



The Republic of Uganda

Ministry of Agriculture, Animal Industry and Fisheries

VEGETABLE OIL DEVELOPMENT PROJECT (PHASE 2)

ANNUAL REPORT

JULY 2011 TO JUNE 2012

**Vegetable Oil Development Project
P O Box 12041
KAMPALA**

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ABBREVIATIONS AND ACRONYMS

COREC	Coffee Research Centre
FFB	Fresh Fruit Bunches
FI	Financial Intermediary
FY	Financial Year
GIS	Geographic Information System
GOU	Government of Uganda
IFAD	International Fund for Agricultural Development
Kgs	Kilograms
KOPGA	Kalangala Oil Palm Growers Association
KOPGT	Kalangala Oil Palm Growers Trust
LG	Local Government
M&E	Monitoring and Evaluation
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MOU	Memorandum of Understanding
NACRRI	National Crop Resources Institute
NARO	National Agricultural Research Organization
NASARRI	National Semi-Arid Resources Research Institute
NEMA	National Environmental Management Authority
NGO	Non-Governmental Organization
OSSUP	Oil Seed Sub-sector Platform
PMU	Project Management Unit
PPM &E	Participatory Planning, Monitoring and Evaluation
TOR	Terms of Reference
UShs	Uganda Shillings
UNBS	Uganda National Bureau of Standards
UNFFE	Uganda National Farmers Federation
UOSPA	Uganda Oil Seed Producers and Processors Association
USD	United States Dollars
VODP	Vegetable Oil Development Project
WA	Withdrawal Application

EXECUTIVE SUMMARY

Introduction

The Vegetable Oil Development Project Phase 2 (VODP2) builds upon the work of its predecessor project, the Vegetable Oil Development Project (VODP), under which IFAD financed smallholder oil palm development and extension for smallholder oilseeds farmers.

Project Implementation:

Below is a summary of the activities carried out by the different project components in the period July 2011 to June 2012.

1. Oil Palm Development Component

a) Oil palm consolidation in Kalangala

- The targeted 6,500 hectares for oil palm planting in the nucleus estate were completed.*
- 143,854 seedlings of oil palm were planted on 980 hectares bringing the total area planted by small holders and out growers to 3,329 hectares against the phase 1 target of 3,500 hectares.*
- 5,466 MT of ffbs worth Ushs 2,723,630,575 were harvested by smallholder farmers between July 2011 and June 2012 bringing the total production of ffbs delivered to the Palm Oil Mill between 2010 and June 2012 to 7,345 MT worth Ushs 2,912,077,245.*
- The road network was expanded with the construction of 19.5 km of roads.*
- Farmers capacity was built with extension services provided to farmers in all blocks*
- 123 farmers were registered bringing the total number of farmers registered with the project to 1,296 with 34% being women.*
- 714 new hectares were ready for harvesting in 2011/2012 bringing the cumulative total of hectares under harvesting to 922 hectares.*
- Ushs 8.2 billion was disbursed to farmers between July 2011 and June 2012 bringing the cumulative total of credit disbursed to farmers to Ushs 23.1 billion.*

(b) Expansion of oil palm production to Buvuma district

The annual objective of the year 2012/2013 in Buvuma was to acquire land for the nucleus estate and sensitize the residents of Buvuma about the project. The progress is as follows;

- 4,120 hectares has been acquired for the nucleus estate of which 1,000 hectares is from public land and 3,120 was purchased from mailo land owners. This is against the targeted 6,500 hectares.*
- Sensitization workshops for farmers were held in 63 villages on benefits of oil palm, 32 meetings were held on land tenure systems.*
- An inter-ministerial committee was set up to expedite land acquisition in Buvuma district.*

(c) Identification for new oil palm areas

- Trials continued in Kibale district at Kagadi (160 trees) and Karuguza (60 trees).*
- In Mayuge district, the farmers participating in the oil palm trials started harvesting and were locally extracting oil from the ffbs.*

2. Oil Seed Development Component

Activities under this component started towards the end of year following fulfilment of the withdrawal condition. One of the conditions was having a fully fledged PMU with contracted staff to undertake the project activities. The progress under the oil seeds component is as follows;

- Prepared a draft MoU between VODP/ MAAIF and NARO for sharing with the concerned parties.
- Developed plans and budgets for start-up activities and drafted a budget for setting up the 4 hubs.
- Prepared a procurement list and scheduling for the regional hubs.
- Outlined the process for identification and engagement of pay for service providers (PFS) and thematic areas for contracting out were identified.
- Held meetings with implementing partners to streamline field operation procedures and clarify individual partner roles

3. Project Management component

The PMU continued to coordinate activities in the different hubs even with minimal staff in place. The progress under the project management component is as follows;

- The withdrawal conditions set out in the financing agreement were met.
- New staff was recruited to the PMU in May 2012.
- Meetings were held with SNV, aBi Trust and Oil Seed Sub-sector Platform facilitators.
- Quarterly work plans for first, second and third quarters were prepared and submitted to the Ministry of Agriculture Animal Industry and Fisheries (MAAIF) for approval.
- Quarterly reports and progress reports were prepared and submitted to relevant offices.
- VODP–IFAD supervision missions were organised and implemented as planned.
- Two project documentaries were prepared for stakeholder sensitization in Buvuma and for the National Budget presentation by the Minister of Finance, Planning and Economic Development (MFPED).

4. Financial Management and Procurement

- The annual adjusted budget for the financial year 2011/2012 was Ushs 18.4 billion with Government of Uganda (GOU) contribution at Ushs 2.5 billion and IFAD contribution at Ushs 15.9 billion.
- The expenditure for the period July 01, 2011 to May 31, 2012 was Ushs 10.24 billion accounting for 59% of the annual budget, which increases to 62% including the cost of services received from OPUL worth Ushs 0.6 billion that had not been paid by closure of the financial year. The low budget performance was largely due to the delay in the recruitment of staff for the PMU.
- Under procurement, VODP's contracts committee was legally constituted with 5 members. Procurement processes are expected to move faster with this committee in place. Progress under procurement was made for land identification and acquisition, the project completion report, cadastral land survey and titling in Buvuma and the Environmental and Social Impact Assessment.

1.0 PROJECT OVERVIEW

1.1 Introduction

The Vegetable Oil Development Project Phase 2 (VODP2) builds upon the work of its predecessor project, the Vegetable Oil Development Project (VODP), under which IFAD financed smallholder oil palm development and extension for smallholder oilseeds farmers.

1.2 Project Goal and Broad Objective

The overall goal of VODP2 is to contribute to sustainable poverty reduction in the project area. The development objective is to increase the domestic production of vegetable oil and its by-products, thus raising rural incomes for smallholder producers and ensuring the supply of affordable vegetable oil products to Ugandan consumers and neighbouring regional markets. This will be achieved by supporting farmers to increase production of crushing material (both oil palm and oilseeds) and helping them to establish commercial relations by linking them to processors.

1.3 Project Financing and approval process

The funding structure of VODP 2 is: IFAD -USD 52 M; Uganda Government USD 15 M; private sector USD 70 M; farmers USD 3.9 M; Kalangala Oil Palm Growers Trust KOPGT secretariat refloes from loan repayments is to contribute USD 4.4 M; and SNV/IFAD grant of USD 1 M.

The IFAD Board approved the loan in April 2010. The project was approved by Parliament of Uganda on the 28th September, 2010. The loan agreement between GOU and IFAD was signed on 21st of October 2010 and the loan became effective on the same date. A legal opinion was given by the Attorney General on 27th November 2010. Partial conditions for initial disbursement were met and release of USD 5.5M was approved by IFAD to finance start up activities and facilitate the smooth running of the Oil palm component by disbursing loans to farmers and paying OPUL for services and goods provided to the oil palm farmers. This was to ensure a seamless transition between phase one and two of the project and to ensure continuity of oil palm activities started in phase one.

1.4 Project Components:

VODP2 has three components which include Oil Palm Development; Oilseeds Development and Project Management. Details of the activities involved under the development components are as detailed below:

1.4.1 Oil Palm Development Component.

The Oil Palm Component will cover 3 sub-components as detailed below:

- a. Consolidation of oil palm activities in Kalangala will continue, in partnership with Oil Palm Uganda Limited (OPUL), building on the gains in smallholder oil palm development while expanding the area covered to the neighbouring outlying islands. A total of 4700 hectares of oil palm plantations is to be raised by smallholder farmers for both phase 1 and phase 2 of the project (3,500 hectares in phase one and 1,200 in phase 2)
- b. Oil Palm development will be expanded to Buvuma Island, involving a similar oil palm development scheme, targeting 10,000 hectares of oil palm plantations, of which 6,500 hectares will be under nucleus estate and 3,500 hectares will be under smallholder farmers.
- c. Identification and new areas for oil palm development will also continue through follow up and evaluation of oil palm trials established under VODP phase 1. These will be monitored for performance in terms of yield, vegetative growth and pest and disease management. New trials will be established in areas where preliminary analysis of rainfall, temperatures and soil conditions show positive results. All areas where oil palm will be established will be subject to environmental and social impact assessments under terms of reference agreed upon by NEMA and other stakeholders.

1.4.2 Oil Seeds Development Component

This component consists of development of traditional oil seeds around four hubs. Crops of emphasis include sunflower, soybeans, sesame and ground nuts. The hubs consist of districts as outlined below:

- i. Lira Hub; Covering the districts of Lira, Dokolo, Apac, Oyam, Masindi, Soroti, Kaberamaido, Amuria, Serere, Katakwi, Amolatar, Kole, Alebtong, and Kiryandongo.

- ii. Eastern Uganda hub; Covering the districts of Mbale, Bududa, Budaka, Bukedea, Bukwo, Kapchorwa, Kamuli, Kumi, Manafwa, Pallisa,, Sironko, Bulambuli, Bugiri, Busia, Tororo, Butaleja, Iganga, Jinja, Namutumba, and Kaliro.
- iii. Gulu hub; Covering the districts of Gulu, Kitgum, Amuru, Adjumani, Pader, Nwoya, Agago and Lamwo.
- iv. West Nile hub; Covering the districts of Arua, Koboko, Moyo, Nebbi, Zombo, Yumbe and Mararcha.

1.4.3 Project Management

Activities in this component are composed of those by the Project Management Unit (PMU), Project Steering Committee (PSC) and Monitoring and Evaluation (M&E).

The PMU broad responsibilities are;

- Work with the other line Ministries and government agencies as required for ensuring smooth project implementation;
- Prepare work plans and Budgets for the overall project activities;
- Prepare quarterly, semi-annual and reports, including special reports as required, about the activities of the project;
- Undertake project procurements in accordance with the Public Procurement and Disposal Act (PPDA) and IFAD procurement guidelines;
- Manage project activities and IFAD loan funds in accordance with IFAD's General Conditions;
- Provide guidance and technical backstopping to implementers of the project;
- Continue its intermediation role on behalf of GoU with the private sector (OPUL), the Kalangala Oil Palm Growers Trust (KOPGT) and Buvuma Oil Palm Growers Trust (BOPGT);
- Continue its supervisory role for the management of IFAD funding provided through KOPGT and BOPGT for oil palm development and through an agreed upon financial institution for a guarantee fund to mitigate weather related risks; or any successor organisation to farmers for oil palm development;
- Take a leadership role as an OSSUP participant for the coordination and linking with all stakeholders and donors in the oilseeds sub-sector, and bring oil palm processors into the platform;
- Contract and manage pay-for-service extension providers for oilseeds production aimed at promoting business linkages between the private sector (millers and input suppliers) and

farmers, while ensuring that the targeting mechanisms for inclusion of women and youth and HIV/AIDS understanding are addressed.

