



The Republic of Uganda

**VEGETABLE OIL DEVELOPMENT
PROJECT- PHASE 2 (VODP 2)**

**ANNUAL REPORT
(JULY 2012 – JUNE 2013)**

Ministry of Agriculture, Animal

Industry and Fisheries

KAMPALA

SEPTEMBER 2013

SUMMARY OF PROJECT INFORMATION

IFAD LOAN NO: 806-UG

PROJECT NAME: Vegetable Oil Development Project -Phase 2

START DATE: 21st October, 2010

EFFECTIVENESS DATE: May 2012

ORIGINAL PROJECT LIFE: 8 Years

CLOSING DATE 21st October, 2018

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CURRENCY EQUIVALENTS

Currency Unit	=	Ugandan Shillings (UGSh)
USD 1.00	=	UGX 2,500.00
SDR 1.00	=	USD 1.6

WEIGHTS AND MEASURES

1 hectare (ha)	=	2.471 acres
1 kilogramme (kg)	=	2.208 pounds
1 kilometre (km)	=	0.62 miles
1 square kilometre (km ²)	=	0.38 square miles
1 litre (l)	=	0.22 imperial gallons
1 metric ton (mt)	=	2,208 pounds

ABBREVIATIONS AND ACRONYMS

AWP & B	Annual Work Plan and Budget
BOPGA	Buvuma Oil Palm Growers Association
BOPGT	Buvuma Oil Palm Growers Trust
CC	Contracts Committee
COREC	Coffee Research Centre
DAO	District Agricultural Officer
FFB	Fresh Fruit Bunches
FY	Financial Year
GIS	Geographic Information System
GPS	Geographic Positioning System
GOU	Government of Uganda
IFAD	International Fund for Agricultural Development
KOPGA	Kalangala Oil Palm Growers Association
KOPGT	Kalangala Oil Palm Growers Trust
M & E	Monitoring and Evaluation
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MoFPED	Ministry of Finance, Planning and Economic Development
MTEF	Medium Term Expenditure Framework
NAADS	National Agricultural Advisory Services

NaCRRRI	National Crop Resources Research Institute –Namulonge
NARO	National Agricultural Research Organization
NaSARRI	National Semi Arid Resources Research Institute – Serere
NEMA	National Environment Management Authority
NGO	Non-Governmental Organization
ONA	Over Night Allowance
OPUL	Oil Palm Uganda Limited
PDU	Procurement and Disposal Unit
PMU	Project Management Unit
SA	Special Account
SDA	Safari Day Allowance
SOE	Statement of Expenditure
UNBS	Uganda National Bureau of Standards
USD	United States Dollars
VODC	Vegetable Oil Development Council
VODP	Vegetable Oil Development Project

EXECUTIVE SUMMARY

The overall annual objective of the project for 2012/ 2013 was to roll out VODP 2 project activities under both oil palm and oil seeds components.

Under the oil palm consolidation and expansion in Kalangala, the project targeted to support smallholder farmers to plant 571 hectares of oil palm. In the period July 2012/13, the project registered 257 new smallholder farmers to participate in the oil palm component on Bugala and 427.3 new hectares of oil palm were planted. This achieved the targetted 3,500 hectares planted by smallholders with oil palm under VODP 1 (171 hectares) and 256.3 hectares as part of the VODP 2 target of 400 new hectares of oil palm planted by smallholders to achieve a total planting of 3,900 hectares on Bugala island. An Environmental Impact Assessment was also started by a private consultant to assess the effect of oil palm expansion onto the outlying islands of Bunyama, Bubembe, Funve and Bukasa.

Under the oil palm development in Buvuma, the project targeted to clear all encumbrances and hand over 2,800 hectares of land to the private sector partner, OPUL. In the period July 2012 to June 2013, 2,404 hectares were cleared of all encumbrances and were ready for the hand over to OPUL. The private sector partner (OPUL) however requested that the entire 6,500 hectares of land be acquired and cleared of encumbrances before they can receive it from Government of Uganda.

Under the oil seeds component, the project targeted to establish presence in the regional hubs of Northern Uganda, West Nile, Lira and Eastern Uganda Hub, complete the situation analysis of the oil seeds value chains and to start implementing activities to attract more investment in the oil seeds value chains. In the period July 2012 and June 2013, the project set up hub-offices in Gulu district for Northern Uganda hub, Arua district for Lira hub, and Mbale district for Eastern Uganda hub. The project also completed the oil seeds situation analysis which revealed that 663,481 households were engaged in sesame production, 83,000 households were engaged in sun-flower production, 104,107 households were engaged in soya bean production and 1,057,714 households were engaged in ground nuts production across the four regional hubs. The project also worked with 290 farmer groups

to set up farmer learning platforms on Pan 7033, AESAF-1H, EASAF 2H, New Sunfola, Sesun-1H and Sesun 2H under sunflower, Maksoy 1 N under soya beans and, Serenut 2 and Serenut 4 under Ground Nuts.

Under the Project Management component, the project targeted to coordinate project activities and ensure they are effectively and efficiently carried out. It also targeted to carry out Environment Impact Assessments (EIA) for oil palm expansion on the outlying islands of Bunyama, Bubembe, Funve and Bukasa in Kalangala, and, oil palm development on Buvuma islands. The project also targeted to complete the VODP phase 1 project completion report and set up a monitoring and evaluation framework for VODP 2. In the period July 2012 and June 2013, the project contracted private consultants to carry out the EIAs for the outlying islands of Kalangala and for Buvuma island, completed and submitted the Project Completion Report for VODP phase 1, revised the logical framework of VODP2 and profiled the performance indicators for VODP 2.

The project also drafted Terms of Reference for Baseline surveys, supported oil palm farmers to set up a SACCO, designed a communication and knowledge management framework, and, conducted HIV/AIDs and gender mainstreaming situation analysis. Under Procurement Management, the projects contracts committee was fully constituted and thirteen meetings were held which approved 96% of the projects annual procurement requests.

1.0. INTRODUCTION

1.1 BACKGROUND

The second phase of the Vegetable Oil Development Project (VODP2) was approved by the International Fund for Agricultural Development (IFAD) Executive Board in April 2010 and by the Parliament of the Government of Uganda (GOU) on 29 September 2010. GOU and IFAD signed the loan agreement in Rome on 21 October 2010.

The overall goal of the project 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 neighboring regional markets. This is being 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.

The project has three components; the Oil Palm Development Component, the Oil Seeds Development Component and Project Management.

Under the Oil Palm Component, the project has continued the partnership with Oil Palm Uganda Limited (OPUL) in Kalangala District and is consolidating the current gains in smallholder oil palm development while expanding the area covered to the neighboring outlying islands of Bunyama and Bubembe. The component is being expanded to Buvuma Island, and new areas for oil palm development are being identified.

Under the Oil Seeds Development Component, the project is supporting smallholder farmers and engaging other players to foster development of the value chains of sun-flower, soya beans, sesame and ground nuts. Interventions in this component are focused around Lira, Eastern Uganda, Gulu and West Nile hubs covering a total of 50 districts.

The Project Management Component ensures effective implementation of the Oil Palm and Oil Seed Components of the project.

1.2 OUTLINE OF THE REPORT

This report covers the activities of the project for the period of July 2012 to June 2013. It highlights the outputs of the project against the set annual targets, the innovations recorded during the year, the lessons learned and the challenges encountered. The report also presents some case studies specifically in the oil seeds components that are intended to show how the farmer learning platforms are progressing and the role they are playing in attracting more investment into the oil seeds sub-sector.

2.0 PROGRESS BETWEEN JULY 2012 AND JUNE 2013

Following the fulfillment of the disbursement conditions of the loan by Government of Uganda (GOU) in May 2012, all sections of the project spent the financial year 2012/ 2013 getting the project phase 2 under full implementation under the three project components. Below is a report on the progress of the activities carried out between July 2012 and June 2013.

2.1 The Oil Palm Development Component

In Kalangala district, the project targeted to plant 571 hectares of smallholder oil palm gardens which would achieve the remaining 171 hectares of VODP phase 1 target of 3,500 hectares planted by smallholder farmers and achieve the VODP 2 target of 400 hectares planted on Bugala island. The Project Management Unit (PMU) worked with Kalangala Oil Palm Growers Trust (KOPGT) to agree on the set targets and agree on the approach that will be pursued to achieve them. The target was disaggregated block and the roles and responsibilities of the different stakeholders towards achieving the set targets were identified. KOPGT generated an annual activity plan which guided implementation of the agreed activities. The KOPGT annual activity plan was made up of the activities extracted from the different departmental annual activity matrices.

In Buvuma district, the project targeted to continue the process of identification, clearing encumbrances and acquisition of land for the 6,500 hectares of the nucleus estate. The project set the target for land cleared of encumbrances by the end of the financial year to 2,800 hectares which would in turn be handed over to Oil Palm Uganda Limited (OPUL). The PMU together with Ministry of Lands Housing and Urban Development (MLHUD), undertook land surveys, boundary opening and valuation of property belonging to occupants on both public and mailo land acquired by the project.

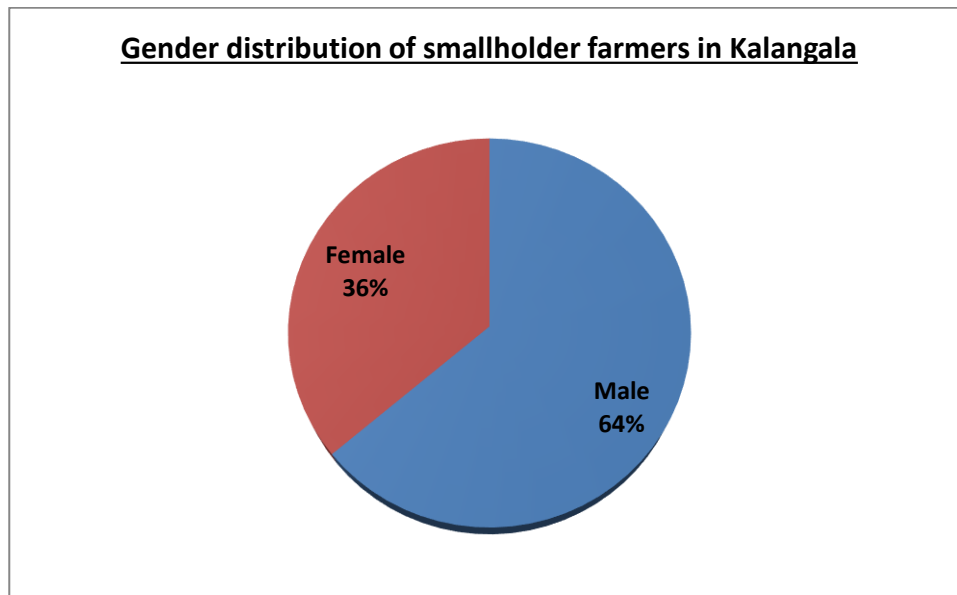
2.1.1 Kalangala Oil Palm Consolidation and Development

Progress under oil palm consolidation and development between July and December 2012 is as follows;

i) Farmers registered to participate in the smallholder scheme

During the July 2012 - December 2013 period, 257 new farmers with an average of 4 hectares each were registered into the smallholder scheme bringing the total number of farmers registered with the project to 1,610 farmers with 578 females. Figure 1 below shows the gender distribution of the smallholder farmers.

Figure 1: Gender distribution of the smallholder farmers in Kalangala



By block, 100 smallholders were registered in Bbeta East, 5 were registered in Bbeta West, 81 in Bujumba, 20 in Kagulube, 4 in Kalangala and 47 in Kayunga block. Table 1 below shows the trends of smallholders registered by implementing block.

Table 1: Number of smallholder farmers registered in Kalangala

Implementing Block Name	June 2011	December 2011	June 2012	December 2012	June 2013
Bbeta East	217	222	300	337	400
Bbeta West	268	274	288	320	293
Bujumba	159	160	185	235	266
Kagulube	167	169	186	201	206
Kalangala	153	153	159	159	163
Kayunga	209	210	235	271	282
Totals	1,173	1,188	1,353	1,523	1,610

ii) Planting Returns

- Of the targeted 571 hectares of oil palm gardens to be planted by smallholders on Bugala, 427.3 hectares were planted by June 2013 giving a 75% performance. Planting of the remaining 143.7 hectares was stopped because of a prolonged drought that started in June 2013. The seedlings to achieve the remaining 144 hectares were preserved for the second planting season starting August 2013. Table 2 below shows the planting returns as at June 2013.

