans under the guidance of OVOP Secretariat and District Council (DC) offices. The performance level of ACLOs was improved between 2014 and 2015 in some activities such as loan management and support to groups, but there were rooms for improvement. Information was not available on the performance level in other years (Indicator 2). OVOP groups' satisfaction with services provided by the OVOP programme increased (Indicator 3). While the satisfaction

<sup>1</sup> Source: Ministry of Foreign Affairs, ODA Country Data Book 2005, 2011.

with the OVOP programme among community members who did not belong to OVOP group was not measured, it was confirmed that they sold raw materials to OVOP groups and thus might have benefitted from the programme (Indicator 4). Besides, based on the OVOP National Strategy approved in December 2014, a cooperative union of OVOP groups called Maluso Cooperative Union was established in October 2015 and completed the registration to Malawi Revenue Authority in January 2017. This project supported the Union for making it functional (the OVOP Cooperative Support Fund established and supported by the project was also incorporated into Maluso Union). As of March 2017, ten OVOP groups were registered as “full members,” and seven were registered as “partly payment.”

<Continuation Status of Project Effects at the time of Ex-post Evaluation>

The project's effects have partially continued to the time of ex-post evaluation. OVOP Secretariat has continued to formulate the Annual Plan after project completion. The implementation rate of the Annual Plan increased from 75% in 2014 to 100% in 2019. According to OVOP Secretariat, they have monitored OVOP groups with ADTOs and encouraged sharing of experiences among OVOP groups through Extension Centres and referral groups as recommended by the Terminal Evaluation Team of Phase 2. OVOP Secretariat has found ADTOs' performance good in general. Major activities performed by ADTOs are the provision of support and training in business management, linking OVOP groups to market opportunities, and enforcing loan adherence to loan repayments for OVOP groups in production. Regarding OVOP groups' satisfaction level, OVOP Secretariat commented that it varies depending on whether they have working capital to be able to utilize the facilities the Secretariat supported with and to be in actual production.

<Status of Achievement for Overall Goal at the time of Ex-post Evaluation>

The Overall Goal has been partially achieved by the time of ex-post evaluation. The number of OVOP groups in Malawi increased from 18 in 2005 to 122 in 2019 (Indicator 1). Most of which have been upgraded to cooperatives. Also, Maluso Union has been functional with 15 member groups (cooperatives) as of 2019. The number of member groups has increased each year because they are able to find the readily available market for their products from the Union. The Union also acts as a package center to add values to products from primary producers. The real net profit of all OVOP groups in Malawi is unknown because OVOP Secretariat has only monitored the net profit of a model of some 20 groups. All of these 20 groups have shown an increase in net profit (Indicator 2). The number of OVOP products certified by MBS increased to six (cooking oil, rice, honey, baobab oil, lime, and potato crisps) by 2019. These products include the three major OVOP products named by OVOP Secretariat, i.e., honey, rice and cooking oil. On the other hand, other products (e.g., hibiscus products, moringa powder/soap, cassava flour, chitenje products) have not been certified because the groups have failed to meet the MBS's standards (Indicator 3). During the project period, there was a discussion that the MBS required too high standards for OVOP products since the MBS's standards were rather for medium sized industry, not for cottage industry like OVOP groups. Considering this, although not all products have been certified as expected in this indicator, it is commendable that a number of OVOP products including major products meet the standards.

<Other Impacts at the time of Ex-post Evaluation>

OVOP Secretariat pointed out a possibility of an adverse environmental impact of OVOP activities because some machinery for production required the use of firewood to heat the boiler, which might lead to improper cutting of trees. As a countermeasure, those groups using firewood are encouraged to plant trees and have woodlots within their factory area at each group member's home. Positive impacts of OVOP activities pointed out by OVOP Secretariat include empowerment of women (many women are holding high positions in OVOP groups and some are chairpersons) and an increase in assets of some group members (they bought assets such as goats and bicycles thanks to the increased income).

<Evaluation Result>

Therefore, the effectiveness/impact of the project is fair.

Achievement of Project Purpose and Overall Goal

Achievement of Project Purpose and Overall Goal										
Aim	Indicators	Results								
(Project Purpose) Capacity of OVOP Secretariat and ACLOs for delivering services to OVOP activities at local level is strengthened.	Indicator 1: Performance level of OVOP Secretariat Annual Plan	Status of the Achievement: achieved (continued) (Project Completion) - OVOP Secretariat was satisfied with the performance of its Annual Plan in that 75% of the plan was implemented in 2014-2015. (Ex-post Evaluation) - OVOP Secretariat kept formulating the Annual Plan. The implementation rate of the Annual Plan was approximately 80% in 2017- 2018 and 100% in 2019. - Major activities implemented in 2019: i. Completion of construction of 8 mini factory shells. ii. Rehabilitation of 6 mini factory shells iii. Installation of 10 small scale processing and value-adding machinery iv. Capacity building of 1,000 OVOP group members belonging to 17 value-adding groups in business management, marketing, and quality control issues v. Promotion of 15 products at various national and district fairs								
	Indicator 2: Performance level of ACLOs* Annual Plan	Status of the Achievement: not verifiable (continued) (Project Completion) Performance of ACLOs evaluated by OVOP Secretariat (5 points being full mark)								
	Supplementary Information: ACLO's* performance level									