2.0 PROGRESS ON THE IMPLEMENTATION OF THE PROJECT COMPONENTS

2.1 Progress on the Oil Palm Development Component

Oil palm development activities on Bugala islands under KOPGT continued from phase 1. On Buvuma island, there was renewed effort to expedite the land acquisition process and enable Bidco Uganda Limited (BUL) to start implementing the preliminary activities for the set up of the nucleus estate. Below is a detailed report about the progress;

2.1.1 Kalangala Oil Palm Consolidation and Development Activities

Nucleus estate

(i) Land Acquisition/Purchase

- The targeted land area of 6,500 hectares under oil palm for the nucleus estate has been planted. Government has fully met its pledge of land for the nucleus estate in Kalangala.

(ii) Oil Palm Fresh Fruit Bunches Harvests by Smallholder Farmers

- Between July 2011 and June 2012, a total of 5,466 MT of fresh fruit bunches (ffbs) worth Ushs 2,723,630,575 were harvested from small holders and outgrowers oil palm gardens and delivered to the palm oil mill. This increased the quantity of ffbs harvested from small holders and out growers and delivered to the oil palm mill between 2010 and June 2012 to 7,345 MT worth Ushs 2,912,077,245.
- The project has recorded a steady increase in the volume of ffbs harvested from the small holder and outgrower gardens with an average monthly harvest at 590 MT between January and June 2012 as compared to an average of 358 MT between July and December 2011. The average monthly harvest is forecasted to increase to 800 MT of ffb by December 2012.

(iii) Support for participating Smallholders and out growers for Oil Palm Development

- Ushs 8.2 billion was disbursed between January 2011 and June 2012. This increased the total disbursement of credit to farmers to Ushs 23.1 billion.
- 123 new farmers registered with KOPGT between July 2011 and June 2012 bringing the total number of farmers registered with the project to 1,296. The proportion of women on average remained at approximately 34%.

- OPUL managers conducted coaching sessions for KOPGT staff and farmers on harvesting and ffb quality standards. This resulted into a reduction in the deductions and penalties on the ffb deliveries to the Palm Oil Mill.
- KOPGT carried out on-farm training for the oil palm growers to ensure that the required fruit quality standards were achieved as well as compliance to the recommended agronomic practices. In April 2012, KOPGT with the support from Kalangala District Agricultural Office carried out various trainings and identified key challenges facing the farmers. The team noted that farmers needed more training on application of the correct oil palm agronomic practices, harvesting and post harvest handling.
- The mobilization efforts by the project, local leaders, field staff and farmers themselves yielded good results. Many more households expressed willingness to pledge their land and join the project. Due to the high interest by farmers, it was estimated that more than the targeted 1,200 hectares for VODP 2 covering Bugala and the outlying islands shall be acquired.
- A total of 143,854 seedlings, an equivalent of 980 hectares, were planted by the farmers between July 2011 and June 2012. This increased the total number of hectares planted from 2,349 hectares in June 2011 to 3,329 in June 2012, against the phase one target of 3,500 hectares. Figure 2 below shows the number of hectares planted in the different implementing blocks.

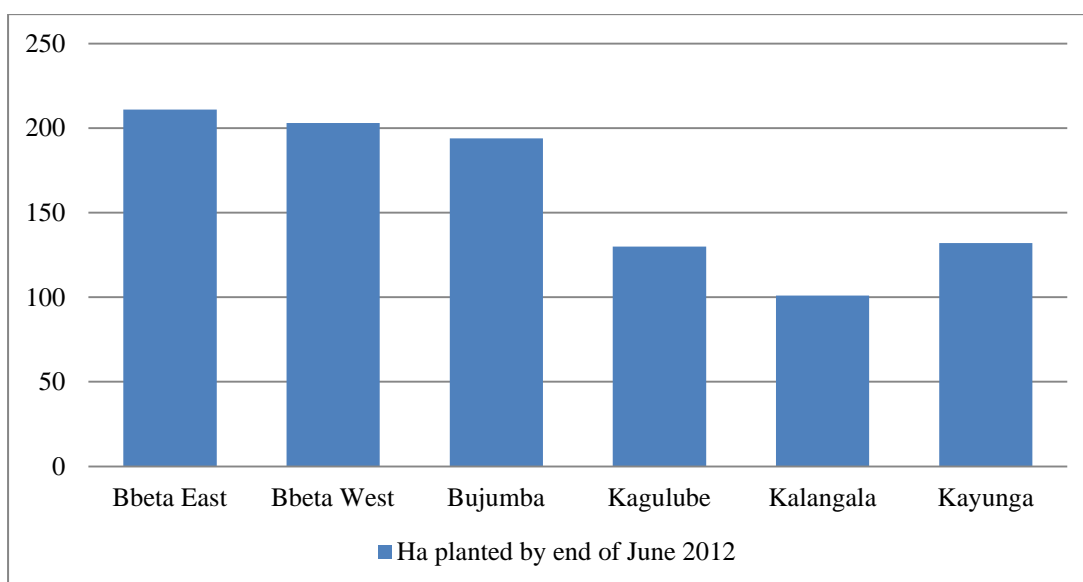


Figure 2: Hectares of Oil Palm grown in Bugala islands between July 2011 and June 2012

- By May 2012, a balance of 96,800 seedlings, an equivalent of 350 hectares, was available for both gap filling and additional transplanting by the end of the year. Table 1 shows the planting returns in the oil palm gardens as at June 30, 2012.

Table 1: Planting Returns in the Oil Palm Gardens in Bugala Island as at June 2012

Name of Implementing Block	Ha planted by end June 2009	Ha planted by December 2010	Ha planted by June 2011	Ha planted by Dec 2011	Ha planted by June 2012
Bbeta East	109.9	301.3	334	334	545
Bbeta West	201.7	411.5	497.2	497.2	700.2
Bujumba	119.6	254.2	271.4	271.4	465.4
Kagulube ¹	281.4	289.6	174.8	174.8	296
Kalangala	251.8	307.2	340	340	441
Kayunga	186.7	332.3	402	402	534
Out growers			346.4	346.4	346.4
Totals	1,151.10	1,896.10	2,365.80	2,365.80	3,329

(iv) Roads for Oil Palm Development

- 19.5 km of roads with size of 6 meters including the culvert, were constructed in Bbeta East. However, the first rains of the year were heavy and affected the road shape in some areas. The offshoots in some areas were also blocked by eroded soils.

(v) Distribution of farm inputs and disbursement of cash loans to farmers

- KOPGT distributed fertilizers and cash loans were disbursed to farmers for weeding, fertilizer application, cover crop establishment and purchase of seedlings.
- The posted loan portfolio for the small holders and outgrowers stood at Ushs 23.1 billion by the end of June 2012 up from 14,763,610 reported in November 2011.

(v) Expansion of oil palm activities in Kalangala

- The land available for expansion of oil palm activities on the outlying islands of Kalangala district is now 1,209 hectares as shown on Table 2 below;

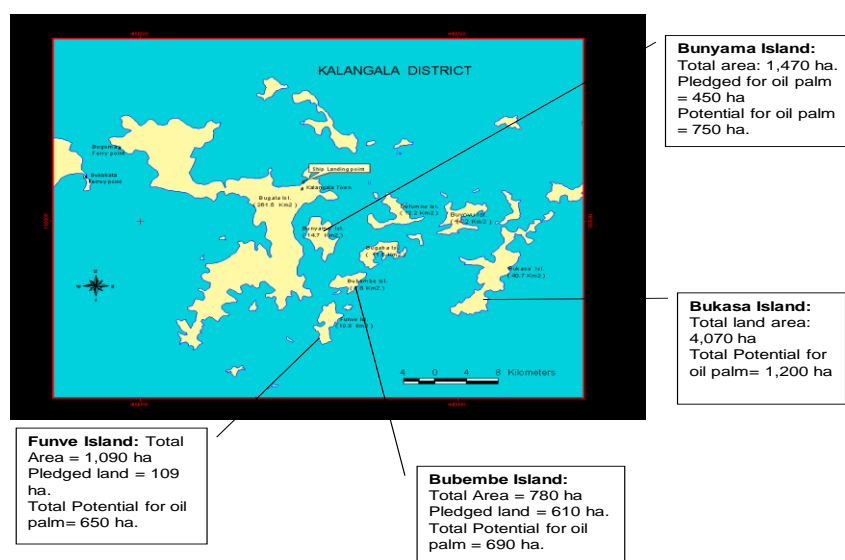
Table 2: Status of land availability on the outlying islands

Name of Island	Total land area (estimated) – Ha	Potential Land for oil palm (estimated) - Ha	Surveyed land area – Ha
Bukasa	4,070	1,200	0
Bunyama	1,470	550	500
Bubembe	780	690	600
Funve	1,090	400	109
Total	7,410	2,840	1,209

¹ Figures for planting returns in 2009 and 2010 under Kagulube include out grower areas which are disaggregation in 2011 onwards.

- It was agreed that focus for oil palm development on outlying Islands in the next financial year is on Bubembe and Bunyama islands because they have acquired the required land. Figure 1 below shows the location of the outlying islands and the land available for oil palm development on each of the islands.

Figure 1: Outlying islands and the land available on each island



2.1.2 Progress on Expansion of Oil Palm Development Activities on Buvuma Island

(i) Land Acquisition/Purchase for the nucleus estate

- There was a high level of political commitment to the project in the year of reporting. To expedite the land acquisition process, an inter-ministerial team was set up by the Rt. Hon. Prime Minister to oversee the land acquisition process for the nucleus estate in Buvuma district. The team is chaired by the Minister for Lands, Housing and Urban Development and comprises of the Minister for General Duties in the Office of the Prime Minister, the Minister for Agriculture, Animal Industry and Fisheries, the Members of Parliament for Buvuma Island, the Managing Director, BIDCO Uganda Limited (BUL), the Permanent Secretary-MAAIF, the Chairman LC V – Buvuma District, the Land Registrar, the Government Valuer, Department of Survey-MLHUD, and VODP-MAAIF. The team is supervised by the Prime Minister.
- The committee held three (03) meetings, travelled to Buvuma Island on a sensitisation mission and held radio talk show on Baba FM. The committee agreed that BUL should move their equipment to Buvuma Island on July 01, 2012, start nursery activities and set up an operational base in Buvuma Island.

- A comprehensive programme for land acquisition and commencement of VODP2 in Buvuma district was completed and is attached.
- The project acquired 3,400 hectares of land from mailo land owners through willing buyer-willing seller arrangement. An extra 720 hectares of public land were identified and the process of survey and demarcation started. The total amount of land available for the nucleus estate in Buvuma was 4,120 hectares by June 2012. The acquired land is yet to be surveyed.
- The project stepped up sensitisation efforts, which were further strengthened by the inter-ministerial committee to ensure that the residents of Buvuma Island understand and appreciate the project.
- Two companies, a consortium of M/S S-M Cathan Property Consult, REEV Consult International and CB Richard Ellis Joint Venture, and First Land Surveyors were awarded contracts by MAAIF to identify and purchase land for the project.
- A comprehensive programme (Annex 3) for land acquisition and commencement of VODP 2 activities in Buvuma district between June 2012 and December 2012 was developed by the project and accepted by the different stakeholders. The work programme was adopted by the inter-ministerial team and its implementation commenced in June 2012.