Table 2: Hectares planted by Smallholder Oil Palm Growers in Kalangala per Block as at June 31, 2013

Block	June 2012	December 2012	June 2013	Ha planted between July 2012 and June 2013
Bbeta East	545.5	576	616	70.5
Bbeta West	699.7	715	747	47.3
Bujumba	465.5	513	577	111.5
Kagulube	296.2	331	358	61.8
Kalangala	441.3	462	483	41.7
Kayunga	534.5	555	629	94.5
Outgrowers	346.4	346.4	346.4	0
Total	3,329	3,498.4	3,756.4	427.3

Implementation of the agreed conditions for support to smallholder farmers as agreed during the December 2012 and March 2013 Implementation Support Missions was

initiated. Specifically, the project limited the total number of hectares that can be supported for each individual farmer to 10 acres (4 hectares) and adjusted the amount of funds for land clearing from Ushs. 400,000 per acre to Ushs. 350,000 per acre, maintenance from Ush 100,000 per acre to 75,000 per acre and weaned off the commercial farmers from the development loan including fertilizers on loan.

iii) Fertilizer application

255 MT of NPK Blue and 242 MT of NPK Super fertilizers were delivered by OPUL and distributed to smallholder farmers across the 6 implementation blocks. Table 3 below shows the fertilizer distribution by block.

Table 3: Fertilizer allocation by block

Fertilizer allocation (50 kg bags)		
Block	NPK Blue	NPK Super
Bbeta East	918	732
Bbeta West	1251	768
Bujumba	1048	361
Kagulube	614	312
Kalangala	466	929
Kayunga	689	952
Out growers	113	766
	5,099	4,831

iv) Farmer Trainings

In financial year 2012/13, some of the challenges registered during farmer visits included lack of sufficient knowledge about agro-chemical usage, fertilizer application and savings and credit. Civil Society in Kalangala were concerned that oil palm development activities were causing a risk of food insecurity on the island as oil palm farmers allegedly focus only on the growing of oil palm. The project therefore prioritized training in those areas.

Trainings on agro-chemical usage and fertilizer application were conducted for 1,145 farmers and 75 farm workers. By block distribution, 265 farmers were trained in Beta East; 187 farmers trained in Bujumba; 189 farmers were trained in Kagulube; 211 farmers were trained in Kayunga; 168 farmers were trained in Bbeta West; and 125 farmers were trained in Kalangala block. 12 farmers were trained on Pest Control in Beta East.

Trainings on savings and credit were conducted for 504 smallholder farmers spread across the 6 implementation blocks. 135 farmers were trained on how to carry out tree census, 278 farmers (161 males and 117 females) were trained on SACCO by-laws and the 6 block leaders and the KOPGA board were trained in Savings and Credit.

KOPGT and Kalangala District Local Government jointly trained 297 smallholder farmers (193 male and 103 female) in enterprise mix. This training was targeted to encourage oil palm smallholder farmers to grow food crops to ensure food security.

v) Out Growers Gardens

Meetings to facilitate the handover of the 346.6 hectares of out grower gardens from OPUL to KOPGT were held and hand over was effected on 1st October 2012. By December 2012, KOPGT had transferred 217.09 hectares to the owners while it maintained 129.31 hectares of the out grower plantations that the owners requested for more time before the hand over. By June 2013, all 346.6 hectares of outgrower gardens had been handed over to the owners. The outgrower gardens were included onto the harvesting schedules for the respective blocks.

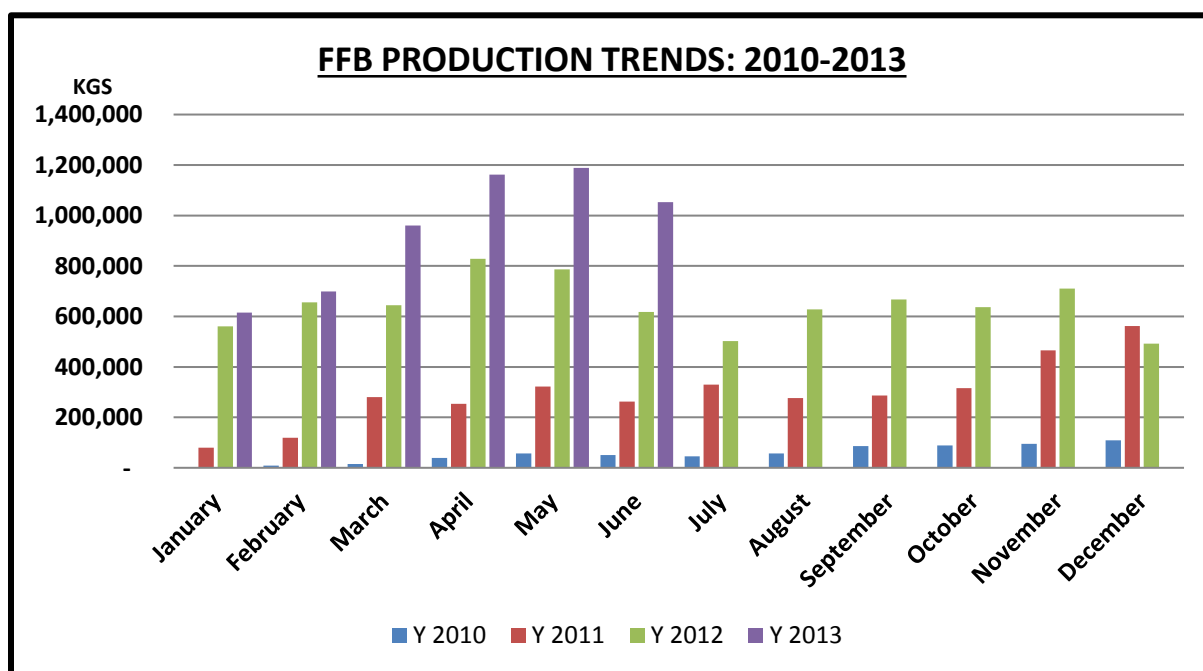
vi) FFB Harvests

- Hectares of oil palm being harvested by smallholders and out growers increased by 23, bringing the total number of hectares being harvested to 1,451 of which 228 are from out growers and 1,223 hectares are from smallholders.
- 9,312,645 kgs (9,312.7 Tons) of fresh fruit bunches (ffb) were delivered to the Palm Oil Mill (POM) from small holders and out growers gardens between July 2012 and June 2013. This brings the total of ffb delivered to the POM since harvesting started (between January 2010 to Jun 2013) to 17,614,458 kgs (17,614.5 Tons). The financial year harvest contributed 52% of all the fruits delivered to the POM since on set of milling in January 2010, indicating increase in productivity since the increase in the number of hectares under harvest was only 23 hectares. Details are shown in Table 4 below.

Table 4 showing fresh fruit bunch harvests trends by smallholder farmers

Production of oil palm fresh fruit bunches (kgs)				
	Y 2010	Y 2011	Y 2012	Y 2013
January	1,490	80,281	560,796	615,350
February	9,080	119,478	655,719	698,787
March	15,393	280,670	644,848	960,085
April	39,736	253,924	827,630	1,162,113
May	57,240	322,334	786,172	1,188,216
June	50,210	262,570	617,324	1,052,661
July	45,590	330,047	501,854	
August	57,083	276,397	627,690	
September	85,790	286,253	666,883	
October	88,088	316,285	636,410	
November	94,811	465,828	696,219	
December	108,969	561,777	492,362	
Total	653,480	3,555,844	7,713,907	5,677,212

Figure 2: FFB monthly production trends between 2010 and 2013



- The Oil Extraction Rate (OER) was revised from 17% to 18%. At the start of harvesting in 2010, the OER was 15% and has been improving with maturity of the plantations. This helped the smallholder farmers to get a higher price for

their fresh fruit bunch produce and therefore a higher income from their gardens.

vii) Price trends and Value of the Fresh Fruit Bunch Sales

The average price of ffb in the reporting period was Ushs. 401 (USD 0.16) per kg. The earnings by the smallholders and out growers between July 2012 and June 2013 were Ushs. 3,699,307,825 (USD 1.5 million) bringing the cumulative revenue earned by smallholders and out growers between January 2010 and June 2013 to Ush 7,153,563,592 (USD 2,861,425.4).

Table 5: Monthly value of production for the FY 2012/2013

Year	Month	Price (Ushs)	FFB harvests (Kgs)	Value of production (Ushs)
2012	July	428	501,854	214,793,512
	August	436	627,690	273,672,840
	September	468	666,883	312,101,244
	October	465	636,410	295,930,650
	November	422	710,234	299,718,748
	December	411	492,362	202,360,782
2013	January	340	615,350	209,219,000
	February	369	698,787	257,852,403
	March	378	960,085	362,912,130
	April	371	1,162,113	431,143,923
	May	358	1,188,216	425,381,328
	June	365	1,052,661	384,221,265
	Total			9,312,645

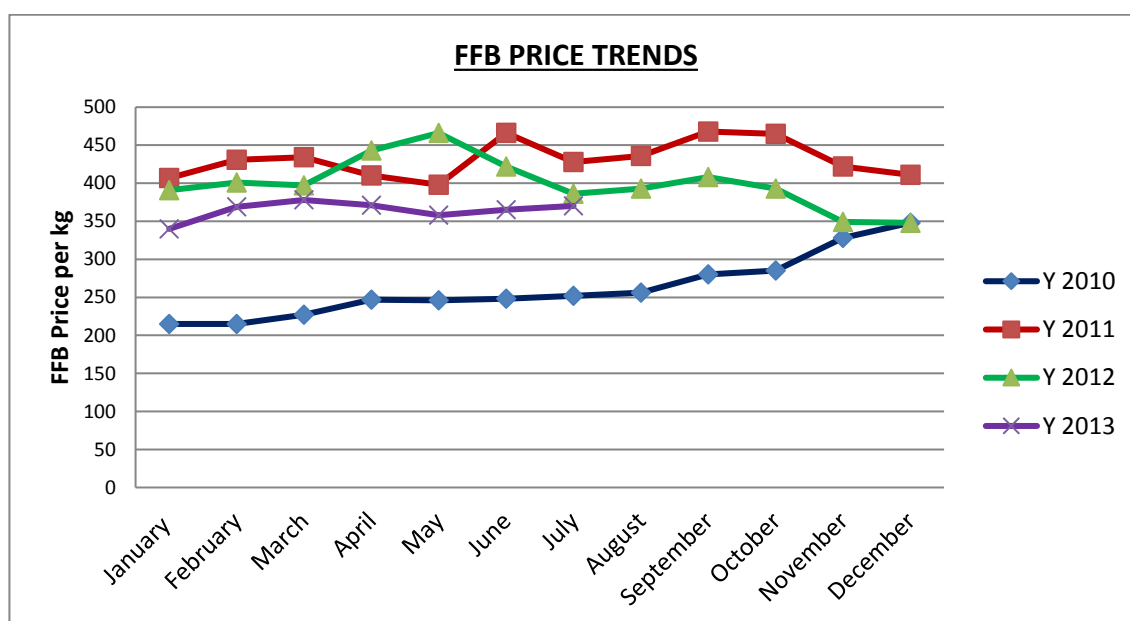
As shown in table 5 above, the highest price for each ffb kg was 468 in September 2012 while the lowest price for each ffb kg was Ushs. 340 in January 2013. In 2011, because of the high international crude oil prices, the average ffb price in Kalangala was Ushs. 431 making 2011 average price the highest between 2010 and June 2013. Table 6 below shows the annual average price per kg of ffb delivered to the mill by smallholder farmers.

Table 6: Annual average ffb price per kg of ffb delivered to the mill

Year	Average Price
2010	262
2011	431
2012	400
2013	364*
*Only covers the period January to July 2013	

Figure 3 below shows the monthly price fluctuations between January 2010 and July 2013.

Figure 3: FFB price trends from January 2010 to July 2013

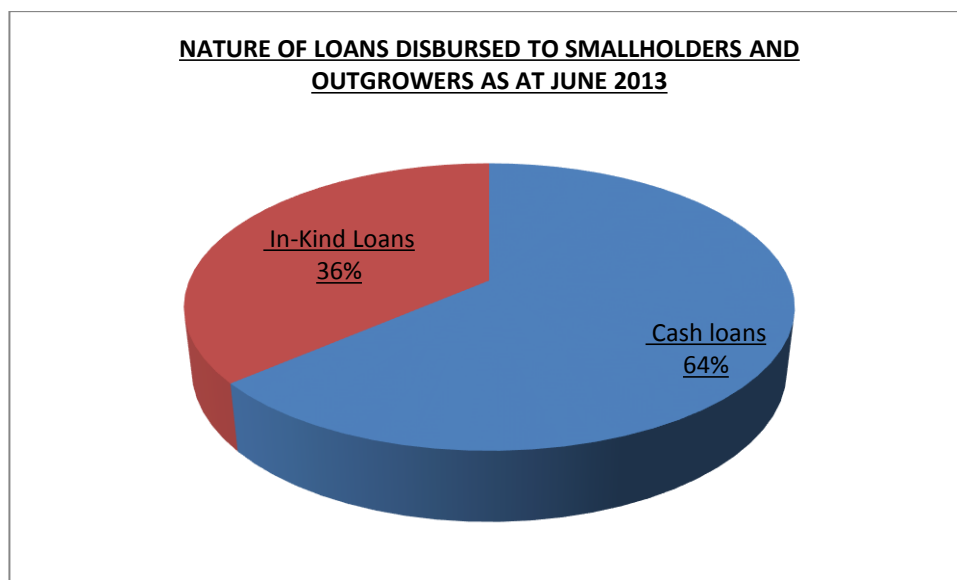


viii) Farmers' Loans Status

- Between July 2012 and June 2013 a total of Ushs. 4.6 billion (USD 1,840,000) was disbursed to smallholder farmers in cash. The total smallholders/ outgrowers loan portfolio as at June 2013 was Ushs. 27,380,094,417 (USD 10,530,805). Of this, 35% of the loans were in kind, in terms of seedlings, fertilizers, agricultural

chemicals and services, while 65% was in cash to farmers for land clearing, crop establishment and maintenance.