		noticed.					
	Indicator 3: Satisfaction level of services provided by OVOP Programme among OVOP groups.	<p>Status of the Achievement: achieved (partially continued) (Project Completion)</p> <p>- According to the end-line survey of 275 members from 54 OVOP groups (January 2016), the satisfaction level increased by 4.7% from 50% as of the baseline survey (2011). Also, 97% of the respondents said they wanted to continue OVOP activities in the future.</p> <p>- A focus group discussion result also described the achievement of social expectations by OVOP group members, such as gaining new skills from the training the members received through the OVOP programme.</p> <p>(Ex-post Evaluation)</p> <p>- OVOP Secretariat considers that in general, OVOP groups are well conversant with the OVOP programme and activities.</p> <p>- The Secretariat considers that OVOP groups’ satisfaction level varies between those in actual production and those not utilizing the facilities the Secretariat supported them with. Those in production are satisfied, but those not in production complain of a lack of working capital.</p>					
	Indicator 4: Satisfaction level of services provided by OVOP Programme among communities/groups engaged in business activities at local level.	<p>Status of the Achievement: not verifiable (continuation status being not verifiable, either) (Project Completion)</p> <p>- The satisfaction level of services provided by the OVOP programme among communities/groups was not collected since it was not included in the end-line survey, the reason of which is uncertain.</p> <p>- However, many OVOP groups purchased raw materials from non OVOP group members in their surrounding communities, which might have contributed to their income.</p> <p>(Ex-post Evaluation)</p> <p>No information was available.</p>					
(Overall Goal) Income level of the local community engaged in OVOP movement is increased by producing value-added goods and services which are marketable nationally and internationally, by using locally available resources.	Indicator 1: The number of OVOP groups increases cumulatively from the level of Oct. 2005.	(Ex-post Evaluation) achieved					
			2005	2010	2017	2018	2019
		No. of OVOP groups in Malawi	18	104	111	122	122
	Indicator 2: The number of OVOP groups which generate real net profit from the level of each group’s starting year increases cumulatively from the level of Oct. 2005.	(Ex-post Evaluation) partially achieved					
		- Indicator 2 is not verifiable since OVOP Secretariat has monitored the profit of model groups only, not that of all OVOP groups.					
		- Between 2017 and 2019, all of the 20 model groups increased net profit.					
		- The overall trend of all OVOP groups is unknown as other groups than the 20 model groups are not monitored. Therefore, the performance of the model groups represents part of the achievement of this indicator.					
		Net profit of the model OVOP groups					
			2005	2009	2017	2018	2019
		No. of model groups monitored	5	17	20	20	20
Supplementary Information: Total net profit of OVOP groups; Real net profit per group	Total net profit of the model OVOP groups (thousand MK)	715	4,760	42,000	62,000	82,000	
	Net profit per group (thousand MK)	143	280	2,100	3,100	4,100	
	* Note: Although not clearly mentioned, the data of net profit seems to represent nominal values.						
Indicator 3: All of the OVOP products are certified by MBS.	(Ex-post Evaluation) not achieved						
	- The major OVOP products are Honey, Rice and Cooking oil.						
		2010	2015	2017	2018	2019	
	No. of OVOP products certified by MBS (Name of products certified)	0	1 (Cooking oil)	1 (Cooking oil)	2 (Rice, Cooking oil)	5 (Rice, Honey, Baobab oil, Lime, Potato crisps)	

Source: JICA documents, questionnaire and interviews with OVOP Secretariat

#### Operating Performance of Maluso Cooperative Union

	2017	2018	2019
Number of member groups	8	11	15
Purchase (thousand MK)	24,532	27,142	87,770
Sales (thousand MK)	39,942	41,376	110,436
Total net profit (thousand MK)	234	591	2,133

Source: Maluso Business Manager

### 3 Efficiency

Both project cost and project period exceeded the plan (ratio against the plan: 101% and 110%, respectively). The project period of Phase 2 was extended to achieve the Project Purpose and its sustainability fully. The Outputs of the project were produced as planned. Therefore, the efficiency of the project is fair.