(ii) Sensitization and mobilization in Buvuma

- Sensitization and mobilization workshops were conducted for the stakeholders in Buvuma on land mobilization and to raise their knowledge on oil palm benefits. The sensitization exercise covered 31 villages in the 11 parishes of the project area. The meetings were attended by 2,500 farmers of which 930 were female.
- Sensitisation on the land laws and land tenure system in the country, specifically in the Central region was also carried out through 32 meetings held in different parts of the island.
- 48 leaders from Buvuma were taken to Bugala island on an exchange visit to appreciate the oil palm project and its impact on a rural area. Another visit targeting at least 150 people is being planned in the next financial year 2012/2013. This is broken down as farmers from each of the 11 parishes, opinion leaders, political leaders and technical staff.

(iii) Involvement of the Private Investor in the Buvuma oil palm Development activities.

- The BIDCO Uganda Limited (BUL) Managing Director was actively involved in the sensitisation activities in Buvuma Island and is a member of the committee set up by the Rt. Hon. Prime Minister. Survey and demarcation of the land for the nucleus estate was started and

BUL committed to transfer equipment, start the nursery activities and set up an operational base in July 2012.

- BUL contracted Surveyors to open up boundaries, survey and demarcate the nucleus estate area acquired so far. Part of their terms of reference was the demarcation of the nursery site, operational area, palm oil mill and relocation settlements for the people.

2.1.3 Identification of New Oil Palm Areas

- A Memorandum of Understanding between VODP 2 and the National Agricultural Research Organisation (NARO) for collaboration with Coffee Research Centre (COREC) at Kituza - Mukono was drafted. This was intended to establish a systematic collaboration to carry out oil palm research for the project and ensure surveillance on diseases in the already established oil palm areas.
- Trials were maintained in Kibale district at Kagadi (2 farmers who have planted one hundred and sixty (160) trees) and Karuguza where sixty (60) trees have been planted. In Kyanamukaka, Masaka district, one (01) hectare has been established and new opportunities have been sought in Masaka and Rakai awaiting availability of seedlings. In Bugiri district, two hundred and forty (240) trees planted earlier were under surveillance. The trials in Bundibugyo, Buvuma and Hoima were under surveillance. In Mayuge district, the farmers participating in the oil palm trials started harvesting and are locally extracting oil from the ffbs.
- It was noted that the trials in Kalangala district reached commercial stage and were becoming more costly for COREC to continue funding their existence. COREC proposed that these farmers are passed over to KOPGT to access fertilizers and chemicals for maintenance. COREC would retain the role of disease surveillance. Discussions were to be finalized in the 2012/2013 financial year.

2.2 Progress in the Oilseeds Development Component

The Oil Seeds Component focuses its operations in four (4) hubs; Lira, Eastern Uganda, Gulu and West Nile) covering 49 districts and targeting 140,000 households. The project aims to bring knowledge and skills to smallholder sunflower, soybean, groundnuts, and sesame farmers so that they can learn how to run their farms as businesses and supply crushing material to the processors. The activities carried out in the year of reporting included mainly preparing for the coming financial year because the staff only reported in May 2012, just about two months to the end of the year. Details of the activities are spelt out below:

2.2.1 Planning of start-up activities

Preparation of work-plan and budget for the period (2012-2013): The project developed a comprehensive work plan to ensure that the roll-out activities at the regional hubs are effectively carried out. The component plan identified the Work Breakdown Structure (WBS) of processes, activities and tasks to be undertaken in the first year of the project. It further identified the sequencing, duration and dependencies of tasks as well as the generic resources. The activities planned for the 2012/2013 FY included:

- Undertake an introductory visit to hubs: The oilseeds team planned to visit project areas and make initial contact with district officials and other stakeholders in order to gather information that would guide implementation of the start-up activities. The preliminary information from the four oilseed hubs would input into the design of a situation analysis to be undertaken in the project areas.
- Situational analysis of oilseed production and processing in the 4 hubs (stakeholder consultation) aimed at identification of desirable oilseed crops, establishment of a brief profile of who exists, where, what they are doing and how are they doing it, and the vertical and horizontal relationships and interaction among the actors at various levels.
- Developed and agreed upon criteria for identification and evaluation of potential hub Offices.
- Planned for participation in “The 20th Source of the Nile National Agricultural Show at Jinja Show grounds (23rd – 29th July 2012), focusing on the theme “*promoting smart farming for sustainable national food safety, farm incomes and regional market opportunities*”; and the World Food Day celebrations scheduled for Tuesday 16th October 2012, at Mbarara Zonal Agricultural Research and Development Institute (MbaZARDI) in Mbarara District, under the theme “*Agricultural Cooperatives – Key to Feeding the World*”.
- The budget for setting up the 4 hubs, their running costs and roll-out activities was prepared and discussed by PMU staff.
- The procurement list and scheduling for the hubs equipment and consumables was prepared and consolidated with for the project.

2.2.2 Stakeholder Consultation

To further understand the situation on the ground in various project areas and establish initial contact with collaborators/partners, interaction meetings were arranged and held with SNV and aBi-Trust. Arrangements to meet researchers from NaSARRI, NaCRRI, officers from National Seed Certification Services, NAADS, Mukwano and UNFFE were also initiated. The information captured together with that to be collected during the situation analysis exercise will back-up what is identified in the project document in prioritizing areas and activities to start with, in the implementation of the project.

2.2.3 Formulation of strategies for engagement of Pay for Service Providers (PFS)

- The process for identification, evaluation and engagement of PFS was outlined. A strategy, ToR, selection criteria and procurement of the services of Pay-for Service providers was developed and discussed.
- The potential thematic areas for contracting out to PFS were identified. These included demonstrations of proven technologies, oilseed crops agronomic practices, strengthening/capacity building of farmer groups, farming as a business, post harvest handling, soil management and fertilizer use and bulk marketing.

2.2.4 Stakeholder mobilisation and sensitisation

An activity on mobilisation and sensitization of stakeholders including farmers was scheduled among the initial project component activities in the work plan and budget. Through publicity campaigns, advertisements and establishing contacts with oilseed value chain actors including the private sector, existing and potential actors will be mobilized. Farmers and other stakeholders will be sensitized about project design before implementation of activities under the project component.

2.2.5 Quality planting material for Sunflower

- Arrangements were made to meet with NaSARRI breeders and MAAIF's National Seed Certification Service (NSCS) officers to address the issue of seed availability. Further, arrangements were made to meet seed companies to understand the constraints to sunflower seed multiplication, distribution and trade in Uganda.
- The project participated in the regional meetings with OSSUP members organized by SNV in which discussions were held on issues of seed demand, quality and supply.

- All the above information generated would be used in prioritization of actions to enhance increased access to improved sunflower seed and forging partnerships aimed at accessing and multiplication of foundation seed.

2.3 Progress on the Project Management Unit (PMU) Component

The PMU is responsible for overall management of the project activities and day to day to day running of the project. The PMU has recruited staff that consist of the Project Manager, Financial Controller, Oil Palm Coordinator, Oil Seeds Coordinator, Monitoring & Evaluation Officer, Procurement Officer, Credit and Finance Officer, Communications and Knowledge Management Officer, Hub Coordinators for the Mbale, Gulu, Lira and Arua Hubs, Procurement Assistant, Finance Assistant, Office Administrator and three drivers. Two Office Attendants and three drivers from VODP 1 are still offering support services to the PMU, awaiting regularisation of their employment with the project. A list of the VODP- PMU staff is furnished in Annex 1.

2.3.1 Start up activities

- The project was able to meet the withdraw conditions set out in the Financing Agreement. These included setting up of a PMU with contracted staff; constitution of a Contracts Committee with delegated authority to undertake procurement review and selection; and preparation of draft guidelines for implementation of the oil seeds and oil palm component, and a project operations and financial management manual.
- Project document review by all staff to understand the context of the project, the planned activities in the second phase and the approach for implementation of the project components was undertaken.
- Staff orientation was done which comprised of a detailed insight into the Project Document.
- Presentations by the respective officers on how they understood their roles and responsibilities in the project were done. This provided for discussions with question and answer sessions after each presentation and clarification of everyone's roles.
- Meetings were held with stakeholders, specifically SNV, aBi-Trust and KOPGT. The meeting with SNV was also attended by the OSSUP Regional Facilitators from the Eastern, Gulu, Lira and Arua hubs.

2.3.2 Planning, budgeting and reporting

- The project prepared the mandatory quarterly work plans for first, second, third and fourth quarters, as required by the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF).
- The PMU prepared the 2012/13 annual work plan and budget through a consultative process including all staff of the project and other implementers like KOPGT. The Budget was subsequently approved by IFAD. The total budget for 2012-13 financial year is Ush 24.2 Billion (USD 9.6 Million).
- The PMU prepared the quarterly reports required by MAAIF and other progress reports on the implementation of the project.
- The PMU organised and coordinated four supervision/technical support missions by IFAD for the project. During these missions, progress reports were shared with the missions.
- The Project hosted the President of IFAD in May 2012. He visited the oil palm component in Kalangala and interacted with small holder oil palm farmers.
- The project participated in the IFAD Country Evaluation where staff provided input into the Country Programme Evaluation.

2.3.3 Training/workshops

The PMU participated in the learning event on land tenure security and natural resources management in Nairobi where discussions included inclusive business models with a view of ensuring smallholder farmers build effective partnerships with the private sector to benefit from these efforts, among others. The workshop highlighted the importance of tenure security for poverty reduction.

2.3.4 Communication and Knowledge Management

- The PMU carried out various sensitisation visits to Buvuma between January and June 2012 to sensitise the public on the need to take part in the project either through selling their land for the nucleus estate (the land lords), joining the out grower/ small holder scheme or providing employment to the nucleus estate and Palm Oil Mill to be set up on the island.
- Press coverage during the visit of IFAD President in May 2012 benefitted the project as newspaper articles, photographs and documentaries were produced on the visit and provided the public with information about how VODP has improved rural livelihoods in Kalangala helped to overcome poverty.

- Following an article “*Land, life and justice; how land grabbing in Uganda is affecting the environment, livelihoods and food sovereignty of communities*” in a local magazine, the project engaged their Editorial team and provided the facts about the project. With support from BUL, a team from the local magazine led by their Managing Editor visited the project in Kalangala in June 2012. This visit resulted into an apology by the Managing Editor to the readers of the local magazine for the misleading article through the local magazine and morning talk show on a local radio station.
- Two project documentaries were prepared, one on the successes of the Oil Palm Development Component on Bugala island and used during the sensitisation of stakeholders on Buvuma island; and the other on the contribution of VODP to integrated agricultural development and the economy of Uganda. The latter was shown during the National Budget reading for 2012/2013.
- A radio talk show was held on Baba FM on Monday June 11, 2012 and a press conference at the Uganda Media Centre on Wednesday June 13, 2012 on the oil palm project in Buvuma.

2.3.5 Monitoring and Evaluation

- The project collected data on progress of the implementation of the oil palm activities in Kalangala and provided backstopping to KOPGT to improve on its planning and reporting.
- The project drafted formats for work plans, progress reports and routine field visits to guide the M&E for the project.
- The project built the capacity of KOPGT in participatory and results based M&E.
- The PMU team studied the logframe of the project with a view of understanding it and determine whether there was need to make adjustments or not.
- All staff were guided in the M&E process and emphasis was made to the effect that M&E is everybody’s responsibility.