Figure 2: Nature of loans distributed to the smallholder farmers



- Farmer repayment of the loans between July 2012 and June 2013 was Ushs. 748,356,913 (USD 299,343). The total recovered loan amount between January 2010 and June 2013 stands at Ushs. 1,703,684,265 (USD 681,474) which accounts for about 6% recovery. Table 7 below shows the loan repayments by smallholders and out growers between January 2010 and June 2013.

Table 7: Loan repayments by smallholders and outgrowers in Kalangala

Summary of loan repayments made by smallholder farmers between January 2010 and June 2013			
Year	Period	Recovered Amount (UShs)	Recovered in USD
2010	January - December	25,993,654	10,397
2011	January - December	435,133,731	174,053
2012	January - December	898,831,216	359,532
2013	January - May	776,095,700	310,438
Total	January 2010-June 2013	2,136,054,301	854,422

ix) Loan tracking and weaning farmers off the development Loan

- All farmers in Kalangala, Bbeta West, Kayunga and Kagulube have received their updated loan statements. Each farmer was provided two statements; one on all the cash and inkind loans, and the other on the deductions from their ffb harvests. The farmers are now providing feedback to the Credit Office on their loan statements. The process was generally well appreciated by the smallholder farmers and they are now well informed about the performance of their loans.
- 135 hectares were weaned off the maintenance loan bringing the total number of hectares weaned off the maintenance loan to 1,189.6 hectares (plantings of 2005, 2006, 2007 and 2008).
- 274 hectares (plantings of 2005 and 2006) were weaned off the fertilizer loan (over 6 years of plant growth). Compulsory deductions for the purchase of fertilizer for the 274 hectares weaned off fertilizer were approved by the KOPGT board.
- 135 hectares were weaned off the maintenance loan bringing the total number of hectares weaned off the maintenance loan to 1,189.6 hectares (plantings of 2005, 2006, 2007 and 2008).
- 274 hectares (plantings of 2005 and 2006) were weaned off the fertilizer loan (over 6 years of plant growth). Compulsory deductions for the purchase of fertilizer for the 274 hectares weaned off fertilizer were approved by the KOPGT board.
- Farmers in the commercial stage access fertilizers on credit and sign an invoice with KOPGT detailing the payment modalities of 3 installments- payments are deducted at source. Deductions are beginning with September sales

ix) Road to Self Sustainability of KOPGT

- A Business meeting was held to discuss the sustainability of KOPGT and the Oil Palm Project in Kalangala. It was agreed that by September 2013, there should be a short term business plan, a long term business plan and a restructuring plan. It was also agreed that affirmative action should be part of the KOPGT business strategy.
- The Cost Service Panel of KOPGT underwent induction training on procurement best practices to pave its way towards sustainability.
- The KOPGT staff had a team building workshop where the KOPGT restructuring arrangements were discussed and actions to ensure a smooth transition were agreed.

- In general, KOPGT is on track to self-sustainability. In the financial year 2013/14, this more effort will be made to complete the business plan and business strategy for KOPGT.

x) Collection/Link Roads and Farm Roads Construction and Maintenance

The annual target for construction of collection roads/ link roads and farm roads to facilitate the collection of smallholder farmers fresh fruit bunches was 40 kms. The achievements are as follows;

- 40.5 kms of new roads were opened, graded and shaped. Of these, 16 kms were opened up in Kagulube and Kalangala blocks, 10 kms in Bujumba block, 9 kms in Bbeta East block while 5.5 kms were opened up in Betta West Block. The new roads now await application of murrum and compacting to ensure that they are all weather roads.
- 21 kms of roads were maintained including Buziga-Kasekulo, Kasekulo, Banga-Kagolomba, Dajje and Betta Sensero.
- Progress on road construction was affected by a challenge of shortage of fuel and heavy rains on the island.

x) Fertilizer Store and Farmers Hall

- Bills of quantities and designs for the KOPGT fertilizer store and farmers' hall were revised and were ready for submission to Contracts Committee for further action. The priced bills of quantities were estimated at over Ushs. 1.6 billion.

2.1.2 Buvuma Oil Palm Development

In Buvuma district, the project targeted re-survey, clearing of encumbrances on land already acquired, identifying and acquiring more land to enable the handover of 2,800 hectares of land to the private sector partner, Oil Palm Uganda Limited (OPUL). To this effect, the project worked closely with Buvuma District Local Government to expedite the acquisition, boundary opening, survey and valuation of the land of potential public land. Sensitization meetings were held with landlords, tenants and bibanja holders to enable the re-survey of previously purchased land by the project. The progress in the Buvuma oil palm development project between July and June 2013 is as follows;

i) Land Acquisition

- The project held 4 Buvuma land acquisition – contract management meetings which discussed the progress by the project consultants on land acquisition. The meeting agreed that to expedite the land acquisition process, the consultants should facilitate negotiations between land lords willing to sell land to the project and their tenants, consultants should protect the land after agreements have been signed with land lords and Consultants should develop terms of reference on how to work with the Chief Government Valuer on valuation of properties of tenants on private mailo land.
- Buvuma District Local Government offered 1,834 hectares of public land to the project.
- The Project Consultants identified and held negotiations for 4,330 hectares of mailo land whose owners were willing to sell their land to the project. Table 8 below provides a summary of the status of land acquisition as at the end of June 2013.

Table 8: Status of land acquisition in hectares for the nucleus estate in Buvuma District.

	Available (free of encumbrances)	Identified (surveyed)	Potential (not yet surveyed)	Total
Mailo land	1,604	2,200	3,926	7,730
Public land	800	1,034	0	1,834
Total	2,404	3,234	3,926	9,564

- The mailo land (7,730 hectares) includes the 3,400 hectares of land earlier purchased by the project from willing mailo land owners and the 4,330 hectares identified by the project consultants. Of the 4,330 hectares identified by the project consultants, negotiations have been completed for 404 hectares and a request for payment has been prepared for submission to MAAIF.
- Identification of land is beyond the 6,500 hectares for the nucleus estate as agreed between Government of Uganda and Bidco Uganda Limited to cater for the environmental buffer zone and unplatable land.
- The land found to be free of encumbrances was handed over to OPUL which opened up boundary roads on 800 hectares in Buvuma Town Council and Nairambi

sub-county. These were composed of 640 hectares of the former public land and 160 hectares of the mailo land purchased by the project. However, this process was halted because of the need to conclude the environmental and Social Impact Assessment (ESIA) study.

ii) Compensation of Tenants on Public Land

- The project facilitated officers from the Chief Government Valuer's Office to carry out a valuation exercise for 168 tenants on 607 hectares of public land in two lots. The valuation reports were completed and disclosure exercises were carried out for the tenants to know the results of the valuation exercises.
- Lot 1 that covered 50 tenants on 252 hectares of public land was valued at Ushs. 374,460,900 and all the tenants were compensated.
- Lot 2 covered 118 tenants on 355 hectares of public land and was valued at Ushs. 1,882,144,936 of which compensations worth Ushs. 1,299,948,387 were made. The tenants who were not compensated had missing information which the project is working on to rectify.

iii) Mobilization and Sensitization Activities

- Sensitized 125 tenants (96 Males and 29 Females) on the compensation process and proper utilization of money in the villages of Buyando, Nkusi A, Ndaiga, Bukula and Bugema
- Identified 160 hectares of public land in the villages of Bukambe, Nkusi B, Buliba, Bubere, Lunyanja etc.
- Facilitated the surveillance of already compensated land to secure it from further encroachment in the areas of Kabugombe, Bukoba, Ndaiga, Buvuma Town Council, Buyando, Nkusi A, Bukula and Bugema
- 40 meetings were held to settle wrangles between landlords willing to sell mailo land to the project and the tenants on their land
- Established a district technical steering committee responsible for the planning and steering of the project technically. This is composed of Chief Administrative Officer (CAO), District Production Officer (DPO), District Agriculture Officer

(DAO), District Natural Resources Officer (DNRO), District Engineer (DE), District Environment Officer (DEO), District Forest Officer (DFO), District Planner(DP), District Community Development Officer (DCDO) and Head of finance (HF).

- Held 6 radio talk shows on Baba FM on oil palm activities in Buvuma
- Held quarterly review meeting in which priorities for the new FY year were drawn.

iv) Challenges faced in land acquisition

- Many of the land titles are in the names of deceased persons and therefore require to be updated. The process of updating the land documents is lengthy and fairly complex for some of the beneficiaries.
- After valuation of the public land under the 1st lot was carried out, a group of individuals claimed that the land had been earlier leased to them. The public land was registered under Uganda Land Commission in 1968. The group of individuals claim that the land title was transferred from Uganda Land Commission to them in 2011 by Mukono Lands Office. The case is now being pursued in the courts of law.
- There is a concern by the Chief Government Valuer about the fluctuating prices of land especially now that the acquisition process has been delayed.
- Most of the land has tenants that have to be compensated before land can be availed to the project. This has made the cost of land acquisition high.
- In some cases the tenants are hostile to the surveyors, making the boundary opening slow.
- Most of the tenants on the land are not known by the land owners as they settled on the land illegally making it difficult for the landowners to appreciate why they should compensate them given that they are trespassers as according to the landlord.
- Political interference in land acquisition has affected progress.
- Some of the land acquired is rocky and unplatable
- New settlements on the land acquired is a pausing a new challenge to the project

2.2 The Oilseeds Development Component

In financial year 2012/ 13, the project targeted to establish its presence in the four regional hubs and set up offices in each hub so that the Hub-Coordinators move from the PMU to their areas of operation. The project also targeted to carry out and complete the oil seeds situation analysis, to recruit pay for service providers to provide extension services to smallholder farmers, and to work with farmer groups to set up 330 farmer learning platforms. The progress under the oil seeds component between July 2012 and June 2013 was as follows;

2.2.1 Establishment of project presence in the regional hubs

- Introductory visits were carried out in the four regional hubs. During the visits, the Hub-Coordinators met key district production staff members, specifically District Political leaders, Chief Administration Officers, District Production Officers, District Agricultural Officers, District Commercial Officers, and District NAADS Coordinators among others. Information was gathered about staffing levels especially in the production department and relevant units, district profiles, key oil seeds value chain actors, priority oil seed crops, input dealers, potential service provider and financial institutions.
- The teams scouted and identified potential VODP2 Hub premises for further consideration through procurement processes. This was followed by development of an evaluation criteria which was used to evaluate the potential premises, including a technical report prepared by the District engineer. The evaluation reports, together with the District engineer's report were used to prioritize and recommend at least 2 premises in each hub to the procurement sub-committee. The best offices in each hub were selected and contracts were signed in January 2013, which allowed their occupation in early February 2013.
- The project selected 29 districts to engage in the initial oil seed component activities and to operationalize the relationship between the PMU and the District Local Governments. Terms of Reference for District Focal Point Officers were developed and communicated to the Local Governments. Basing on these, the Chief Administrative Officers (CAO) in liaison with the District Production Officers of

each of the selected 29 districts nominated focal point officers who will be overseeing VODP 2 activities on behalf of the CAO.

2.2.2 Situation Analysis

The PMU carried out a rapid situation analysis in each of the regional hubs to identify existing farmer groups, assess availability and capacity of public and private extension service providers, agro-input dealers, traders, millers and processors, and gauge the capacity of NaSARRI and NaCRRI to develop and release improved varieties.

i. Approach to the situation analysis

The project used key informant interviews with District Local Governments, processors, input dealers, value chain financing actors, farmer groups, Associations, NGO's, exporters and research institutions. The project also held focus group discussions, reviewed secondary data sources and held individual farmer and household interviews.

ii. Number of households engaged in oil seeds farming:

The project reviewed the OSSUP survey of 2012 and below is table 9 showing the findings.