### 4 Sustainability

<Policy Aspect>

The OVOP National Strategy (2014) expired. Subsequently, OVOP Secretariat is in the process of finalizing the National Rural Industrialization Strategy that aims at building the capacity of cooperatives to enhance their contribution to rural industrialization, thereby accelerating export growth and promoting inclusive economic growth. Regarding policies that are effective at the time of ex-post evaluation, the Malawi Growth and Development Strategy III (MGDS III) (2017-2022) and the Trade Policy (2016-2021) support micro small and medium-sized enterprises (MSMEs), under which OVOP groups fall.

#### <Institutional/Organizational Aspect>

OVOP Secretariat was rebranded to Value Addition Division in the Financial Year 2016/17. It was one of the three Divisions under the newly formed Department of SMEs and Cooperatives but under the same Ministry of Industry and Trade. The organizational structure to promote OVOP activities is still functional. According to OVOP Secretariat, there are five Technical Officers and eight Support Staff. They have three vacant positions for Technical Officers. The fact that ADTOs were incorporated into the government system as permanent staff under District Councils, hence there is a security of their jobs, is considered as a promoting factor for the continued good performance of them.<sup>2</sup>

#### <Technical Aspect>

The staff of OVOP Secretariat still have skills and knowledge. This is evidenced by that they are able to conduct training. The organization has maintained the staff who were involved during the project period. When conducting training, they utilize manuals prepared under this project, such as the monitoring checklist for groups, the record-keeping and business management manuals, and the

marketing and quality control training manuals. As mentioned in “Effectiveness/Impact” above, it is considered that ADTOs also have skills to support OVOP groups.

#### <Financial Aspect>

OVOP Secretariat has managed to secure budget allocation continuously, but they commented that the recurrent budget continued to decrease although no data was available. Also, the development budget fluctuates as indicated in the table.

Budget for OVOP Secretariat (thousand MK)

	2017/18	2018/19	2019/20
Development budget	210,000	100,000	200,000

Source: OVOP Secretariat

Thus, while there have been no major hindrances to date, there is some concern about securing a budget for the future.

#### <Evaluation Result>

In light of the above, a financial problem has been observed in terms of unstable budget allocation for the implementing agency. Therefore, the sustainability of the project effects is fair.

### 5 Summary of the Evaluation

This project, consisting of Phase 1 and Phase 2, partially achieved the Project Purpose by the time of Phase 2 completion. The capacity of OVOP Secretariat was strengthened satisfactorily, and that of ACLOs (currently known as ADTOs) was also strengthened but did not reach the expected level. The effects have partially continued after project completion. While OVOP Secretariat and ADTOs have continued to provide services related to OVOP activities, the satisfaction level of OVOP groups are mixed depending on whether they are in production, utilizing the services they receive. The Overall Goal has been partially achieved. The number of OVOP groups and the net profit of model groups have increased, but the profits of other groups are unknown, and not all products were certified by MBS. Regarding the sustainability, some problem has been observed in the financial aspect due to the budget decline for OVOP Secretariat. As for the efficiency, both project cost and project period exceeded the plan.

Considering all of the above points, this project is evaluated to be partially satisfactory.

## III. Recommendations & Lessons Learned

### Recommendations for Implementing Agency:

- Basing on the outcome of the survey, there were a number of issues that were identified. These among others include: (i) Not all OVOP groups are monitored as well as that all OVOP products meet the minimum MBS's standards for certifications. (ii) There are different satisfaction levels among the OVOP groups. (iii) The recurrent budget is decreasing (although no data is available) and the allocation of development budget is not stable. We therefore recommend that OVOP Secretariat needs to lobby for increase in budget allocation or source external funding. The sufficient budget will assist OVOP Secretariat to monitor the groups, have unified satisfaction level among all the groups and improve on MBS certification standards. The OVOP Secretariat can utilize the dedicated and knowledgeable staff to monitor the groups improve on the certification of all OVOP products to meet the MBS's standards. This will assist the groups realize more profits and improve livelihoods.

### Lessons Learned for JICA:

- The following lessons can be drawn from this project from the outcome of the project survey: The survey results indicate that the formation of the cooperative union, like Maluso is a good initiative. This assists in sustainability of the OVOP concept and they are able to find reliable markets for the groups' products, thereby able to negotiate for the price and able to realize profit. This has improved the economic status of the rural community. Hence, the project can be replicated in other countries. However, in future projects, when providing resources (facilities) to the groups, there need to put measures that groups need to have adequate working capital for smooth running of their business. This will minimize variations in satisfaction among the groups on OVOP activities and thereby improve on certifications of their products.

<sup>2</sup> At the same time, although not undermining the sustainability greatly, ADTOs pointed out some issues such as their low rank in the District hierarchy, funding challenges, and competing demands from the Council Superiors where they are assigned to do other activities.



*Training of One OVOP group (left) and display of OVOP products during 2018 Malawi Trade Fair (Right).*