2.3.6 Financial Management

- The adjusted budget for financial year 2011/2012 was Ushs 18.5 billion (USD 8.04M) including Ushs 2.5 Billion (USD 1.06M) from Government of Uganda (GOU); Ushs.15.8 billion (USD 6.91) from IFAD; and Ushs 0.2 Billion (USD 0.07m) from farmers (in form transport for their ffb).
- The overall budget performance was 59% which increases to 62% including the cost of services received from OPUL worth Ushs 0.6 billion that had not been paid by closure of the financial year.

- The low performance of the budget was mainly due to delay in coming on board of the PMU staff.
- Government of Uganda released Ushs 1.3 Billion for the financial year which was 51% of the planned budget.
- The project disbursed Ushs 4.9 billion (USD 1.94 M) to KOPGT for smallholders/ out growers' loan scheme activities.
- The project paid Ushs 3.3 billion (USD 1.3 M) to OPUL for out growers' development and supply of inputs.
- The total KOPGT loan portfolio amounts to Ushs 23.1 billion of which Ushs 10.5 Million was paid in cash.
- Ushs 408 Million was disbursed to KOPGT for operations
- The project disbursed Ushs 120 Million to CORI for management of existing oil palm research trials.

3.0 PROJECT COSTS, FINANCING AND PROCUREMENT (VODP 2)

3.1 Project Funding

The VODP 2 received funds from GOU as counterpart funds and IFAD for implementation of project activities according to the adjusted 2011/12 project work plan and budget. GOU is in general terms supposed to fund 13.1% of the budget which is supposed to cover 100% of land cost, while the IFAD loan funds 86.9% of the budget. The adjusted budget for Financial Year 2011/12 was Ushs.18.5 billion (USD 7.95M), of which Ushs 2.396 billion (USD 1.04M)² was GOU contribution. IFAD was to contribute Ushs.15.889 billion (USD 6.91M) as shown in Tables 3 and 4 below.

Table 3: 2011/12 FY Budget by category (000)

Category	Amount (Ushs)	Amount (USD)
IFAD		
1 Vehicles, Equipment and Materials	1,726,600,000	750,695.65
4 Civil works	60,000,000	26,086.96
5 Small holder Oil Palm	8,983,515,500	3,905,876.30
7 Consultancy, Training and Workshops	2,480,199,159	1,078,347.46
8 Extension Service	226,000,000	98,260.87
9 Salaries	1,137,182,808	494,427.31
10 Operating Costs	1,275,781,550	554,687.63
Sub total	15,889,279,017	6,908,382.18
GOU		
1 Vehicles and Equipment	50,000,000	21,739.13
5 Land Acquisition	2,000,000,000	869,565.22
7 Consultancy, Training and Workshops	35,562,520	15,461.97
9 Salaries	91,435,585	39,754.60
10 Operating Costs	269,124,894	117,108.82
Sub total	2,396,122,999	1,041,792.61
Farmers' Contribution		
Operating costs	165,677,464	72,033.68
Sub total	165,677,464	72,033.68
Total	18,501,079,480	8,043,947.60

² The exchange rate applied is 1 US \$ = Ushs. 2,300

Table 4: Details of Budget by Component (000)

Component	Amount (Ushs)	Amount (USD)
<i>Oil palm Development Component</i>		
Kalangala Oil palm Development	9,288,515,500	4,038,485.00
KOPGT support	2,059,461,803	895,418.18
Buvuma Mobilisation	735,607,200	319,829.22
Buvuma Oil palm development	2,000,000,000	869,565.22
Identification of new oil palm areas	211,428,590	91,925.47
Subtotal	14,295,013,093	6,215,223.08
<i>Oil Seeds Development</i>		
Farmer groups extension	226,000,000	98,260.87
Seed production	530,294,569	230,562.86
Value chain support- UNBS	213,440,000	92,800.00
Subtotal	969,734,569	421,623.73
<i>PMU component</i>		
Project Management	3,236,331,818	1,407,100.79
Subtotal	3,236,331,818	1,407,100.79
Total	18,501,079,480	8,043,947.60

3.1.1 G.O.U. Funding

GOU provided for Ush 2,446 Million (USD 1.06 Million) for financial year 2011/2012. A total of Ushs 1.244 billion was released for the budgeted expenditures. These releases constitute a performance of 50.86%.

3.1.2 IFAD funding

The project operates two special accounts at Bank of Uganda; Farmers loan account of USD 2.0 Million and VODP operations account of USD 1.0 Million. During the period July 2011 to June 31, 2012, the VODP operation Special Account was replenished with USD 779,361.43; and the Farmers loans Special Account was replenished with USD. 1,160,239.

Table 5: Replenishment of the Special Account between July 2011 and May 2012

Date	WA	Special A/C	USD
21/02/2012	009	VODP Operations	279,361.43
09/05/2012	010	Farmers SA	1,160,289.31
09/05/2012	011	VODP Operations	500,000
Total			1,939,650.74

3.2 Project Expenditures/disbursements

3.2.1 Direct Payments

The Project made direct payments amounting to Ushs 1.835 billion (USD 0.73 Million) during the period 1st July 2011 to 30th June 2012 as indicated in Table 6 below.

Table 6: Direct payments made by the project between July 2011 and May 2012

WA	Amount Ushs	Amount (USD)	Payee
007	1,566,523,773	616,283	Oil Palm Uganda Ltd
008	268,780,062	113,894	Oil Palm Uganda Ltd
012	1,295,665,295	523,876	Oil Palm Uganda Ltd
013	122,595,513	49,569	Oil Palm Uganda Ltd
	3,253,564,643	1,306,622	

3.2.2 Disbursement of funds to Implementing Agencies

(i) Releases to KOPGT for Oil Palm Activities.

In the financial year of reporting, a total of Ushs 4.919 billion (USD 1.94 Million) was disbursed to Kalangala Oil Palm Growers Trust (KOPGT) for smallholders/out growers' loan scheme activities, under VODP2. When added to the Ushs 5.564 billion (USD 2.84 Million) disbursed under the first phase of VODP, the total amounts to Ushs 10.483 billion (USD 4.78 Million) disbursed to Kalangala Oil Palm Growers Trust (KOPGT) as cash loans for farmers.

(ii) Input Loans.

A total of Ushs 6.458 billion (USD 2.67 Million) has been paid to OPUL directly for out growers development and supply of inputs to the smallholders under Phase 2. When added to the funds paid to OPUL under VODP 1 the total amounts to Ushs. 11.224 billion (USD 5.06 Million).

The total KOPGT loan portfolio (cash loans plus input loans) amounted to Ushs 23.1 billion of which Ushs 12.8 billion was paid from VODP 2 funds, as of 30th June 2012.

(iii) KOPGT operations

The Project released Ushs 408 Million for KOPGT operations during this financial year. This when combined with funds released under phase 1 brings the total to Ushs 2.012 billion as support from VODP for operational activities and payment of staff salaries. Table 7 below shows the disbursements made to KOPGT and KDLG for oil palm activities over the project life.

Table 7: Disbursements to Kalangala for Oil Palm Activities

Entity	VODP 1	VODP 2	Cumm to date
KOPGT operations	1,604,300,615	408,066,754	2,012,367,369
KOPGT loan (Cash)	5,564,354,360	4,919,389,900	10,483,444,200
KDLG	731,083,800	67,563,000	798,646,800
Total	7,899,738,775	2,282,351,746	12,495,811,569

(iv) Disbursements to Research Institutes under NARO

Ushs 120 Million was disbursed to COREC under VODP2 to cater for the existing oil palm research activities as a new MOU is worked upon.

Considering VODP1 and 2, a cumulative total of Ushs 2.403 billion has been disbursed to research institutes under NARO since 2000 as shown in Table 8 below.

Table 8: Funds disbursed to Research Institutes under NARO

Institute	VODP 1 Ushs	VODP 2 Ushs	Cumm to date Ushs
COREC	684,010,360	120,121,880	804,132,240
NaCRRI soya bean	544,434,561	0	544,434,561
NaCRRI essential oils	421,205,075	0	421,205,075
NaSSARI Sunflower, Groundnuts and sesame	632,841,110	0	632,841,110
Total	2,282,480,106	120,121,880	2,402,601,986

3.3 Overall financial performance: for the Period July 2011 to June 2012

The adjusted budget for the FY 2011/12 had a provision of **Shs 18.5 billion**, equivalent to **USD 8.04 million** to finance vehicle and equipment, other Civil Works, Smallholder Oil Palm Development, Consultancies, Workshops and Training, Extension Services, Salaries and Allowances; and Operating Costs. The overall budget performance was about 59% which increases to 62%, including the cost of services received from OPUL worth Ushs 0.6 billion that had not been paid by closure of the financial year. Below is an analysis of budget performance per financier:

IFAD Loan Variances

During the Year ended 30 June, 2012, a total of Shs 10.1 Billion was spent on project activities, representing a budget out-turn of 63.7%. Material variances are due to the following reasons

- i. Vehicles and equipment; Un utilization of funds is attributed to the fact that the project was under its start up phase without a procurement unit and sub contracts committee which made it had for the vehicles to be procured. These have been budget under the FY 2012/13.
- ii. Consultancies, workshops and training; The budget variance of 1.8 billion Uganda shillings relates to environmental impact assessment studies in Kalangala and Buvuma; project launch and oil seeds research activities which are to be undertaken next financial year 2012/13 since staff are now on board.
- iii. Extension services; The variance of shs 0.2bn is due to delayed recruitment of the project staff.
- iv. Salaries and allowances; The budget variance of Shs 0.4bn is due to delayed recruitment of staff.
- v. Operating costs; The budget variance of Shs 0.5bn is due to delayed recruitment of staff and setting up of the PMU.

GoU Counterpart variances

- i. Land Purchase; The variance of Ushs1.8bn is attributed to the late setup of PMU and delay in finalising the procurement process for the consultants to handle land acquisition/purchase process.
- ii. Consultancies, workshops and training; The variance in budget performance is due to delay in staff recruitment.