Table 9: Number of households engaged in oil seeds farming in the regional hubs

Enterprise	Sesame	Sunflower	Soya bean	Ground nuts
Region				
Lira	287,678	75,000	26,972	190,499
Gulu Hub	52,656	1,000	25,450	262,462
Eastern	54,466	7,000	48,000	443,575
West Nile	268,681	NIL	3,685	161,208
TOTAL	663,481	83,000	104,107	1,057,744

Source: OSSUP Survey, 2012

iii. Findings on the capacity needs assessment of farmer groups

From the discussions with stakeholders, the project identified the key group development needs and required actions to improve the performance of the farmer groups as detailed below:

- Legal issues: Majority of the stakeholders noted the need for democratically elected leadership, support in constitution making, and formal registration at sub-county and district level.
- Group capacity building: farmer groups need more training on group mobilization for sustainability and group planning.
- Group management and enterprise development: farmer groups need more capacity building on group identification, training, market research, promotion of group produce and marketing.
- Enterprise development: farmer groups need more capacity building on group identification, training in enterprise development, market research, promotion and marketing.
- Other services: farmer groups need more capacity building on recommended animal feeding practices, crop production practices, bulking and secondary processing.

iv. Findings on the status of agro-input dealers

- Their presence is more in district capitals and rural trading centres
- Vendors direct capital to fast moving stocks such as maize seeds, vegetable seeds and agro-chemicals for crop and agro-vet.
- Oilseeds are in limited supply at retail outlets
- There is presence of unregistered dealers which poses a risk of counterfeit and adulteration of inputs
- Many farmers are still resorting to home saved seeds
- There is re-emergence of crop diseases such as ground nuts rosette disease, maize virus disease on maize and pests, a phenomenon partly attributed to the use of recycled seed
- Some vendors provide extension services.

v. Farmers’ position in the value chain and Distribution of oil seeds processors in the regional hubs

It was reported that majority of the farmers are disadvantaged along the value chain and are at the mercy of traders /middlemen and oil processors who buy their grain at give-away prices. Groups interviewed reported that farmers are eliminated from the marketing chain. They reported that the traders and processors determine prices for the grains. It was noted that the districts do not have any pricing mechanisms in place that help farmers to determine their prices. Table 10 below shows the distribution of processors in the regional hubs.

Table 10: Distribution of processors in the oil seeds regional hubs

Company	Crops of interest	Areas of operation
Mukwano	Sunflower, Soybean	Lira /Lango/Masindi region
Mt. Meru	Soybean, Sunflower	Lira
Seba Foods	Soybeans	Eastern Uganda
PIKWI	Sunflower	Bukedea
Rafiki	Sunflower	Eastern Uganda
Olam	Sunflower	Gulu region
Nile-Pro	Sunflower	Pader & West Nile

Source: Situation Analysis Reports

vi. Key opportunities, challenges and proposed interventions

a) Opportunities in the Oil Seed Implementation Areas

- District Local Governments and other actors along the value chain welcomed the project and showed willingness to partner with the project to transform the livelihoods of the rural poor.
- The demand for oil seed grain, products and bi-products locally, regional and internationally was very high
- There was high potential for increased production and productivity using improved technologies for two seasons each year.
- There was a high potential for enterprise mix especially linking the sun-flower value chain to apiary and animals/ poultry. Stakeholders acknowledged that these enterprises supported each other and would enable the farmers to earn more income.

b) Challenges in the Implementation Areas

- Lack of access to affordable quality seed by the majority of rural farmers
- Absence of strong farmer groups in some areas
- Sun-flower, soya beans, sesame were not priority enterprises selected by farmers under the NAADS enterprise selection which could limit synergies with the NAADS programme.
- There was a high level of farm-gate price instability and unbinding contracts between farmers and processors.
- The conditions for loan products were unfavorable due to lack of security and failure by farmers to start repayment immediately.
- Poor postharvest handling coupled with inadequate storage facilities both at farm and miller levels which forced farmers into early produce sales and accepting low prices for their produce.
- Few value addition industries and processors especially in the upcoming hubs of Eastern, West Nile and Gulu.
- Few extension workers in the districts and lower local governments especially the newly created districts.
- Lack of spare parts of oil seed processing machinery which limits efficiency by low and medium scale millers.
- Unpredictable weather which affected production and productivity.
- Internal weaknesses in farmer groups that hindered effective performance and members' development.
- Lack of product certification and proper labeling by small scale processors which made their products uncompetitive.

c) Proposed Interventions to Address some of the Challenges

- The PMU will undertake stakeholder sensitization meetings in the four hubs to mobilize and engage stakeholders for the start-up activities.
- The PMU is to finalize and formalize the VODP 2 working relationship with Local Governments in the targeted districts through MOUs and integration into Local Government activities for ownership and sustainability of the interventions.
- Mechanisms for seed multiplication and distribution of affordable improved seed will be explored.

- There are plans to roll out capacity building programmes with service providers and strengthen existing farmer groups for effective internal organization, operations and management to improve their performance and members' development.
- The project will expedite the orientation of district focal point officers to work with the hub coordinators for planning, farmer mobilization, monitoring and evaluation, and reporting.
- To the project will develop a creative credit and financing model for the emerging oil seed value chain.
- The Project will operationalize the Hub technical working groups (TWGS) to plan, oversee and monitor project activities in the relevant hubs.

2.2.3 Farmer Learning Platforms for Season A, 2013

The project developed an oil seeds roll out plan for implementation of field activities that commenced in Season A of 2013. From the 29 districts selected for startup activities, 290 out of the targeted 330 (87.9% achievement) farmer groups were identified for engagement, their capacity to host a farmer learning platform was assessed and together with the District Focal Point Officers (DFPOs), they were prepared to host the technology demonstrations. The objectives for the farmer learning platforms were;

- To identify key value chain stakeholders with the best seed varieties for each of the four oil crops for production and processing in each of the hubs.
- To develop understanding and triangular commercial relationship between farmers, agro-dealers and processors
- To develop follow-up activities for the improvement of access to quality seed.
- To make presence of the project in the districts of operation.

Table 11: Oil seed varieties demonstrated in Season A, 2013

Crop	Varieties	Supplier
Sunflower	PAN 7033	A.K. Oils & Fats
	EASAF-1H	East African Seeds Ltd.
	EASAF-2H	East African Seeds Ltd.
	New Sunfola	UOSPA
	Sesun-1H	UOSPA
	Sesun-2H	UOSPA
Soybean	Maksoy 1N	Pearl Seeds Limited
Groundnuts	Serenut 2	Pearl Seeds Limited
	Serenut 4	Pearl Seeds Limited

The project provided some agro-input to the farmer learning platforms, to facilitate the setup of the learning sites. The distribution by regional hub of the agro-inputs are shown in Table 12 below;

Table 12: Distribution of agro-inputs to the oil seeds regional hubs

Agro-Input type	Lira	Mbale	Gulu	Arua	Total order	Total deliveries
Fertilisers (DAP) Kgs	300	400	150	150	1000	1000
Knapsack sprayers (Pcs)	23	23	17	17	80	80
Agro-Chemical (Lts)	40	39	24	24	127	127
Rhizobia inoculum (sachutes)	70	140	45	45	300	300

By the end of Season A, 2013, the project had worked with 280 farmer groups to develop farmer learning platforms in the 29 start-up districts. The farmer groups planted 150 acres of sun-flower, 150 acres of soybean and 30 acres of ground nuts.

Learning points, achievements and challenges encountered in the implementation of the farmer learning platforms

The project awarded 5 private companies bids to supply oil seed crop varieties and one firm to supply agrochemicals (fertilizers and pesticides), while rhizobia inoculum was supplied by Makerere University, School of Agricultural and Environmental Sciences. Delivery of sunflower and simsim seed from Victoria Seeds Limited was delayed due to quality checks

in liaison with the National Seed Certification Services (NSCS). These (DK4040 and Sesame 1 and 2) were delivered late and served as start up seed for Season B, 2013. Twiga Chemical Industries donated 5 kgs of NK-Ferti seed for try out and they requested the project to share the results with them.

The project agreed with the four seed companies that supplied seed to ensure they (companies) participate in the farmer learning platforms, and that the project would share information on the host farmer groups and sites to enable monitoring of the learning plots and sharing of information on variety performance. The project has shared information on variety performance with Mukwano, Twiga Chemical Industries and East African Seed Limited., while Victoria Seeds Limited expressed interest in site visits and participation in field days.

i. Observations and learning points from implementation of farmer learning platforms

- Although some seed companies quoted to supply and were awarded bids to supply a number of seed varieties, they did not have the capacity to supply all the seed varieties quoted for. A survey to establish availability of the quoted for seed indicated that some seed companies did not have the seed in question in stock, neither with their farmers. The activity revealed absence of collaboration within the seed companies which limits one company accessing seed varieties from another seed company to meet its supply commitment.
- There were variety differences in germination and establishment under low moisture conditions (stress) resulting from the prolonged dry spell.
- There was viral disease attack to sunflower seedlings in Masindi and Oyam districts, where sunflower acts as an alternative host to the virus usually attacking tobacco. This information was shared with source of susceptible varieties and researchers to follow-up.
- Collaboration with other stakeholders like UOSPA in Gulu and Amuru was very successful – most sites were successful
- Hybrids performed better than open pollinated varieties
- Some farmers still need capacity development on appropriate planting depth for seed

- There was fertilizer use advantage expressed in high plant vigour and early flowering.
- Early delivery of seeds and demonstration kit at the onset of the planting season minimizes land re-allocation to competing crops.
- There is an urgent need to provide technical back-stopping to the district extension staff especially on agronomic practices of sunflower (timing of maturity and harvesting techniques)

ii. Achievements of farmer learning platforms

- Farmers appreciated the need to use improved varieties as they were high yielding compared to open pollinated varieties.
- Group members gained knowledge and skills in recommended agronomic practices for example plant spacing.
- The learning platforms enabled farmers to identify and choose better performing varieties for planting, which enhanced access to information and enabled farmers to make informed decisions.
- The learning platforms aroused farmers' interest to grow sunflower and soybean that were not traditional crops.
- A relatively new crop (sunflower) to the hubs was re-introduced
- 41 out of 50 farmer groups were actively engaged in oilseeds in season A, 2013 in Arua hub
- There was willingness of the farming community to embrace oilseeds in Arua hub
- Local governments especially production extension staff actively participated in the oilseeds activities

iii. Challenges in the implementation of the farmer learning platforms

- Prolonged dry spell between June and July 2013 negatively affected establishment of the farmer learning platforms
- Low germination percentage of some varieties PAN 7033 and DK4040, especially under dry conditions.
- Competition with other enterprises for labor, requiring exploring alternative labour saving technologies.

- There is need for full engagement of district local government leaders in mobilization against counterfeit.
- Incidences of field pests especially birds were reported in Yumbe district
- Some of the district production staff demonstrated heavy case load on general extension service delivery in the districts
- The condition of project vehicles was wanting as they kept breaking in the field

2.2.4 Participation in OSSUP Platform meetings

The project participated in 5 regional and national OSSUP platform meetings where information on the sub-sector was shared. It was noted that there were many and uncoordinated actors in Lango and Acholi sub-regions on oilseed crops.

VODP2 shared the need to have a coordinated approach, which resulted in FAO taking a lead to organize meetings where information on areas of operation, plans and target areas along the value chain are shared. This interaction and collaboration in areas of mutual interest is hoped to streamline information given to farmers and other players, increase efficiency through synergies in activities implementation and reaching out to greater numbers of target communities. So far two pre-season planning meetings have been held.

2.2.5 Participation in a farmer learning route to NARO, NaSARRI

The project participated in a farmer learning route to NaSARRI in Serere where interactions were held between research scientists and users of the technologies developed at the research sites. The activity enabled Multi-Stakeholder Platform members to appreciate research/breeding work on sesame and sunflower. The interaction and sharing of experiences, offered an opportunity for the two groups to explore potential for partnership in seed multiplication activities.

2.2.6 Participation in the Agri-ProFocus Regional Agribusiness Market Events 2013

VODP2 participated in jointly organizing the Agro-ProFocus Marketplace Event in Lira and Eastern Uganda (Mbale) hubs. Each of the two events attracted over 900 participants some of whom initiated business deals and transactions. Through sharing of situation analysis results on seed demand and event publicity, seed companies including East African Seed Ltd. and AK Oils and Fats were attracted to exhibit and were able to sell reasonable amounts of seed to farmers, especially in Eastern Uganda region for planting in Season B 2013.

The marketplace also attracted dealers in agro-inputs and agricultural machinery. This gave farmers and other players exposure to the available alternatives in farming.

A number of Commercial Banks showcased their financial products to stakeholders. This also enabled VODP2 to further explore the suitability of the agricultural finance products offered on the market. VODP2 identified Bank of Africa Ltd. and Post Bank Uganda Ltd. to have reasonably favourable products.

2.2.7 Seed sub-sector group meeting

The participating organisations shared their activities and plans. It was agreed that there is need for co-ordinating the activities of development partners working in the seeds sub-sector.

2.2.8 Meeting with Oil Mill Suppliers

The project met Shreeji Oil Mill Suppliers, a company that supplies and installs oil mills in Uganda. Of concern to VODP2 was availability of spare parts. The company noted that this has been addressed by appointing a local representative and opening up an information and spares outlet in Kampala.