Table 9: 2011/2012 Budget performance by category (1st July 2011- 30th June 2012)

PROJECT EXPENDITURES:				
	Budget amount (Ushs)	Actual expenditure (Ushs)	Variance (Ush)	%age exp.
IFAD Loan				
Vehicle & Equipment	1,726,600,000	0	1,726,600,000	-
Materials	-	0	-	-
Pontoon Landing sites	-	0	-	-
Other Civil Works	60,000,000	44,527,500	15,472,500	74.21
Smallholder Oil Palm Development	8,983,515,500	8,107,090,960	876,424,540	90.24
Oilseed Guarantee		0		-
Consultancies, Workshops & training	2,480,199,159	507,443,105	1,972,756,054	20.46
Extension services	226,000,000	0	226,000,000	
Salaries and allowances	1,137,182,808	723,113,995	414,068,813	63.59
Operating Costs	1,275,781,550	743,939,754	531,841,796	58.31
	15,889,279,017	10,126,115,314	26,015,394,331	63.73
Government Funds				
Vehicle & Equipment	50,000,000	50,000,000	-	100.00
Materials				
Pontoon Landing sites				

Other Civil Works				
Smallholder Oil Palm Development	2,000,000,000	204,739,000	1,795,261,000	10.24
Oilseed Guarantee				
Consultancies, Workshops & training	35,562,520	15,945,045	19,617,475	44.84
Extension services				
Salaries and Allowances	91,435,585	83,567,433	7,868,152	91.39
Operating Costs	269,124,894	226,301,970	42,822,924	84.09
	2,446,122,999	580,553,448	1,865,569,551	23.73
Farmers' Funds				
Smallholder Oil Palm Development				
Salaries and allowances				
Operating Costs	165,677,464	165,677,464	-	100.00
	165,677,464	165,677,464	-	100.00
TOTAL PROJECT EXPENDITURES	18,501,079,480	10,872,346,226	7,628,733,254	58.77

Table 10: 2011/2012 Budget performance by component

Component description	Approved budget	Expenditure to date	%age
Oil Palm Development	14,295,013,093	9,441,491,663	66.05
Oil Seeds Development	969,734,569	1,457,000	0.15
Project Management	3,236,331,818	1,429,397,563	44.17
Total	18,501,079,480	10,872,346,226	58.77

3.4 Closing of VODP 1

VODP1 closed on 31st December 2012 and the Loan 442-UG was drawn down to zero as shown in the table below:

Table 11: Showing IFAD Loan NO.442-UG Status of the Loan Balances as at 30th June 2012

Cat	Category description	Original Allocation	Revised allocation	Disbursements	Balance	% age
I	Vehicles & equipment	2,570,000.00	2,400,000.00	2,179,052.05	220 947.95	90.79
II	Civil works	1,520,000.00	450,000.00	229 446.09	220 553.91	50.99
III	Incremental credit	2,970,000.00	0	0	0	
IV	Consultancy & studies	830,000.00	1,300,000.00	1 320 295.86	(20 295.86)	101.56
V	Operating costs	860,000.00	3,650,000.00	3 844 474.50	(194 474.50)	105.33
VI	Sector development fund	4,340,000.00	3,100,000.00	3,188,919.00	(88,919.00)	102.87
VII	Oil palm support		3,250,000.00	3 587 812.50	(337 812.50)	98.08
	Unallocated	1,260,000.00	200,000.00	0	200,000.00	110.3
	Total	14,350,000.00	14,350,000.00	14,350,000.00	0.00	100.00

3.5 PROCUREMENT

- VODP's Contracts Committee was legally constituted with 5 members. Procurement processes are expected to move faster with this committee in place.

3.5.1 Progress in the Procurement of Goods and Services

A detailed matrix showing the items, quantities, suppliers, estimated amounts, status and remarks) for all the supplies, consultancy services, micro-procurements and urgently needed items was prepared and attached as Annex 4.

- **Tipper trucks:** IFAD disapproved the evaluation report because the specifications in the Standard Bid Documents were for 4x4 not 6x6 trucks as service and maintenance costs will be high. The Chief Mechanical Engineer of Ministry of Works and Transport (MoWT) responded to the IFAD concerns and his response was submitted to IFAD for review.
- **Generator- KOPGT:** MAAIF Procurement and Disposal Unit (PDU) wrote to VODP to commit excess funds. The procurement is to be retendered because the Best Evaluated Bidder (BEB) price is much higher than the estimated price. In the meantime, KOPGT is to revisit the idea of increasing solar capacity alongside the generator.
- **Office accommodation:** The Solicitor General cleared contract signing for the office space.
- **Office furniture for the PMU:** Technical specifications were developed.
- **Micro-procurement:** Various items were procured under micro- procurement. These, among others consisted of motor vehicle tyres, printing of newspaper articles, assorted office stationery/equipment, printing of translated project brochures.

Consultancies/services

- **Land identification and acquisition:** Two consultants were contracted to acquire land for the project and these have embarked on the work in Kalangala and Buvuma. The two firms are a consortium of M/S S-M Cathan Property Consult, REEV Consult International and Firstland Surveyors.
- **Project Completion Report:** The draft inception report was discussed between VODP and Grand Consult on June 07, 2012.
- **Cadastral land survey and titling in Buvuma:** OPUL contracted Hub surveyors to expedite this process of the nucleus estate and work was initiated.
- **Environment and Social Impact Assessment study for Buvuma & Kalangala outlying Islands:** Financial evaluation was completed in April 2012 but the report noted that the Best Evaluated Bidder prices were much higher than the estimated prices for the work. MAAIF Contracts Committee advised the project to confirm extra funding.
- **Miller's Capacity study:** The study was completed and payments fully made.
- **Vegetable oil intake study:** The study was completed and payments fully made.

(ix) Challenges

- There are delays in the procurement process. The project proposes that the PMU should have delegated authority to confirm availability of funds (PP Form 20) for all procurement items.

ANNEX 1: MEMBERS OF THE PROJECT MANAGEMENT UNIT

	NAME	TITLE
1	Connie Magomu Masaba	Project Manager
2	Jackson Bwire	Financial Controller
3	Richard Nick Kabuleta	Monitoring and Evaluation Officer
4	Kabuye Kyofa	Oil Palm Coordinator
5	John A. Bananuka	Oil Seeds Coordinator
6	Naboth Katongole	Procurement Officer
7	Susan Lakwonyero	Credit and Finance Officer
8	Emmanuel Mukanga	Communication and Knowledge Management Officer
9	Emmanuel Ogwang	Hub-Coordinator- Arua
10	Samuel Tumwesigye	Hub-Coordinator- Lira
11	Charles Sembatya	Hub-Coordinator- Mbale
12	Richard Okedi	Hub-Coordinator-Gulu
13	Alex Nakuya	Office Administrator
14	James Kabumbuli	Accounts Assistant
15	Amuza Waigo	Procurement Assistant
16	Yusuf Mukalazi	Driver
17	Patrick Amanyu	Driver
18	Henry Ntale	Driver
19	Moses Odong	Driver – Appointment to be regularised
20	Isa Walusimbi	Driver – Appointment to be regularised
21	Michael Nambale	Driver – Appointment to be regularised
22	Florence Nayiga	Office Attendant – Appointment to be regularised
23	Patrick Olore	Office Attendant – Appointment to be regularised

ANNEX 2: RECOMMENDATIONS AND ACTIONS – SUPERVISION MISSION 4 – 16 DECEMBER 2011

	AGREED ACTION/RECOMMENDATIONS	AGREED DATE	RESPONSIBILITY	ACTION TAKEN
1	Full recruitment of all staff for VODP2 And the list of final candidates and 2 backup candidates be submitted to IFAD.	By 15 January 2012.	MAAIF	Staff recruited and reported on May 01, 2012.
2	Submission of a salary proposal to IFAD for VODP2 staff	By 15 January 2012.	MAAIF, IFAD country office,	Salary proposal for VODP2 staff was submitted and approved by IFAD
3	Names of the contracts committee for VODP2 should be sent to IFAD	By 30 January 2012.	MAAIF	Names nominated and contracts committee fully constituted
4	The draft for oil seeds and oil palm guidelines submitted by the PCO be refined by the VODP2 PMU staff after getting the technical staff on board	July 2012	PMU	On-going. The staff are reading through and updating the guidelines.
5	The project to request reimbursement of expenditures pre-financed by GOU.	By 1 January 2012	PMU	Initially withdraw applications submitted and the loan drawn down to 6,033.70 SDR. As of now, the entire loan amount has been reimbursed as of June 08, 2012.
6	To submit the no objection for the project completion report.	By 15 January 2012	PMU	Contracts signed with the Consultants, Inception Report submitted and discussed; comments raised by the PMU that are being considered by the Consultants.
7	The PMU should be dynamic in following up the land acquisition issues in court to expedite its resolution	Immediate	PMU	Issues taken over by Inter-ministerial team put in place to acquire land for the Ministry led by the Minister, LHUD, co- chaired by Minister, MAAIF and Supervised by Prime Minister. Surveys are on-going, Land Contracts were awarded to 2 companies to acquire land. Preparations underway for BIDCO to transfer equipment start nursery activities

				and set up operational base.
8	Progress on the evaluation of the Environmental and Social Impact Assessment bids by the MAAIF Contract Committee	Immediate	PMU	Technical and financial evaluation undertaken. Noted that the best evaluated bidder prices are higher than estimated. Estimated for Buvuma was 100,000,000 yet best evaluated bidder price was 388,186,058. For outlying islands in Bugala, estimated was 105,000,000 while best evaluated bidder price was 160,952,000. PMU considering re-tendering the studies
9	PMU Procurement Plan for KOPGT should include hanging office book cases, additional furniture, fireproof filing cabinets and normal filing cabinets, 15 laptop computers and three desktop computers. The PMU should immediately prepare the specifications and bidding documents for the procurement of the items above for itself and KOPGT. Procurement of the motorboat should be initiated immediately	Immediate	PMU/ KOPGT	Technical specifications have been raised. Other steps to follow. On the motor boat, technical specifications are being compiled in collaboration with Ministry of Works and Transport. Items included into the Procurement Plan
10	The PMU should request the Auditor General to audit both IFAD loans for FY 2011/ 2012. An external firm should be procured to undertake the first audit of KOPGT accounts with the draft terms of reference for the audit submitted to IFAD by mid-February	Submission of TOR: February 12, 2012; Advertisements: March 15, 2012; Contracting firm: May 30, 2012	PMU	Discussions have been held with the new External Auditor from the Auditor General's Office. A number of documents have been passed over to him for perusal. The final audit will be undertaken at the end of July 2012.
11	OPUL has started harvesting from out grower areas. The validation of farmer loans and the verification of information in KOPGT's accounting system is proceeding in a satisfactory manner and it is expected that KOPGT will start providing consolidated statements to farmers by March 15, 2012	March 15, 2012	KOPGT	Statements for the out growers have been printed out and the date of the meeting with the out growers is to be agreed and communicated. After the outgrowers block, the other blocks will follow in a simmillar roll out manner.

12	MAAIF should immediately work closely with Kalangala District Local Government to prevent the side selling of ffbs from becoming widespread as it will undermine the potential of KOPGT to achieve financial stability		MAAIF/KDLG	Sensitisation has been undertaken of all farmers on the need to abide by the agreements signed between KOPGT and the farmers and to discourage side selling. The operators of the mill sensitized about the situation and urged to alert KOPGT if oil palm is found both on the mill and the ship. Was discussed during the AGM and the farmers' leaders were requested to discourage their members from side selling and local processing which has issues of environmental mismanagement
13	Get the supplier(s)for the compactor and water bowser, from Kampala to go to the island to estimate the cost of restoring the equipment to working order and have the work required undertaken;	immediately	MAAIF, PMU	A water browser that is supposed to be pulled by a tractor and a water pump were procured and delivered to Kalangala. The district received funds from the road fund and part of this money is being used to repair the machines including a compactor
14	The five pieces of road equipment should be relocated to KOPGT for safe keeping, under a simple shelter;	Immediate	KOPGT	Issue discussed with the district and it was agreed that the equipment would continue to be managed by the district. District pledged to improve management of the equipment. Part of the money received from the road fund is being used to construct a permanent shelter for the road unit.
15	For the 800 ha which has been pledged by farmers since 2009, there is need to construct additional collection and access roads	Immediate	KOPGT/KDLG	Mapping of these roads is under way. The District Engineer will be contacted to inspect the sketches and construction will start once funds will be availed.