2.2.9 Pre-season meeting with Mukwano Site coordinators and extension officers

The project shared plans and targets for sunflower production specifically with site coordinators in various districts and their contacts. VODP2 shared the areas of operation, hub office contacts and results of situation analysis highlighting gaps in seed supply. It was agreed that in areas where Mukwano has limited coverage, VODP2 would identify willing agro-dealer agent who can pay half the consignment value for seed to be delivered to their premises at 15,500/= per Kg and the balance paid after selling. VODP2 used this opportunity to link-up an agro-dealer in Bulambuli with Mukwano to access PAN 7033 seed. It is hoped that more agro-dealer agents will come on board in the next season.

2.2.10 Memorandum of Understanding (MOU) with implementing partners

The project shared final draft MOUs with implementing partners including NARO (for NaCRRI and NaSARRI), UNBS, District Local Governments for final inputs before signing. By June 2013, comments had been received from UNBS.

2.2.11 Terms of Reference for the Pay For Service (PFS) providers

The project finalized and submitted the Terms of Reference for the engagement of pay for service providers to IFAD for a No Objection.

2.3 Project Management

The Project Management Unit coordinated activities under the Oil Palm and Oil Seed Components for the AWPB 2012/13 to ensure smooth and effective project implementation. The PMU also facilitated interaction with and coordination among the project stakeholders. The progress on the activities under the Project Management Component between July and June 2013 are;

2.3.1 Set up of the Project Steering Committee

Institutions to be represented on the Project Steering Committee (PSC) were nominated according to the suggestions in the VODP2 Project Design Report. Letters were sent to the Institutions nominating them to participate on the PSC. The first inauguration meeting is scheduled for the third quarter of the current financial year. The PSC composition has MAAIF as the Chair and the member are: National Agricultural Research Organisation (NARO); Mukwano Industries; Oil Seed Sub-sector Stakeholders Platform (OSSUP); Bidco Uganda Limited/ Oil Palm Uganda Limited (BUL/OPUL); Uganda Oil Seed Producers and Processors' Association (UOSPA); Uganda National Farmers' federation (UNFFE) with VODP2 PMU as the Secretariat.

2.3.2 Environmental Impact Assessments (EIA) for the outlying islands of Kalangala and Buvuma district.

Contracts were signed for EIAs in Bunyama, Bubembe, Funve and Bukasa (the outlying islands of Kalangala) in the first lot, and Buvuma island in the second lot. In May, the project held meetings with the consultants who won the tenders and provided them with more information on the project, the project areas, available information and expectations. Below is a summary on the progress of each of the consultancies.

The contracts for execution of the consultancies were signed on May 24, 2013. Inception reports were submitted by the firms in June 2013 after which they were reviewed by the PMU. The inception reports detailed the proposed methodology to be used, the consultants to be involved in the study and the work plan.

Field work for both EIAs was undertaken starting June 2013. It is expected that apart from visiting the planned project sites, more consultations will be held through meetings with stakeholders in Kampala. It was agreed that the draft ESIA reports would be submitted to the PMU by the end of August 2013 after which they would be reviewed and feedback provided to the consultants. After incorporation of the feedback, the consultants will be

expected to submit the revised EIA reports to the National Environment Management Authority for approval of the Oil Palm development activities in Buvuma.

2.3.3 Project Completion Report for VODP Phase 1

The Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) awarded a contract to Grand Consult Group Limited (the Consultants) to develop an end of project assessment in respect to the performance of the Vegetable Oil Development Project Phase 1. The contract assessed the performance of the VODP Phase 1 specifically the relevance, effectiveness, efficiency, impact and sustainability of the project implementation.

In April 2012, MAAIF signed the contract for the PCR. The PMU provided literature to the consultants to ensure that they appreciate the project goals, objectives, processes and outputs.

In June 2012, work on the PCR was effected and a team was set up to review the work of the consultants. The team was comprised of the Project Manager, the Financial Controller, the Monitoring and Evaluation Officer, the Hub-Coordinator, Eastern Hub and Chaired by the Assistant Commissioner, Monitoring and Evaluation in MAAIF. The team was also charged with ensuring a quality product is produced at the end of the consultancy assignment.

In July 2012, the consultants developed an inception report which was comprised of their proposed methodology and approach to the study and draft data collection tools. The PMU review team proposed changes to the inception report and recommended that the consultants pre-test the data collection tools. The consultants pre-tested the tools in Kalangala and Pallisa districts.

In November 2012, the consultants presented their first draft report. The review team provided comments after which the consultants presented a second draft report in December 2012. Due to the importance of the assignment, the two teams continued to work together until an acceptable Draft final report was presented on 16th April 2013. This report was submitted to IFAD.

2.3.4 Coordination of Oil Palm Activities

- Participated in the KOPGT quarterly Management Board meeting which discussed the manuals developed by KOPGT in preparation for self sustenance.
- Held meetings with OPUL on the outstanding payments for the oil palm out growers' fields. It was agreed that OPUL submits one invoice and an accompanying report for maintenance carried out from 1st December 2011 and 30th September 2012 for payment.
- Participated in an oil palm component implementation support mission led by an oil palm expert from IFAD.
- Facilitated the land valuation process carried out in Buvuma district by officers from the Chief Government Valuer under the Ministry of Lands, Housing and Urban Development.
- Facilitated meetings between the Buvuma District Local Government and OPUL to share ideas on matters emerging during the land acquisition process in Buvuma.
- Held a meeting with the Commissioner Surveys and Mapping at the Department of Lands and Survey in Entebbe to discuss the possibility of acquisition of satellite imagery for Buvuma and Kalangala district. The meeting was also attended by a Senior Inspector-Physical Planning in the Ministry of Lands, Housing and Urban Development (MLHUD) and the Ag. Assistant Commissioner for Mapping in the Department of Lands and Survey. The meeting agreed that due to the relationship between the physical planning expected to be done in Buvuma and the satellite imagery, a concept note be prepared by the MLHUD team detailing the process and costing for the two activities. It was agreed that the PMU immediately facilitates a team from MLHUD and Department of Lands and Survey to have a field visit to Buvuma to enable them have a feel of the island before they prepare the concept note.

Linkage with the Private Sector partner- OPUL/BUL

The PMU participated in weekly meetings between the Managing Director, BUL and the Deputy Secretary to the Treasury, MFPEd on the pertinent issues affecting the project. Land in Buvuma and tax issues were the main areas of discussion in these meetings.

- i. Kalangala:** The Project worked with OPUL to facilitate different visits to the nucleus estate in Kalangala and the Refinery in Jinja. The visits included the Joint Agricultural

Annual Review Team led by the Hon Minister of Fisheries, Members of Parliament from the Parliamentary Committee on National Economy who were monitoring the performance of the IFAD Loan and exploring new mechanisms for financing smallholder farmers in the country, Members of the Parliamentary Committee on Agriculture who visited Kalangala before the budget for financial year 2013/14 and the Infrastructure Committee of Parliament who were assessing the performance of the ferry from Bukakata and the progress of the new projects on road construction and electricity connection to Kalangala.

- The PMU participated in the negotiations with BUL to raise the oil extraction rate (OER) which they did from 17% to 18%.
 - The PMU continued to cooperate with OPUL to provide inputs and services to the oil palm farmers in Kalangala.
 - The project carried out 2 support visits to KOPGT on updating and reconciliation of the smallholder farmers ledgers.
- ii. Buvuma:** The PMU held discussions with Bidco Uganda Limited (BUL) on the need to start activities in Buvuma. A plan was drawn for when activities could be initiated. Discussions were held on the need for BUL to support survey services in Buvuma to expedite land acquisition and ensure fast tracking of the process. BUL agreed to contract private surveyors to expedite the survey process.
- The PMU worked with BUL to sensitize the Buvuma community on the Oil palm Component in Buvuma.
 - The PMU facilitated a meeting between the Ministerial Committee on Buvuma and officials from Wilmer International led by the Head of Plantations, Wilmer International. Buvuma District Local Government committed itself to acquiring land to enable BUL to start implementation activities by December 2012.
- iii. Memoranda of Understanding (MOU) with Implementation Partners**
- Draft MOUs to guide implementation of project activities in the districts of Kalangala and Buvuma were developed. Another draft MOU for guiding oil palm research activities was developed and has been reviewed by the partners. They are all to go through the approval process before signing.

2.3.4 Formation of Oil Palm Farmers SACCO

- The project mobilized oil palm farmers to form and register with the Ssesse Oil Palm Growers SACCO (SOPAG) through block sensitization on the benefits of savings.

- The project supported 7 interim committee members and 23 KOPGA leaders to formulate the SACCO by-laws for SOPAG.
- The SOPAG was supported to launch and hold its 1st Annual General Meeting in which the 7 Board members (2 female and 5 males) and 3 members (1 female and 2 males) who form the supervisory committee were elected.
- The SOPAG Board and Supervisory Committee was trained on ownership and governance.
- The Rural Financial Service Programme (RFSP) and Uganda Cooperative Alliance supported SOPAG with a start-up kit comprised of 1 motor cycle, 1 desktop computer and 1 generator.
- The by-laws for SOPAG were registered by the Registrar of Cooperatives with the support of the project and the District Commercial Officer.
- Worked with RSFP, the SOPAG Interim Committee and KOPGA Block Chairpersons to formulate the SOPAG by-laws.
- The project supported the development of a 6 months capacity building road map for SOPAG to be supported by RFSP.

2.3.5 Coordination of Oil Seeds Activities

i) Oilseeds Roll-out Plan

The Project developed a strategy to roll out oilseeds activities as detailed below:

For efficient and effective implementation of the Oil Seed Component, each of the hubs planned to initially start in a few districts with manageable groups of farmers and other actors. In the second and subsequent years, having gained experience, the number of districts and groups would be scaled-up depending on availability of capacity among service providers and traditional extension personnel, and the rate of achievement of targets. In the third year, as mature groups graduate, there would be scaling down activities in the districts started with, and scaling up activities in the new districts.

As such, implemented of project activities will start in 29 districts (*underlined in Table 7 below*) and later be rolled out to the remaining districts in each hub. Selection of kick-off Districts was based on the generic selection criteria guided by;

- a) Agro-ecological zoning information and maps,
- b) agricultural statistical abstracts,

- c) District production reports; and
- d) Information from stakeholders & partners.

All the above information enabled identification and prioritization of potential production areas by district for each of the four oilseed crops.

Table 13: Target Districts for immediate interventions

Hub	Districts
West Nile	<u>Arua</u> , <u>Zombo</u> , <u>Nebbi</u> , <u>Yumbe</u> , <u>Moyo</u> , Koboko and Maracha.
Gulu	<u>Gulu</u> , <u>Amuru</u> , <u>Kitgum</u> , <u>Pader</u> , <u>Lamwo</u> , Adjumani, Nwoya and Agago.
Lira	<u>Masindi</u> , <u>Kiryandongo</u> , <u>Oyam</u> , <u>Lira</u> , <u>Apac</u> , <u>Kaberamaido</u> , <u>Soroti</u> , <u>Serere</u> , <u>Amuria</u> , Dokolo, Katakwi, Amolatar, Alebtong and Kole.
Eastern Uganda	<u>Mbale</u> , <u>Bukedea</u> , <u>Kumi</u> , <u>Manafwa</u> , <u>Pallisa</u> , <u>Sironko</u> , <u>Bugiri</u> , <u>Tororo</u> , <u>Busia</u> , <u>Bulambuli</u> , Bududa, Budaka, Bukwo, Butaleja, Iganga, Jinja, Namutumba, Kaliro, Kapchorwa and Kamuli.

- A total of 290 farmer groups were identified in the 29 districts for 2013 season
A technology demonstrations.

i) Meetings with Stakeholders

Meetings were held with key actors in the oil seed sub-sector to understand the challenges met by various actors and opportunities available. Below are the highlights from the meetings held in the reporting period;

- Interaction meetings were held with SNV, aBi-Trust, breeders from NaSARRI and NaCRRI, UNFFE to understand what they do, their challenges and explore potential areas for collaboration.
- Attended and participated in meetings addressing issues on; manual for sunflower production, validation of a tool for identification of service provider institutions in

the oilseeds value chain under aBi-Trust and quality assurance in produce (including oilseeds) for international trade, organized by COMESA.

- Initiated discussions with Uganda Cooperative Alliance to understand the farmer producers model in Area Cooperative Enterprises (ACEs) and linkages to existing ACEs.

ii) Working Relationship with OSSUP in the Hubs and Kampala;

- Drafted and shared a document with OSSUP on roles and responsibilities, agreed upon partner roles, responsibilities and deliverables, and signed the document formalizing their collaboration.
- Participated in the Uganda Oil Seeds Sub-sector Platform (OSSUP) National Dialogue held on November 14th 2012 at Silver Springs Hotel, Kampala on the theme: “Promoting inclusive and Market-Based Solutions for Seed Access”. During the meeting Vegetable Oil Development Project phase II (VODP2) was introduced to OSSUP stakeholders.

iii) Improving farmer access to quality seed

- Draft activity proposals on production of improved oilseed varieties and their seed multiplication involving other potential seed multipliers and distributors from NaCRRI and NaSARRI were reviewed.
- Initiated efforts leading to the development and signing of operational MOUs with National Seed Certification Services (NSCS) and Uganda Bureau of Standards (UNBS). The PMU requested the two institutions to nominate focal point officers with whom the project will liaise in preparation of the contract documents and later on, project activities.

iv) Pre-qualified Roster of Pay-for-Service (PFS) Providers

The process for development of a prequalified list of PFSs was undertaken through the following steps:

- ToR for expression of interest and evaluation criteria was developed, agreed upon and the adverts run in daily newspapers.

- Responses to expression of interests advert were received, evaluated, out of which 46 firms were prequalified for provision of Technical Agricultural Advisory Services.
- A request for No-Objection was sent to IFAD to continue the process of recruitment of Pay for Service Providers.

v) Contracting out Activities for Farmer Groups Capacity Assessment

The set of activities to be identified namely farmer institutional and organizational development, productivity improvement and market linkage are closely intertwined, requiring to be implemented in a sequenced manner. Additionally, farmer institutional development is a key entry point for project activities. Group organization, technical analysis and the group strengthening activities will be the basis to match value chain production and market oriented activities to farmer needs.

In preparation to achieve effectiveness in the above, the following actions have been undertaken:

- Expression of Interests were invited, applications received and evaluated. Twenty one (21) firms were prequalified for Value chain mapping, while 36 others qualified for Farmer Group Capacity Needs Assessment.
- Draft ToR and evaluation criteria drawn for full proposals were developed.

vi) Pilot Test Activities for Seed Multiplication in each of the Hubs to Address the Issues of Seed Shortage

Limited availability of improved seed especially with sunflower, at farm level creates an urgent need to respond to farmers demand. Research information indicates that a number of improved varieties of oilseed crops have been released, however, due to limited seed multiplication efforts, access to improved seed remain a big challenge.

To respond to improved seed shortage issues, the following interventions are being implemented:

Preliminary discussions were held with NaCCRI, NaSARRI, East African Seeds Ltd., Victoria Seeds, Mt. WATI Investments (U) Ltd., among others to explore potential for collaborative efforts in seed multiplication and distribution. More efforts in identification and discussions with seed companies and farmer groups interested in seed multiplication are on-going. This is expected to result into an agreed upon strategy and commitments to seed multiplication by key interested actors, after which agreements for seed multiplication and distribution will be reached. Then an agreed upon action plan implemented.

2.3.6 Planning, Monitoring and Evaluation

The PMU targeted to ensure all the project activities are well coordinated to achieve the set annual outputs and outcomes. This included timely development and execution of work plans, timely preparation of quarterly and annual reports, preparation and execution of procurement plans and setting up the project's Monitoring and Evaluation Framework.

i. Preparation of work plans and progress reports

The project on prepared quarterly and annual work plans and progress reports using the Output Budgeting Tool (OBT) format and submitted them on time to the Ministry of Agriculture Animal Industry and Fisheries. It is the basis of these reports that funds for subsequent quarters are released.

The project also prepared and submitted the Annual Work Plan and Budget for 2012/13 with the 18 months procurement plan to IFAD. The project prepared and submitted the July to December 2012 (Half Year) progress report and submitted it on time.

The project prepared and submitted the Annual Work Plan and Budget for 2013/14 to IFAD for clearance. Comments were received and these were incorporated. The key priorities for the next financial year are hand over of the land in Buvuma to the private sector partner to start nucleus estate activities, finalize the EIAs, finalize the transport studies to the outlying islands of Kalangala and contracting pay for service providers in the oil seeds regional hubs.

The project prepared and submitted a RIMS report which provided progress on the RIMS level 1 and 2 indicators. The report was submitted on time.

On a demand-driven basis, the project prepared special reports that were provided to Members of Parliament, Cabinet Ministers and other stakeholders before these carried out visits to Kalangala and Buvuma.

ii. Design of the Monitoring and Evaluation Framework

A team was set up by the VODP PMU to develop the M&E framework and later participate in the set up of the M&E system. The team is comprised of the Mrs. Connie M. Masaba, the Project Manager, Mr. Richard N. Kabuleta, the Monitoring and Evaluation Officer from the VODP 2 PMU, Mr. Robert Khaukha, the Assistant Commissioner, M&E in the Agriculture Planning Department of MAAIF, Mr. Tom Kakuba, the Programme Officer, Monitoring and Evaluation in PMA Secretariat and Mr. Douglas Nyombi, an M&E Officer in the Agriculture Planning Department of MAAIF. The team from MAAIF also ensured that the indicator profiling for the VODP 2 was in line with the Agriculture Sector Development Strategy and Investment Plan (DSIP) 2010/11 – 2014/15.

The objective of the team was to review of the logical framework to identify whether the delay of effective project implementation of VODP 2 (October 2010 to May 2013) meant that there was need to adjust the VODP 2 logical framework. The review process was also an opportunity to review RIMS and ensure that the project logical framework captures the RIMS indicators at output, outcome and impact level. After review of the project logical framework, the process of profiling the out-put, out come and impact level indicators was started.

The team had two trips to Kalangala island to develop the M&E framework. The first trip was in February 2013 and the second trip was in April 2013. The team worked from the Sese Habitant Resort Hotel in Kalangala district.

On the first trip, the team reviewed the VODP 2 logical framework, was introduced to RIMS, and identified the RIMS indicators relevant to VODP 2. The output of the first trip was a draft revised VODP 2 logical framework with RIMS indicators and first draft of the oil palm and oil seeds outcome and output indicators. The draft logical framework with

RIMS indicators; and draft indicator profiles were shared with the March 2013 IFAD Supervision and Implementation Support Mission. The Mission reviewed the draft documents and provided specific comments to each. Specifically, the noted that the RIMS indicators should be reduced and some fields in the indicator profiles should be revised for clarity.

On the second trip, the team was joined by Ms. Line Kaspersen, the IFAD Associate Professional Officer and they reviewed the IFAD comments and incorporated the comments in the draft documents. The oil palm indicators were then discussed with the Kalangala Oil Palm Growers Trust (KOPGT) Management and field officers, and comments were received and immediately incorporated. The out-put of the second trip was the final draft logical framework with RIMS indicators and the final draft indicator profiles.

The draft final documents are to be presented to the oil seeds stakeholders, who will provide comments that shall be considered and incorporated in the final documents that shall be submitted to the IFAD for clearance.

The revised logical framework and indicator profiles will form the basis for the baseline surveys, M&E plan, M&E guidelines, the planning and reporting formats and the project data base. These combined will form the VODP 2 Monitoring and Evaluation System.

iii. Capacity building for implementing partners

Held 3 trainings for KOPGT in effective planning practices using the Annual Activity Planning Matrix. Meetings were attended by KOPGT Management and Field Officers and resulted into 2012-2013 Annual Activity Matrices for each block and each Department. The meetings also reviewed the annual targets set and revised them clearly showing the distribution of the targets by implementation block.

iv. Routine Monitoring and Evaluation activities

Set up a team comprised of MAAIF and PMU officials to monitor the 1st and 2nd quarter 2012/13 activities in Kalangala. The focus of the monitoring visits was the progress in the implementation of the activities as per the 1st quarter implementation matrix and work plan. The team was generally satisfied that the project was on course to achieve their annual set targets and promised to continue visiting KOPGT/ KDLG to work with them to further

enhance implementation of the set activities. The team from VODP/MAAIF guided KOPGT and KDLG on how they can further improve on their planning and reporting.

The project met a team from the Budget Monitoring and Accountability Unit (BMAU) of the Ministry of Finance, Planning and Economic Development (MFPED) which carries out annual monitoring activities on budget performance in all the sectors of government. The PMU provided information on the progress of implementation and financial performance.

The project facilitated a joint Government of Uganda/ Development partner team led by the Hon. Ruth Nankabirwa, the Minister of State for Fisheries and was also comprised of the Under Secretary – Finance and Administration, the Commissioner-Agriculture Planning and Development, the Executive Director – NAADS and PMU staff in Kalangala. The visit preceded the Joint Agricultural Sector Annual Review 2012/13 and was to assess the progress on activities implemented in the agricultural sector, identify critical issues/ challenges in the Local Governments that affect the performance of the sector and to strengthen partnerships between the Development Partners, the Centre and Local Governments. Specifically, the team assessed the progress on the Public Private Partnership for Oil Palm development in Kalangala, agriculture advisory service delivery and fisheries activities.

Facilitated a compliance visit to Kalangala with the MAAIF Principal Internal Auditor, Principal Accountant, a Senior Auditor and the Senior Finance Officer which visited the KOPGT stores, the nursery at the nucleus estate and smallholder farmers.

v. Participation in stake holder meetings

The project held a meeting with Uganda Bureau of Statistics and IFAD where discussions were held on how VODP 2 can benefit from the on-going Uganda National Panel Data Survey during the collection of information on baseline indicators for the project.

The project participated in an IFAD Communication, Knowledge Management, Monitoring and Evaluation Working Group meeting which discussed how to capture impact in projects and established a common perception of impact. Quantifiable impact statements for the different project were discussed reflecting changes in society and project goals. The meeting also discussed the importance of measuring the project cost per beneficiary supported and how that relates to the expected impact. The meeting was attended by M&E Officers and C&KM Officers from IFAD Country projects.

The project participated in the IFAD Country Programme Evaluation Round Table where the final report of the Uganda Country Programme Evaluation Report was presented. One of the recommendations of the report was that experiences of the VODP in value chain development and public private partnerships should be replicated by other projects. An oil palm farmer who attended also noted that success of the oil palm component was due to market oriented intervention, clear pricing formula, affordable interest on the loan and a good sustainability framework through KOPGT.

The project participated in, and exhibited at the UN day and the World Food day, the East African Value Chain Investment Summit and were panelists, a pro-poor value chain development training in Addis Ababa, the IFAD Regional Implementation Workshop in Addis Ababa, the IFAD Regional Gender Learning Forum Workshop in Nairobi, and facilitated a KOPGT staff team building workshop on self-sustainability.

vi. Participation in IFAD Implementation Support Missions

The project participated in a land mission headed by the IFAD Land Tenure Division and the Global Land Tool Network where it was agreed that a baseline study be held on the future status of oil palm farmers, need for analysis on the population, infrastructural and growth poles, forest cover and the land use changes on Bugala island. It was also agreed that a planning and reporting format on the land acquisition status on Buvuma island should be expedited and a partnership with DLSP on household mentorship should be pursued.

vii. Trainings to improve performance in planning, monitoring and evaluation

Participated in a training on Remote Sensing and application of Geographical Information Systems using Q-GIS, an open source software. During this training, visited the Regional Centre for Mapping and Resources Development (RCMRD) in Nairobi to discuss the possibility of the project acquiring satellite images for incorporation of Earth Observations in the project M&E system. It was agreed that the partnership would be pursued to acquire the satellite images in the near future.

2.3.7 Credit and Finance

- Facilitated a study tour by Kalangala Oil Palm smallholder farmers to Ntungamo and Bushenyi districts on SACCO formation and sustainability. The study tour showed the

smallholder oil palm farmers the benefits of using own resources (human and financial) to avail sustainable avenues of saving and credit.

- Drafted terms of reference for a consultancy to study the mechanism for operationalization of the oil seeds financing.
- Developed and agreed upon a concept to establish a line of credit with financial services to be set up in each of the regional hubs for oil seeds value chain actors
- Held meetings with Stanbic Bank to revise downward the fees charged on oil palm farmers in Kalangala
- Profiled financial service providers and validated financial needs in each of the hubs
- Facilitated the development of a farmer savings and credit scheme for oil palm farmers which was finalized and approved.
- Carried out introductory visits to the oil seeds hubs and identified/ mapped out potential partners, financial institutions, seed companies, millers/ processors, traders, and service providers. Prepared a report on the financial needs in each of the regional hubs after the situation analysis showing financial needs and financial service provision along the oil seed value chain for each hub.
- Developed a zero draft model of options for oil seed financing from discussions held with 5 commercial banks, and 4 Tier IV financial institutions to understand their terms and conditions for agricultural financing.
- Reviewed and finalized the KOPGT credit guideline.
- Provided support to KOPGT in posting farmer information reconciliation in the MIS system.
- Worked with the KOPGT Credit Manager to develop a tool for capturing information on farmers' files that are not entered into the database system.
- Held discussions with the Rural Financial Services Program on the findings and recommendations from the situation analysis on financial services interventions in Kalangala district.
- Held meetings with Kilimo Trust, USAID, Centenary Bank, Bill & Melinda Gates Foundation and other private individuals engaged in guarantee funds and with experience in crop finance and insurance models including warehouse receipt system. Meetings provided an understanding on the rural finance situation in Uganda and models for guarantee funds.

- Held a meeting with officials from Kilimo Trust who are developing a regional market access programme. The meeting discussed areas that the programme should focus on, how VODP can benefit from it and opportunities for synergies.