16	The critical 10 km for farmers who are already harvesting Should be completed, the remaining 30 km to be constructed, and the 40-60 km to be rehabilitated to bring the poor quality up to standard;	Immediate	MAAIF and IFAD	19.5 km of roads with size of 6 meters including the cumber, were constructed. However, it was raining heavily and this affected the shape in some areas, The offshoots in some areas were blocked by eroded soils. Rehabilitation /maintenance of the roads has not been undertaken but will be done when funds are available.
17	To design the road networks for the remaining 800 ha of farmer oil palm plantation on Bugala Island, Buvuma Island and also contract the road network for about 1800 ha on the outlying islands to the private sector for completion.	Immediate	MAAIF, PMU	Bidding documents submitted to the MAAIF contracts committee. MAAIF sought clearance from the MoWT, awaiting approval by the contracts committee.
18	The PMU to be strengthened by the recruitment of a roads civil engineer so that issues can be followed up promptly and effectively. The PMU should also follow-up for the recruitment of consultant civil engineering support for road design work.	by 30 March 2012	PMU	To be undertaken in the next financial year (2012/2013)
19	The IFAD Country Office to follow-up on issues noted above in order to help the PMU and the Ministry to find solutions and reach firm agreements in order to avoid negative publicity about the project.	monthly basis	IFAD Country Office	Working closely with the Communications Officer of IFAD.
20	The Ministry may wish to undertake an investigation about how the equipment came to be in the state in which it is.		MAAIF	Discussions held with district leadership who promised to construct a shade for the equipment and to abide by the MoU between the KDLG and MAAIF

21	The bid evaluation for the four dump trucks submitted by the PMU to the Ministry should be reviewed by the Ministry Contracts Committee so that the contract can be signed shortly thereafter. Island stakeholders should be informed about the expected delivery date of the dump trucks for their planning purposes.	by 20, January 2012	Ministry Contracts Committee	Bids evaluated, request for no objection sent to IFAD. IFAD raised concerns which were submitted to MoWT and an official response from MoWT has been submitted to IFAD. Awaiting IFAD response to the MoWT communication
22	KOPGT should improve its existing trailer to be able to carry 6 ton of ffbs, and OPUL should sell one of its trailers at a cost to KOPGT.	Immediate		KOPGT Tractor re-furbished and can now carry a load of 6 tons.
23	A system of warning drivers to be put in place when they are observed speeding, and sanctioning them after a certain number of warnings, with immediate dismissal for any overturns or accidents caused by speeding and careless driving. Speed governors should be a requirement on all trucks contracted by both OPUL and KOPGT for the transport ffbs and inputs on the island.	by 15 January 2012	KOPGT and OPUL	Drivers alerted on the need to observe safety measures and informed of the disciplinary measures put in place such as warning and dismissal
24	KOPGT to pay itself the cost of transport for inputs which will then be recorded on farmer loan accounts. The separation of transport costs from farmer loan advances and the deposit of cash on KOPGT's transport account is an internal accounting matter, and will require no change in the documentation submitted to MAAIF and IFAD. Supervision missions should cross check the cash amounts with the transport costs detailed in farmer loan accounts.	immediately	KOPGT	KOPGT started paying itself for transport incurred on inputs and harvests. Currently Ush 169.944 million has been transferred from the loan account to the operations account to meet the transport costs incurred in the transportation of fertilizers and seedlings.

25	KOPGT should introduce the above system starting immediately and apply it retroactively to input delivery costs.	1 November 2010	KOPGT	System implemented to recover transport costs and debit the respective farmers' accounts.
26	KOPGT should submit the first request for replenishment to the PMU. The initial funds generated from the cash payments for the transport of inputs should be used to repay the UGX 106 million to the KOPGT farmer loan repayment account and any remaining balances should be deposited into the transport operating account.	Not later 31 January 2012.	KOPGT	Due to Human Resource constraints, a full reconciliation of the initial funds used in FFB transport has not been completed. KOPGT has now recruited a Logistics Officer and a Credit Manager whose initial assignment will be in this direction. After a full reconciliation, then the monies will be recovered as recommended.
27	Two sources of income for the transport operations account: earnings from the delivery of ffbs and earnings from the delivery of inputs to be in place. The charges to farmers for each should be reviewed by the 5 th of every month to ensure that they cover costs and provide for equipment depreciation.	In the future	KOPGT	Reviews to the transport rates for FFB and farm inputs are done on a quarterly basis together with the farmers' leaders. KOPGT now has a services cost panel which will take on this role on a monthly basis. This will commence in July after the SCP is trained.
28	A savings account to be opened to save the money to replace vehicles at the end of their useful life. The amount covered by depreciation in the transport formula will be deposited into this savings account.	Immediately	KOPGT	An Investment Account was opened for KOPGT for the purpose of recovering some money from the FFB transportation charges as a saving for replacing the tipper trucks in future.
29	The previously agreed upon three-tier system of transport charges according to distance from the nucleus estate should be re-introduced	by 30 April 2012.	KOPGT	A four tier system of transport charges has been introduced by the KOPGT Secretariat since May 2012
30	A system of logbooks for fuel and distance monitoring will be introduced for KOPGT trucks,	by 15 January 2012	KOPGT	Done for all KOPGT Trucks, tractor and pick-ups.

	tractors and pick-ups.			
31	An accounts assistant for transport to be hired and financed out of the funds generated from transportation operations.	immediately	KOPGT	Not yet done. A new approach to transport charges has been suggested by KOPGT Management and the Board of Trustees ratified it on the 06/06/2012. The Accounts Assistant will be recruited for the 2012/2013 FY.
32	KOPGT trucks and pickups should carry comprehensive insurance and this costs should be included in the transport formular for trucks	immediately	KOPGT	Not yet done. KOPGT had not budgeted for this during this financial year. A budget line has been included in the 2012/2013 FY for this purpose. Once approved, the KOPGT through the Services Cost Panel (SCP) will call for quotes for the service.
33	The ceiling on advance to KOPGT to be raised to allow the clearing of the backlog. To expedite the processing of withdrawal applications, the statement(s) from Stanbic Bank confirming direct deposit by KOPGT of the cash advances into farmers accounts are adequate justifying documentation and farmer signatures should no longer be required.		MAAIF	Ceiling raised to Ushs. 2 billion each quarter. Submission of requests is with attachment of bank statements. The bank statements are used as justifying documents for requesting for replenishment of the imprest. Farmers' signatures are only used for the purposes of updating the loan ledgers.
34	Under VODP2 the service cost panel is composed of concerned local stakeholders (KOPGT board members, two farmer representatives and OPUL) and meets as needed. With the high inflationary environment and rapidly fluctuation UGX, the service cost panel should review prices frequently and adjust them as needed. Minutes will be kept of the meetings and made available to supervision missions.	frequently	PMU	Service cost panel set up by the KOPGT Management Board. It is composed of 2 farmers' representatives, 2 technical staff and a representative of OPUL. The panel will be trained by the VODP2 Procurement Officer.
35	The draft terms of reference for the first corporate audit should be submitted to IFAD for non-objection and advertised, so that the procurement	10 February 2012 15 March 2012, 15 May 2012.	PMU	A new approach to this recommendation was reached between, IFAD, PMU and KOPGT. The first step to achieve this

	<p>process can be completed promptly, and the bid evaluation with the selection of the firm submitted to IFAD.</p>			<p>recommendation was agreed to as the need to train KOPGT Technical Team in Finance Reporting using the IFRS approach. After the training, an external audit will then be undertaken.</p> <p>Draft terms for the consultant to give backstopping to KOPGT in preparation for International Finance Reporting Standards (IFRS), were finalised.</p>
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**ANNEX 3: PROGRAMME FOR LAND ACQUISITION AND COMMENCEMENT OF VODP 2 IN BUVUMA DISTRICT,
JUNE 2012 TO DECEMBER 2012**

	ACTIVITY	DATE	Jun	Jul	Aug	Sept	Oct	Nov	Dec	PLACE	RESPONSIBLE PERSONS	REMARKS
1	Press Conference on the project	Friday June 08, 2012								Buvuma	Ministers of Agriculture, Lands and Prime Ministers office, MPs and LC5 Chair	Awareness on the project created
2	Sensitization of stakeholders (local leaders opinion leaders and the public) at Kitamiro Health Centre IV	Friday June 08, 2012 at 11:00 am								Kitamiro, Buvuma	LC 5 Chairperson, RDC, MPS, VODP/MAAIF staff, Ministers of Lands and Agriculture, State House, Kalangala leaders	President directed that squatters will be offered 2 acres each, 1 for oil palm growing and the other for food security
3	Trip to Jinja by leaders of Buvuma district	Monday June 11, 2012								BIDCO	Ministers of Agriculture, Lands and Prime Ministers office, MPs and District leaders	Familirisation visit to the BIDCO Plant
4	Radio talk shows to sensitize the public	Start Monday June 11, 2012								Buvuma/ Buikwe/ Baba and Radio 2 (Kabozi FM)	MPs, LC5, District Agricultural Officer, VODP-MAAIF, BUL	Awareness on the project created continuously for 3 months. BUL offered to sponsor these shows
5	Identification of land for oil palm nursery	June to September								Buvuma	Surveyors, BUL, District Agric office, VODP-MAAIF	Nucleus estate start up activities commence

6	Routine sensitization of the public and meetings of land lords and tenants to agree on relocation	Monday 11th June to December 2012								At Parish and village level in Buvuma	District leaders, sub-county, surveyors, Parish and village leaders, area MPs, State House	Each piece of land already acquired will be handled individually
7	Identification and taking census of occupants/tenants and categorize them	June to December 2012								Buvuma	BUL, Surveyors, MLHUD, VODP-MAAIF, District leadership	Use Google maps or any other technology for the spartial images
8	Survey/ opening of boundaries and ascertaining bibanja sizes including census of those people occupying the land	June to September								Buvuma	BUL, Surveyors, MLHUD, VODP-MAAIF, District leadership, DISO, Chairperson LC 1, Area Land Committees	L.C officials should immediately register their tenants and ensure no new arrivals. Master Plan should be developed immediately
9	Valuation of the bibanjas for Compensation; and compensation of Bibanja owners	June to December								Buvuma	CGV, Surveyors, District Leadership, VODP-MAAIF	Either in form of cash or the equivalent in land
10	Surveillance and protection of the acquired land from encroachments	June-December								Buvuma	District leadership, Security agencies, Agriculture office, RDC, BUL	Start up activities for the nucleus estate commence
11	Land purchase to cover the 6,500 hectares	June 2012 to June 2013								Buvuma	Land consultants, Project office, District leaders and landlords	Due to environmental requirements, the project to acquire a total of 7,500 hectares to meet the 6,500 ha required land for the nucleus estate

12	Trip to Kalangala by local leaders	July 2012	9 th							Kalangala	District leadership, LC 3 Chairpersons-Buvuma, VODP, Kalangala District	This is the second trip
13	Moving of equipment	1 st July 2012								Kalangala-Buvuma	BUL	OPM should support the clearance of the ferry that is ready to start operations
14	Environmental, Social Impact Assessment	July to August								Buvuma	Consultants, VODP, BUL	EIA report completed
15	Identification and demarcation of land for relocating bibanja owners affected	July to December 2012								Buvuma	BUL, Surveyors, MLHUD, VODP-MAAIF, District leadership	Affected bibanja owners relocated to well organised, planned and built up areas, trading centres and landing sites.
16	Take over of lands that are free of encumbrance and construction of boundary roads	July to December								Buvuma	BUL, District agric office/project office, VODP-MAAIF	Access roads constructed
17	Parceling of the land for relocation into 2 acres pieces, ready for distribution to those affected by the project	August-September								Buvuma	Surveyors, BUL, District Agric office, VODP-MAAIF	1 acre for food crops and 1 acre for oil palm production
18	Provision of services (water, roads, houses, utility services) to the relocation areas	August to December								Buvuma	BUL, District, VODP-MAAIF	Project area serviced
19	Establishment of oil palm nursery	October to December								Buvuma	BUL, Leaders, District VODP-MAAIF	Multiplying seedlings