2.3.8 Gender mainstreaming in project activities

- Held discussions with District Livelihood Support Programme to learn more about the household mentoring methodologies and areas where they are being implemented. Some discussions for possible partnership areas were held.
- Participated in a practitioners sharing workshop organized by IFAD, UN Habitat and GLTN on tools, guidelines and approaches for strengthening women's access to land.
- Participated in a workshop on improving gender equality and grass root participation through good land governance in Addis Ababa organized by UN Habitat and Land Policy Initiatives.
- Carried out an assessment of key gender issues in Buvuma which identified the gender challenge as inadequate knowledge in issues of equitable land rights and proposed project interventions to improve on knowledge dissemination.
- Conducted a situation analysis on the effect of gender and HIV/AIDS on oil palm smallholder farmers. The findings are being used to design interventions targeting the smallholder farmers.

2.3.9 Communication and Knowledge Management

- Carried out an assessment of administrative and communication functionality of the oil seeds hub offices which will enable the project to address the challenges of effective running of the hubs.
- Organised a media fare-share before the World Environment Day celebrations where the project briefed media houses on what VODP 2 is about and how the project is addressing issues of environmental management and sustainability. The project facilitated some journalists to travel to Kalangala to participate in the celebrations and the journalists visited some smallholder farmers who provided more information about the project activities.
- Supported KOPGT to develop a website and started the process of designing the VODP web site which should be active by August 2013.
- Designed and printed out 6,000 fact sheets with project profile and frequently asked questions on oil palm and oil seeds.

- Prepared a video documentation of the survey and valuation process in Buvuma.
- Participated in the KOPGA Annual General Meeting and the proceedings were captured in photographic and text documents.
- Developed a conceptual plan for the VODP Communication and Knowledge Management Strategy. Held review meetings of the conceptual plan with the IFAD Knowledge Management and Communications Consultant and the MAAIF Senior Information Scientist.
- Developed PMU internal communication guidelines. The guidelines were discussed by the staff during the retreat and have now been incorporated into the draft operational manual.
- Carried out a situation analysis and information, communication and knowledge management needs assessment in selected districts in the regional hubs. The findings informed the draft Communication and Knowledge Management Strategy.
- Produced 2 sets of brochures and 3 roll up posters profiling VODP2, and 1 powered poster depicting how the VODP through the Public Private Partnership is sustaining outcomes and impacts. A sensitization DVD showing the impact of the project on the social economic situation in Kalangala and the potential of the oil palm development for Buvuma was produced and shown in Buvuma. Produced an 8 minute DVD to highlight the PPP nature of VODP for the Regional Implementation Workshop in Ethiopia which was also used by the East Africa Agriculture Value Chain Investment Summit in Kampala.
- Participated in the National Agricultural Show and created awareness about the Oil Palm and Oil seed components of the project through a pictorial poster presentation and DVD presentations of the Oil Palm Component from the start of phase 1 to the present. KOPGT displayed fresh fruit bunches and samples of the products from oil palm specifically crude palm oil, soap, candles, brooms, baskets and mats.
- Participated in the World Food Day Celebrations in Mbarara where the project show cased oil seeds agronomy, varieties, and oil palm activities. Posters were presented for each of the VODP commodities and KOPGT distributed brochures and magazines alongside display of samples of fresh fruit bunches and the oil palm bi-products.
- Held discussions with the MAAIF Senior Personnel on developing a common MAAIF approach on raising awareness in HIV/AIDS and agriculture productivity

- Participated in a Communications and Knowledge Management meeting for IFAD Country projects which discussed how to capture and report information on the implementation of project activities.

2.3.10 HIV/AIDS Mainstreaming in project activities

The project conducted a situation analysis on Gender and HIV/ AIDS issues among oil palm growers in Kalangala district. The findings will help to guide VODP 2 in mainstreaming gender and HIV/AIDS sensitization in all activities for sustainability of the oil palm project.

The project held discussions with MAAIF focal persons on HIV/AIDS on related activities already going on in MAAIF and how synergies can be built with VODP 2.

2.3.11 Financial Management and Accounting

The Annual Work plan and Budget was finalized and approved by IFAD. A total of Ush 24.4 billion (US\$ 9.75M) was budgeted for the financial year 2012/013. The project continued running the three project accounts in Bank of Uganda, and ensuring that funds were available for project activities as planned. Funds were released to KOPGT for farmer loans and for operations and to PMU staff for different activities. Funds for land purchase were also released. Retirement of advances was followed up by the project. Reconciliations of accounts were undertaken on monthly basis. By the end of June 2013, budget performance stood at 59.30%

A value for money audit of VODP phase 1 was started by the office of the Auditor General and the report is expected. Draft accounts for the financial year 2012/13 were prepared and submitted to the Office of the Auditor General. The Audit is expected to start in September 2013. By the end of June 2013, budget performance stood at 59.30%

2.3.12 Procurement Management

The Contracts Committee for the Project was fully constituted and started procurement of project requirements. Thirteen (13) sub-contracts committee meetings have been held since July 2012 to-date in which period 96% of the procurement requests were approved.

The Service Cost Panel (SCP) for KOPGT was fully constituted with all the six (06) members and started to execute their duty of reviewing procurement requests including

prices for agro-inputs supplied by OPUL as per their mandate. The procurement manual for guiding the SCP and staff of KOPGT is in advanced stages of being reviewed and adopted. PDU conducted two technical backstopping sessions to the SCP and KOPGT staff in Kalangala in the line of Procurement Best Practices and the draft procurement manual.

The following major procurement items/contracts were fully executed/delivered or were in the final stages of implementation;

- i. **Dump trucks for ferrying ffbs in Kalangala;** Four (04) units of 4x4 Dump/ Tipper trucks for Oil Palm in Kalangala worth USD 437,156 CIP were delivered in Kalangala in good condition and are already operational. Payment was effected and the procurement process was concluded.
- ii. **ESIA studies for Buvuma and Kalangala;** The Contracts for Environmental and Social Impact Assessment study for Buvuma (USD 131,044) and Kalangala outlying islands of Bunyama, Bukasa, Bubembe and Funve (UGX 146,550,000) were signed on April 24, 2013.
- iii. **Office Space for staff;** PMU acquired additional office space of 160 square metres in addition to the previously occupied space of 160 square metres making a total space of 320 square metres. The contract for office space for the next two years was signed and the process of payment for the space initiated.
- iv. Hub coordination offices in Arua, Gulu, Lira and Mbale were acquired in the respective towns at a total annual rental cost of UGX 47,376,000. The offices have been fully operational since April 2003 and were well stocked with furniture and computers. Still pending is private security services for securing the premises, and the procurement process is on-going.
- v. **Land purchase in Buvuma and Kalangala;** Contracts with two consultants (M/s First Land Surveyors and M/s S.M Catham Property Consults, Reev Consult International and CB Richard Ellis JV) were signed for identification, purchase of land and processing of land titles in Buvuma.
- vi. **Furniture and Computers for staff;** Furniture(Steel filing cabinets 10pcs;Steel cupboards -4pcs; High back chairs -26pcs, 12- Seater Conference table-1pc; 6-seater round conference tables-4pcs; Conference Chairs -36pcs; Office desks -18pcs; Fire Proof filing cabinet (4-drawer) -2pcs; Four- seater work stations-2pcs; Visitors waiting bench-four seater -4pcs) , office equipment (including a heavy duty printer/copier), computers and other accessories for PMU, KOPGT, Buvuma project office and regional

- hubs (laptops-30 pcs, Desktop computers-18 pcs, Office Printers-12pcs, UPSs-18pcs) was bought and is sufficient for the available staff. Payment has been effected
- vii. **Solar power installation;** Solar power was supplied and installed for KOPGT in Kalangala and Arua regional hub office in Arua town. At KOPGT Solar modules/panels are 10pcs of 140wp capacity each, Charge regulator is 01 pc of 12v/60A. Maintenance solar batteries are 5 pcs of 12v/200Ah, Inverter is of 1500 watts/1.5kva. At Arua hub office solar modules/panels are 04pcs of 140wp capacity each. Payment was effected
- viii. **Improved seeds for farmer learning sites (1st planting season of March-May 2013);** Contracts for supply and delivery of a total of 1690 kgs of improved sunflower seeds (DK-40-40, EASAF-1H, EASAF 2H, PAN 7033, and sunflower sesun IH, sesun 2H and New Sunfora) were placed with the suppliers of which approx. 80% were actually delivered for season A. The undelivered seeds were majorly due to stock outs by the suppliers. Contracts for supply of 6270 kgs of soybean seeds, 2400 kgs of ground nut Seeds and 740 kgs of simsim seeds were also placed but approx. 50% was actually delivered. 1000 kgs of fertilizer-DAP, 127 litres of crop protection chemicals, and 80 pieces of knapsack sprayers were also delivered to the hubs for field demonstrations. The estimated cost involved is UGX 97,706,000 which was paid for the supplies.
- ix. **Improved seeds for farmer learning sites (2nd planting season of August-October 2013;** Contracts for supply and delivery of improved sunflower seeds (5500kgs of Sun flower PAN 7033, 700kgs of Sun flower EASAF-1H, 700 kgs of EASAF-2H, 200 kgs of SESUN 1, 200kgs of SESUN 2 and 500 kgs of New Sunfola) have been placed and are being delivered to the respective hubs. Also placed are contracts for supply of 1000kgs of Maksoy 1N, 1000KGS of Maksoy 2N, 400kgs of Maksoy 3N, and 400kgs of Maksoy 4N Soybean seeds, Supply of 5000kgs of fertilizer DAP, and 200 litres of agro-chemical Agropyrifos. The estimated cost involved is UGX 193,200,000.
- x. **Other contracts completed during this period include;** Supply of 15 pcs of GPS Machines, Supply of 6000 pcs of VODP2 Information Brochures, Office partitioning of 160 sq. meters of VODP2 PMU office space, and Provision of conference facilities for a 2-days districts sensitization workshop in Lira.

Procurements in-progress:

- **PFS Providers for Extension services and Business Partnerships Development in Arua ,Gulu, Lira and Mbale hubs;** The Request for Proposal (RFP) document was issued to shortlisted firms and closing date for bids submission was 19/09/2013.

In Mbale hub, ten shortlisted firms were issued the RFP but seven submitted sealed bids by close of bids submission. In Arua hub eight shortlisted firms were issued the solicitation document but only three returned sealed bids. In Gulu hub, seven were issued the RFP but only three returned sealed bids. In Lira hub, eight firms were issued the RFP but only 02 firms submitted bids. A technical evaluation team is due to evaluate the bids.

Generally the level of response was good for Mbale hub but not impressive for Lira, Gulu and Arua. A number of applicants' bids were rejected because of submitting after the deadline for submission of bids, although the closing date, time and venue had been clearly communicated in the solicitation document. Re-tendering for Gulu, Lira and Arua may be a possible option.

- **Construction of a fertilizer store for KOPGT**; eight bids have been received after closure of bids submission. A technical evaluation team is currently evaluating the bids.
- Other procurements that are currently in progress include; purchase of vehicles and motorcycles, Financial technical assistance for KOPGT, Design of roads, Baseline studies, studying a mechanism of setting up an oilseeds value chain financing tool in the four regional hubs, Staff medical Insurance and other office and field items (Refer to table the).

2.3.13 Human Resource Management Issues

- **Staffing at the PMU**

The PMU staff positions are filled except the Coordinator-Lira Hub position and the Project Engineer. Interviews for both positions were done and the officers are expected to report by the end of September 2013. Recruitment of the Project Accountant is ongoing, applications were received and selection shall be completed by December 2013. The No-Objection to recruit the support staff for Hub Offices was given by IFAD and a request for the recruitment of the support staff was sent to the Permanent Secretary, MAAIF.

- **Induction and Team Building of the PMU staff**

A staff retreat was held in Kalangala where all staff were introduced to the oil palm value chain, visited farmers and the Palm Oil Mill, met KOPGT and were inducted by the MAAIF Principle Personnel Officer. The MAAIF Assistant Commissioner, Monitoring and Evaluation introduced the Agriculture Sector Development Strategy and Investment Plan (DSIP) to staff and showed how VODP feeds into the DSIP, National Development Plan (NDP and the Comprehensive Africa Agriculture Development Programme (CAADP).

- **Regularization of the support staff**

The support staff that were under VODP1 but had been retained to provide services to VODP2 because they were required were interviewed and MAAIF approved their re-appointment/regularisation. A no objection was sought from IFAD to effect the regularization.

- **Review of the Staff Operational Manual**

The staff operational manual was completed.

- **Management Meetings**

Eight staff meetings were held during which implementation progress was discussed, welfare issues were raised leave roaster was developed. Another meeting was held and M&E issues discussed in detail with support from the IFAD Country office. During this meeting the role of M&E in the implementation was re-emphasized and the need for all staff to support this role and participate effectively. The PMU also reviewed the revised logical framework and indicator profiles.

- **Core values**

PMU staff had a meeting and came up with a set of core values which were incorporated in the operational manual. The core values are team work, professionalism and excellence, commitment and ownership and integrity.