ANNEX 4: PROGRESS IN THE PROCUREMENT OF GOODS AND SERVICES

<i>Supplies</i>					
<i>Item</i>	<i>Quantity</i>	<i>Supplier</i>	<i>Estimated amount</i>	<i>Status(11.06.2012)</i>	<i>Remarks</i>
Tipper trucks	4	Kampala Nissan	1,144,000,000	BEB price (recommended) is CIP US\$434,800.	IFAD disapproved the evaluation report. Reason: specs in the SBD were for 4x4 not 6x6 trucks (service & maintenance costs will be high).chief mechanical engineer's (MOWT) response has been submitted to IFAD (copy attached) for review.
Generator for KOPGT	1	Nile fishing Co	28,00,000=	BEB price much higher than estimated price of UGX11,000,000=	MAAIF PDU wrote to VODP to commit the excess funds. This is to be re-tendered. Meanwhile KOPGT is to revisit idea of increasing solar capacity alongside generator.
Office furniture PMU	Various	To be awarded	69,000,000=	Awaits detailed specifications	Technical specs have been developed. Other steps to follow.
<i>Consultancy services</i>					
<i>Item</i>	<i>Qty</i>	<i>Supplier</i>	<i>Estimated amount</i>	<i>Status(11.06.2012)</i>	<i>Remarks</i>
Land identification and purchase	4,500 hectares	Firstland Surveyors		Contract signed 25.04.2012,Contract price is 844,880=/Ha	Consultant has embarked on the work in Kalangala and Buvuma.
Land identification and purchase	2,000 hectares	CB Richard Ellis		Contract signed 25.04.2012,contract price is 845,000=/Ha	Consultant has embarked on the work in Kalangala and Buvuma.

Project Completion Report	1	Grand Consult	95,000,000	Contract price is Shs 95,850,000	Draft inception report discussed between VODP and consultant on 7.06.2012
Cadastral land survey & titling in Buvuma	2,000 hectares	N/A	200,000,000=	MAAIF CC deferred approval of SBD	OPUL expressed interest in hiring their own surveyor. Discussions on-going on the issue and on TORs for the surveyor.
Environment and Social Impact Assessment study Buvuma	1	M/s Atacama	100,000,000	Financial evaluation completed April 2012. BEB price (UGX 388,186,058=) higher than estimated.	MAAIF CC advised VODP to confirm extra funding. IFAD mission to guide on way forward.
Environment and Social Impact Assessment study Outlying Islands in Bugala	1	M/s Asrdem ltd	105,000,000	Financial evaluation completed April 2012. BEB price (UGX 160,952,000=) is higher than estimated	MAAIF CC advised VODP to confirm extra funding. IFAD mission to guide on way forward.
Baseline study	1	N/A	115,000,000=	TOR to be developed	PMU Contracts Committee to handle
Road design- Kalangala outlying Islands	2	N/A	115,000,000=	Ministry of works & transport approved the TOR	Bidding documents prepared. Awaits approval by MAAIF Contracts Committee
MICROPROCUREMENTS					
Item	Qty	Supplier	Estimated amount	Status(11.06.2012)	Remarks
Motor vehicle tyres UG2118A	4	City tyres	1,874,000/=	Awaits issue of LPO	Initiated 22/12/2011 & Being handled by MAAIF PDU

Motor vehicle tyres UG1977A	2	Arrow Centre	1,438,000/=	Awaits issue of LPO	Initiated 17/02/2012 & being handled by MAAIF PDU
Motor vehicle tyres UG2078A	2	Arrow Centre	1,438,000/=	Awaits issue of LPO	Initiated 26/03/2012 & being handled by MAAIF PDU
Repair of Photocopier	1	MTA Computers	1,995,000/=	Awaits issue of LPO	Initiated 18/02/2012 & being handled by MAAIF PDU
URGENTLY NEEDED ITEMS (IFAD/MAAIF APPROVAL NEEDED)					
Item	Quantity	Supplier	Estimated amount	Proc. method	Remarks
Desktop Computers	12	N/A	41,400,000	Local shopping	IFAD approved in the July 2011-Dec 2012 Procurement plan
Laptop Computers	23	N/A	87,400,000=	NCB	IFAD approved in the July 2011-Dec 2012 Procurement plan
Office furniture	Assorted	N/A	68,000,000	NCB	IFAD approved in the July 2011-Dec 2012 Procurement plan
Office equipment	Assorted	N/A	69,000,000	NCB	IFAD approved in the July 2011-Dec 2012 Procurement plan
office stationery & cartridges	Assorted	N/A	18,000,000	Local shopping	Quarterly basis requirements. IFAD approved 2,520,000
Fire proof filing cabinets, filling cabinets & bookcases for KOPGT & PMU	Various	N/A	24,750,000=	Local shopping	IFAD approved in the July 2011-Dec 2012 Procurement plan
Motor vehicle tyres,	95	N/A	68,000,000=	NCB	IFAD not yet approved
Lorry tyres	35	N/A	35,000,000=	NCB	IFAD not yet approved
Motor Grader tyres	6	N/A	18,000,000=	NCB	IFAD not yet approved

Tractor tyres	4	N/A	10,000,000=	NCB	IFAD not yet approved
Motor boat-small (12-16 seater) Kalangala	1	N/A	218,500,000=	ICB	IFAD approved in the July 2011-Dec 2012 Procurement plan
Motor vehicles	11	N/A	885,500,000	ICB	IFAD approved 06 (02 –oil palm,04-hubs) in the July 2011-Dec 2012 Procurement plan
Medical insurance	1	N/A	90,000,000	Local shopping	IFAD approved in the July 2011-Dec 2012 Procurement plan
Office space for PMU-Jocasa Hse	1	Mr John Rwambuya	USD\$ 4600/month	Direct Procurement	Solicitor General cleared contract signing for additional office space. Contract for current space has expired, needs renewal. Both cost USD\$4600@ month.

Comment:

- IFAD approved all the above in the July 2011-Dec 2012 Procurement plan submitted previously except vehicle tyres and assorted office stationery which were erroneously omitted from the list.
- There is urgent need to address unnecessary delays in the procurement process. The best way forward is for PMU-VODP to have delegated authority to commit funds/confirm availability of funds for all procurement items, and sign contracts up to an amount of UGX 50M.

VEGETABLE OIL DEVELOPMENT PROJECT PHASE 2
IFAD LOAN NO. 806-UG
STATEMENT OF RECEIPTS AND PAYMENTS (BY CATEGORY OF EXPENDITURES)
FOR THE YEAR ENDED JUNE 30, 2012

	Notes	2011/12 Ushs	2010/11 Ushs	Cumm to date Ushs
Balance B/F	5	6,552,945,151	-	-
FINANCING				
<u>IFAD Funds</u>				
Initial Deposit	7	1,243,375,000	6,227,600,000	7,470,975,000
Replenishments to SA	7	3,575,847,089	-	3,575,847,089
IFAD Direct Payments	6	3,253,564,643	4,622,632,309	7,876,196,952
Government Funds	8	1,262,712,889	-	1,262,712,889
Farmers' contribution	9	264,127,856		264,127,856
Ex rate Gain/(Loss)	1(d)	(161,569,668)	325,444,793	163,875,125
TOTAL FINANCING		15,991,002,960	11,175,667,102	20,613,734,991
PROJECT EXPENDITURES:				
IFAD Loan				
1 Vehicle & Equipment		0	-	-
2 Materials		0		
3 Pontoon Landing sites		0		
4 Other Civil Works		44,527,500	-	44,527,500
5 Smallholder Oil Palm Development		8,107,090,960	4,622,632,309	12,729,723,269
6 Oilseed Guarantee		0		
7 Consultancies, Workshops & training		507,443,105	-	507,443,105
8 Extension services		0		
9 Salaries and allowances		723,113,995		723,113,995
10 Operating Costs		743,939,754	99,642-	744,039,396
Subtotal		10,126,115,314	4,622,731,950	14,748,847,264
Government Funds			-	
Vehicle & Equipment		50,000,000	-	50,000,000
Materials		0		
Pontoon Landing sites		0		
Other Civil Works		0		-
Smallholder Oil Palm Development		204,739,000		204,739,000
Oilseed Guarantee		0		
Consultancies, Workshops & training		15,945,045		15,945,045
Extension services		0		
Salaries and Allowances		83,567,433		83,567,433
Operating Costs		226,301,970		226,301,970
Subtotal		580,553,448	0	580,553,448
Farmers' Funds				
Salaries and allowances		0	-	-
Operating Costs		165,677,464		165,677,464
Sub total		165,677,464	-	165,677,464
TOTAL PROJECT EXPENDITURES		10,872,346,226	4,622,732,950	15,494,978,535
BALANCE C/F		5,118,656,734	6,552,945,151	5,118,656,734
Represented by				
Farmers loan Special account	5	3,013,476,287		
VODP operations Account	5	763,287,575		
VODP Special Account	5	1,234,879,011		
Sub accounts	5	107,013,861		
Total balance	5	5,118,656,734		

VEGETABLE OIL DEVELOPMENT PROJECT
IFAD LOAN NO.806-UG
STATEMENT OF RECEIPTS AND PAYMENTS (BY COMPONENT)
FOR THE YEAR ENDED JUNE 30 , 2012

	Notes	2011/12 Ushs	2010/11 Ushs	Cumulative to date Ushs
Balance B/F	5	6,552,945,151		0
FINANCING				
IFAD Funds				
Initial Deposit	7	1,243,375,000	6,227,600,000	7,470,975,000
Replenishments to SA	7	3,575,847,089	-	3,575,847,089
IFAD Direct Payments	6	3,253,564,643	4,622,632,309	7,876,196,952
Government Funds	8	1,262,712,889	-	1,262,712,889
Other Donors (Farmers' contribution)	9	264,127,856	-	264,127,856
Ex rate gain/(loss)	1(d)	(161,569,668)	325,444,793	163,875,125
TOTAL FINANCING		15,991,002,960	11,175,677,102	20,613,734,910
PROJECT EXPENDITURES:				
IFAD Loan				
Oil Palm Development		9,066,580,799	4,622,731,951	13,689,312,750
Oil Seed Development		1,457,000		1,457,000
Project Management		1,058,077,515		1,058,077,515
Sub total		10,126,115,314	4,622,731,951	14,748,847,265
Government Funds				
Oil Palm Development		209,233,400		209,233,400
Oil Seed Development		0	0	0
Project Management		371,320,048	0	371,320,048
Sub total		580,553,448	0	580,553,448
Farmers' funds				
Oil Palm Development		165,677,464	0	165,677,464
Oil Seed Development		0	0	0
Project Management		0	0	0
Sub total		165,677,464	0	165,677,464
TOTAL PROJECT EXPENDITURES		10,872,346,226	4,622,731,951	15,495,078,177
BALANCE C/F		5,118,656,734	6,552,945,151	5,118,656,734

VEGETABLE OIL DEVELOPMENT PROJECT
IFAD LOAN NO. 806-UG
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30 , 2012

	2010/11 Budget Ushs	2010/11 Actual Ushs	Variance Ushs	%age
Balance B/F	6,552,945,151	6,552,945,151	-	100.00
FINANCING				
<u>IFAD Funds</u>				
Initial Deposit	1,243,375,000	1,243,375,000	-	
Replenishments to SA	7,265,461,089	3,575,847,089	3,689,614,000	49.22
IFAD Direct Payments	7,154,442,928	3,253,564,643	3,900,878,285	45.48
Government Funds	2,446,122,999	1,262,712,889	1,183,410,110	51.62
Farmers' contribution	0	264,127,856	264,127,856	
Other Receipts (Ex rate gain)	161,569,668	(161,569,668)	-	100.00
TOTAL FINANCING	24,500,777,500	15,991,002,960	8,509,774,540	65
		-		
PROJECT EXPENDITURES:				
IFAD Loan				
Vehicle & Equipment	1,726,600,000	0	1,726,600,000	-
Materials	-	0	-	-
Pontoon Landing sites	-	0	-	-
Other Civil Works	60,000,000	44,527,500	15,472,500	74.21
Smallholder Oil Palm Development	8,983,515,500	8,107,090,960	876,424,540	90.24
Oilseed Guarantee	0	0	-	-
Consultancies, Workshops & training	2,480,199,159	507,443,105	1,972,756,054	20.46
Extension services	226,000,000	0	226,000,000	
Salaries and allowances	1,137,182,808	723,113,995	414,068,813	63.59
Operating Costs	1,275,781,550	743,939,754	531,841,796	58.31
	15,889,279,017	10,126,115,314	26,015,394,331	63.73
Government Funds				
Vehicle & Equipment	50,000,000	50,000,000	-	100.00
Materials				
Pontoon Landing sites				
Other Civil Works				
Smallholder Oil Palm Development	2,000,000,000	204,739,000	1,795,261,000	10.24
Oilseed Guarantee				
Consultancies, Workshops & training	35,562,520	15,945,045	19,617,475	44.84
Extension services				
Salaries and Allowances	91,435,585	83,567,433	7,868,152	91.39
Operating Costs	269,124,894	226,301,970	42,822,924	84.09
	2,446,122,999	580,553,448	1,865,569,551	23.73
Farmers' Funds				
Smallholder Oil Palm Development				
Salaries and allowances				
Operating Costs	165,677,464	165,677,464	-	100.00
	165,677,464	165,677,464	-	100.00
TOTAL PROJECT EXPENDITURES	18,501,079,480	10,872,346,226	7,628,733,254	58.77
BALANCE C/F	5,999,698,020	5,118,656,734	881,041,286	85.32

**VEGETABLE OIL DEVELOPMENT PROJECT
IFAD LOAN NO.806-UG
STATEMENT OF SPECIAL ACCOUNT ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Account No:
000100088340019
Bank: Bank of Uganda
Address: P.O Box 7120
Kampala

		USD	UShs
Opening Balance	Notes	499,980.00	1,387,078,679
Add:			
IFAD Replenishments:			
	WA No.		
	009	279,361.43	690,497,647
	011	500,000.00	1,243,375,000
		1,279,341.43	3,320,951,325.84
Bank Interests		0	-
Total		1,279,341.43	3,320,951,326
Deduct:			
Transfers to Operating Accounts:			
Date		Amount	
26/8/11		300,000.00	843,072,000
Feb-11		170,000.00	425,343,400
29/3/12		29,000.00	72,930,070
27/4/2012		280,000.00	701,358,000
		779,000.00	2,042,703,470.00
Expenses through the Special account			
Bank Charges		20	49,434
Bank Charges		20	49,735
Exchange Rate gain		0	33,251,428
Closing Balance as at 30/06/2011		500,301.43	1,234,879,011

**VEGETABLE OIL DEVELOPMENT PROJECT
IFAD LOAN NO.806-UG
STATEMENT OF SPECIAL ACCOUNT ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Account No:
000100088340020
Bank: Bank of Uganda
Address: P.O Box 7120
Kampala

	Notes	USD	UGX
Opening Balance		1,999,980.00	5,242,387,576
Add:			
IFAD Replenishments:			
WA No.		1,160,289.31	2,885,349,442
		3,160,269.31	8,127,737,017
Bank Interests		0	-
Total		3,160,269.31	8,127,737,017
Deduct:			
Transfers to Operating Accounts:			
Date		Amount	
May-11		367,528.15	1,000,000,000
Nov-11		384,647.93	1,000,000,000
21-12-11		423,958.75	1,000,000,000
26-2-12		763,228.48	1,919,389,900
		1,939,363.31	4,919,389,900.00
Expenses through the Special account			
Bank Charges		20	49,735
Exchange Rate gain/loss		0	(194,821,095)
Closing Balance as at 30/06/2011		1,220,886.00	3,013,476,287

**VEGETABLE OIL DEVELOPMENT PROJECT
IFAD LOAN NO.806-UG
STATEMENT OF SPECIAL ACCOUNT ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

ACCOUNT NUMBER: SPECIAL ACCOUNT No. : 000100088340019

Bank: Bank of Uganda

Address: P.O Box 7120 Kampala

Total advanced by IFAD	Initial deposit	Us\$	1,000,000
Less: total amount recovered by IFAD	Justifications	Us\$	0
Equals present outstanding amount advanced			
To the special account (number 1 less number 2)	Sa balance	Us\$	1,000,000
Balance of special account per attached			
Bank statement as of date: 30/06/2011		Us\$	500,321.43
Plus balance of the project account(s)	Only amounts relative	+us\$	304,604.10
Plus balance of sub-accounts	To IFAD	+us\$	36,963.20
Plus cash on hand	Funds	+us\$	0.00
Sub-total of 5:			341,567.30
Total of bank balances, pa, sub-accounts & cash in hand balance (4+5):		Us\$	841,868.73
Plus: total amount claimed in this appl. No.	WA reimbursement	Us\$	
Plus: total amount withdrawn from the SA	WA's pending for submission		
Special account/pa and not yet claimed (=3-4-5-8-11)		Us\$	479,397.09
Reason: eligible amount for which disb. Appl. Have not yet been prepared.			
Plus: amounts claimed in previous applications not yet credited at			
Date of bank statement and claimed after date of bank statement			
	Application no.	Date	US\$
			Amount
Subtotal of previous applications not yet credited			+us\$
Minus: interest earned			Us\$ 0.00
Total advance accounted for (no.4 through no.9)	Sa balance (should be the same as line 3)	Us\$	1,321,265.81
Explanation of any difference between the totals appearing on lines 3 and 10		Us\$	(321,265.81)
	Gou funds for land purchase ¹		(321,265.81)

DATE:

SIGNATURE:

VEGETABLE OIL DEVELOPMENT PROJECT
IFAD LOAN NO.806-UG
SOEs-WITHDRAWAL APPLICATION STATEMENT
FOR THE YEAR ENDED JUNE 30th , 2012

by Category of Expenditures (Ushs)

Category	WA 007	WA 008	WA 009	WA 010	WA 011	WA 012	WA 013	Sub total
Vehicle & Equipment								
Materials								
Pontoon Landing sites								
Other Civil Works								
Smallholder Oil Palm Development	1,566,523,773	268,780,062		2,963,332,887		1,295,665,295	122,595,513	6,216,897,530
Oilseed Guarantee								-
Consultancies, Workshops & training			258,271,076					258,271,076
Extension services								-
Salaries and allowances			241,929,385					241,929,385
Operating Costs			285,407,823	242,021				285,649,844
Initial deposit					1,243,375,000			1,243,375,000
Total (Ushs)	1,566,523,773	268,780,062	785,608,284	2,963,574,908	1,243,375,000	1,295,665,295	122,595,513	8,246,122,835
Total (USD)	616,283	113,894	279,361	1,160,289	500,000	523,876	49,569	3,243,273
Rejected	-	-	-	-	-	-	-	-
Net Reimbursed	616,283	113,894	279,361	1,160,289	500,000	523,876	49,569	3,243,273

VEGETABLE OIL DEVELOPMENT PROJECT Phase2(VODP2)
IFAD LOAN NO.806-UG
Status of the Loan Balances as at 30th June 2012
As per IFAD Records

Disbursement Categories		Original	Disbursement	Balance	%age
		Allocation			
		SDR	SDR	SDR	
Initai deposit			644,946		
Initai deposit			1,258,281		
1	Vehicles and Equipments	4,400,000		4,400,000	0.00%
2	Materials	1,430,000		1,430,000	0.00%
3	Pontoon Landing sites	820,000		820,000	0.00%
4	Other Civil works	1,310,000		1,310,000	0.00%
5	Smallholder Oil Palm Development	8,030,000	2,446,057.44	5,583,943	30.46%
6	Oilseed Guarantee Fund	920,000		920,000	0.00%
7	Consultancies, Workshops & Training	2,070,000	58,824	2,011,176	2.84%
8	Extension Services	6,200,000		6,200,000	0.00%
9	Salaries and Allowances	3,270,000	55,982	3,214,018	1.71%
10	Operating Costs	1,980,000	66,921	1,913,079	3.38%
	Unallocated	3,070,000		3,070,000	0.00%
TOTAL		33,500,000	4,531,010	30,872,216	13.53%

VEGETABLE OIL DEVELOPMENT PROJECT Phase2 (VODP2)
FAD LOAN NO.806-UG
Status of the Loan Balances as at 30th June 2012
As per Project Records

Disbursement Categories		Original	Disbursement	Balance	%age
		Allocation			
		SDR	SDR	SDR	
Initai deposit			644,946		
Initai deposit			1,258,281		
1	Vehicles and Equipments	4,400,000			
2	Materials	1,430,000			
3	Pontoon Landing sites	820,000			
4	Other Civil works	1,310,000			
5	Smallholder Oil Palm Development	8,030,000	2,825,888	5,204,112	35.19%
6	Oilseed Guarantee Fund	920,000			0.00%
7	Consultancies, Workshops & Training	2,070,000	58,824	58,824	2.84%
8	Extension Services	6,200,000			0.00%
9	Salaries and Allowances	3,270,000	55,982	55,982	1.71%
10	Operating Costs	1,980,000	66,921	66,858	3.38%
	Unallocated	3,070,000		55,982	0.00%
TOTAL		33,500,000	4,910,841	5,441,757	14.66%

The difference is due to direct payments WAs 12 and 13 in respect to OPUL that were processed by the Project and submitted to Ministry of Finance by June 30, 2012 but paid by IFAD in August 2012

MINISTRY OF AGRICULTURE ANIMAL INDUSTRY AND FISHERIES
VEGETABLE OIL DEVELOPMENT PROJECT (VODP)
IFAD LOAN NO.442-UG

Status of the Loan Balances as at 30th June 2012

Cat	Category description	Original Allocation	Revised allocation	Disbursements	Balance	% age
I	Vehicles & equipment	2,570,000.00	2,400,000.00	2,179,052.05	220 947.95	90.79
II	Civil works	1,520,000.00	450,000.00	229 446.09	220 553.91	50.99
III	Incremental credit	2,970,000.00	0		0	
IV	Consultancy & studies	830,000.00	1,300,000.00	1 320 295.86	(20 295.86)	101.56
V	Operating costs	860,000.00	3,650,000.00	3 844 474.50	(194 474.50)	105.33
VI	Sector development fund	4,340,000.00	3,100,000.00	3,188,919.00	(88,919.00)	102.87
VII	Oil palm support		3,250,000.00	3 587 812.50	(337 812.50)	98.08
	Unallocated	1,260,000.00	200,000.00	0	200,000.00	110.3
	Total	14,350,000.00	14,350,000.00	14,350,000.00	0.00	100.00