- **Leave roaster**

A staff leave roaster is in place and so far 15 staff members have so far taken their annual leave and the rest plan to take it in the coming months.

2.3.14 Trainings and Workshops attended

- **Land Workshop in Liberia**

The Oil Palm Coordinator participated in a workshop on *Best Practices for Land Tenure And Natural Resource Governance in Africa* organized by United States Agency For International Development (USAID), between 8th to 11th October, 2012 in Monrovia Liberia.

The purpose of the course was to provide participants with the opportunity to network with fellow land policy and property rights practitioners to:

- Exchange experiences and strengthen understanding of land tenure and property rights (LTPR) issues and best practices internationally;
- Introduce LTPR concepts and approaches aimed at improving programmatic interventions in economic growth, food security, governance, natural resource management, conflict mitigation and climate change; and
- Teach tools to address land tenure and property rights issues, or use land tenure and property rights interventions to strengthen economic development, governance, conflict mitigation and natural resource management objectives.

The modules covered included: Introduction to land tenure and property rights (LTPR) concepts; Land and natural resource conflict: How rights and access to land and resources can be the cause of conflict and can fuel conflict; Gender and vulnerable populations: Strengthening access to land and resources; Natural resource management: How tenure security can promote conservation and the sustainable use of natural resources; and Land policy and administration: A tool for managing property rights.

- **Forum on Financial Management for Projects in Rome 26th to 30th August 2012**

The Project Manager and Financial Controller participated in a financial management forum held in Rome at the end of August 2012. The learning forum was necessitated because of the fact that financial management in projects is very crucial for effective implementation of projects and achieving project goals and objectives; and yet it is one of the areas that has been rated low. Good financial performance leads to better efficiency, effectiveness and better implementation results.

Areas covered during the training included: Considerations from WCA/ESA portfolio review; Recent developments in IFAD financial management; The Financial Accountability Framework; Overview of steps in the project cycle & key documents; Oversight and anti-corruption; The project implementation manual (section on finance & administration); Share-fair of Internal control best practices (*asset register, fuel management, vehicle/equipment maintenance, allowance for participants at workshops, staff DSA*); Managing staff; Financial reporting and setting up project accounts; Disbursement policies & procedures; Disbursement technical session covering withdrawal applications, exchange rate issues, bank a/c reconciliations; Fund-flows; AWPB; Procurement planning; Contract management; Ethics; External audit; Project completion/ closure; Emerging trends in financial management for development projects; Establishing an IFAD community of practice for FM; Credit/rural finance; Obstacles to achieving fiduciary objectives.

The take home actions included best practices in preparation of financial management manuals, guidelines for preparation of final accounts and bench marking from a presentation by a project in Kenya on presentation of final accounts.

- **Leadership, Planning and Implementation Learning Workshop in Arusha**

The Project Manager participated in a Leadership, planning and implementation learning event in Arusha. The training was initiated because according to the annual rating of project performance, areas rated lowest were: Quality of project management; Coherence between AWPB and implementation progress; Performance of M&E system and Achieving development objectives.

The training was intended to help managers appreciate the link between effective management and successful implementation of development projects. Areas covered under the training included the following:

- **Project leadership and management** under which the following areas were covered: Leadership styles; Team work and team behaviour; Action centred leadership; Coaching and mentoring skills; Building effective strategies;
- **Project planning and implementation** which included M&E; Action plans for success; Integrated strategy, planning and M&E system; Implementation phases of the project; Results based approach to project strategy; Project strategy and sustainability; Logical framework; AWPB and Project Implementation Manual (PIM)

- **Pro-poor Value Chain Development Course: “an approach to strengthen pro-poor, sustainable and rural-urban linkages” in Addis Ababa**

The West Nile Hub Coordinator was offered a Scholarship by Netherlands Fellowship Programme (NFP), to participate in a course on Pro-poor Value Chain Development; “an approach to strengthen pro-poor, sustainable and rural-urban linkages”. The training was facilitated by The Royal Tropical Institute, Amsterdam at Addis Ababa, Ethiopia from October 28, 2012 to November 10, 2012.

The course objectives included: Relate value chain development approaches to strengthen rural-urban linkages; apply value chain development tools in practice; conduct a quick review of the strengths and weaknesses of ongoing value chain development initiatives; access key value chain literature and develop a network of peers experimenting with value chain approaches.

- **Regional Implementation Workshop**

The Project Manager, Financial Controller and Monitoring and Evaluation Officer participated in the Regional Implementation Workshop for IFAD-supported projects and programmes for East and Southern Africa in Addis Ababa, Ethiopia. The project directly participated in panel discussions on “What has gone right and what has gone wrong in smallholder agriculture in Africa”, and “Changing the mindset-experiences with outputs, outcomes and impact from the Tanzania learning events”. The team also participated in the Monitoring and Evaluation brainstorming session held to discuss the implementation of the proposed grant to improve the performance of Monitoring and Accountability in IFAD funded projects.

- **Remote sensing training: 13 – 17 May 2013**

The Project Monitoring and Evaluation Officer together with the IFAD Associate Professional Officer attended a Remote Sensing Training by Indepth Research Services in Nairobi. The training covered the basics of Geographic Information Systems (GIS), using maps, using Quantum GIS, a free GIS software and data manipulation and analysis. The training also covered projecting spatial data, transferring data from Microsoft Excel to QGIS, Food security analysis, multi-criteria analysis and use of satellite imagery. The team also visited the Regional Center for Mapping and Resources Development (RCMRD) in

Nairobi and got important contacts for the purchase of satellite images for the project. The team also visited the World Agroforestry Centre in Nairobi who shared with guided them on a tour of the ICRAF facilities specifically the laboratories which are helping farmers in Kenya to answer different questions from the field.

The training equipped the Project M&E Officer with GIS knowledge and introduced him to the Q-GIS software which will be used as the project rolls out GIS technology in the Project Monitoring and Evaluation Activities. It is envisaged that all project activities, outputs, outcomes and impacts shall be spatially represented by 2014.

3.0 PROJECT COSTS, FINANCING AND PROCUREMENT

3.1 Project Funding

The VODP 2 received funds from GOU as counterpart funds and from IFAD for implementations of project activities according to the 2012/13 project work plan and budget. GOU is in general terms supposed to fund 10.76% of the budget which is supposed to cover 100% of land cost, while IFAD loan funds 89.24% of the budget. The budget for Financial Year 2012/13 was Ushs.24.38 billion (USD 9.75M)*, including Ushs.2.62 billion (USD 1.05M) for GOU contribution. IFAD was to contribute Ushs.21.76 billion (USD 8.65M).

Table 14: 2012/13 FY Budget by category (000)

Category	Amount (UGX)	Amount (USD)
Gou		
5 Small holder Oil Palm (Land)	2,185,000,000	874,000.00
5 Small holder Oil Palm	30,500,000	12,200
9 Salaries	189,000,000	75,600.00
10 Operating costs	219,000,000	87,600
Subtotal Gou	2,623,500,000	1,049,400.00
IFAD		
1 Vehicle, Equipment and materials	3,550,330,000	1,420,132.00
2 Materials	200,000,000	80,000.00
4 Civil works	1,118,000,000	447,200.00
5 Small holder Oil Palm	7,815,362,000	3,126,144.46
7 Consultancy, training and workshops	3,126,039,669	1,192,155.00
8 Extension service	1,805,623,133	722,249.25
9 Salaries	1,962,296,942	787,549.18
10 Operating costs	2,181,754,000	874,118.12
Subtotal IFAD	21,759,405,600	8,649,548.01
Grand Total	24,382,905,600	9,753,162.24

* The exchange rate applied is 1 US \$ = Ushs. 2,500.

Table 15: 2012/13 FY Budget by Component (000)**Table 2: Budget by component**

Component	Amount (UGX)	Amount (USD)
Oil palm Development Component		
Kalangala Oil palm Development	8,877,361,760	3,550,944.46
KOPGT support	3,844,576,236	1,537,830.49
Buvuma Mobilisation	922,772,400	314,895.01
Buvuma Oil palm development	2,690,500,000	1,076,200.00
Identification of new oil palm areas	359,509,600	143,803.84
Subtotal Oil palm Development Component	16,694,719,996	6,677,888.00
Oil Seeds Development		
Seed production	784,444,569	313,777.83
Extension for farmer groups	2,457,287,133	982,914.85
Value chain support	288,036,500	115,214.60
Subtotal Oil Seeds Development	3,529,768,202	1,411,907.28
PMU component		
Project Management	4,158,417,408	1,663,366.96
Subtotal Project Management component	4,158,417,408	1,663,366.96
Total	24,382,905,600	9,753,162.24

3.2 Release of funds during the Year 2012/13 – GOU Funds.

Government of Uganda was required to provide counterpart funds for some of the Project activities in accordance with the terms and conditions of the financing agreements.

Government of Uganda allocated Shs 2.44 billion (USD 0.98 million) for project activities, of which a total of Ushs 5.5 billion was released amounting to 225.40% performance.

However, this amount includes Ushs 3.96 billion from phase1.

3.2.1 IFAD funding

The project operates two special Accounts at Bank of Uganda; Farmers account of USD 2M and VODP operations Account of USD 1.0M. The project received USD 1.35M for farmers' loans and USD 1.09M for other activities under VODP2 during the financial year against three withdrawal applications; No. 015, 016 and 017.

Table 16: Replenishment of the special accounts

Date	WA	Account	USD
07/12/2012	015	VODP Operations special account	479,397.09
07/12/2012	016	Farmers' loan special account	1,349,192.04
24/04/2013	017	VODP Operations special account	612,226.58

Total	2,440,815.71
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3.3 Project Expenditures/disbursements

3.3.1 Direct Payments

The Project made a direct payment amounting to Ushs 3.05 billion (USD 1.19M) during the year as indicated below..

Table 17: Direct payments

WA	PAYEE	USHS	USD
019	OPUL	1,056,961,378.36	417,660.69
020	OPUL	856,076,349.76	330,971.00
022	Africa Motors	1,135,856,205.44	437,156.00
Total		3,048,894,433.56	1,185,787.69

3.3.2 Disbursement of funds to Implementing Agencies.

(i) Releases to KOPGT for Oil Palm Activities.

A total of Ushs 4.75 billion (USD 1.86M) was disbursed to Kalangala Oil Palm Growers Trust (KOPGT) for smallholders/out growers' loan scheme activities during the year, amounting to a total disbursement of 9.67 billion (USD 3.70M) under VODP2. This amount when added to the Ushs 5,564.35 (USD2 .84M) disbursed under the first phase, amounts to Ushs. 15.23 billion (USD 6.64M) disbursed to Kalangala Oil Palm Growers Trust (KOPGT) as cash from PMU for onward lending to farmers.

(ii) Input Loans.

OPUL was paid Ushs 2.24bn billion since July 2012, increasing the total payment to OPUL for inputs under VODP2 to to Ushs 10.11 billion (USD 4.12M). This when added to the funds paid to OPUL under VODP 1 amounts to Ushs. 14.88 billion (USD 6.52M).

The total KOPGT loan portfolio (cash loans plus input loans) amounts to Ushs 30.11 billion of which Ushs 19.78 billion was paid from VODP 2 funds.

(iii) KOPGT operations

PMU disbursed Ushs 919.29 million to KOPGT between July and February 2013 for operations activities, amounting to a total disbursement of 1,414.78 million for KOPGT operations activities and payment of staff.

Table 18: Disbursements to Kalangala for Oil Palm Activities

Entity	Cum to June 2012	Jul 2012– Jun 2013	Cumm to date
KOPGT operations	495,483,162	919,292,286	1,414,775,448.00
KDLG	67,563,000	98,424,000	165,987,000
Total	563,046,162	1,017,716,286	1,580,762,448

(iv) Disbursements to Research Institutes under NARO

A total of 72.47 million was disbursed to research institutes under NARO during the Financial year.

Table 19: Funds disbursed to Research Institutes under NARO

Institute	Cumm to June 2012	Jul 2012– Jun 2013	Cumm to date
	Ushs	Ushs	Ushs
COREC	120,121,880	72,474,800	192,474,680
NaCRRI soya bean			
NaCRRI essential oils	0	0	0
NaSSARI	0	0	0
Total	120,121,880	72,474,800	192,474,680

3.4 Overall financial performance: for the Financial Year 2012/2013

Table 20: Financial performance against budget for the Financial Year 2012/2013

		2012/13 Budget	2012/13 Actual	
		Local currency	Local currency	%age
Balance B/F	4	5,118,656,734	5,118,656,734	-
			-	
FINANCING			-	
<u>IFAD Funds</u>			-	
Initial Deposit		-	-	
Replenishments to SA		14,601,962,672	6,494,958,021.00	44.48
IFAD Direct Payments	5	7,154,442,928	3,373,623,577.86	47.15
Government Funds	6	2,446,122,999	5,501,317,575.00	224.90
Other Donors (Farmers' contribution)	7	300,000,000	284,465,641.00	94.82
Other Receipts (Ex rate gain)	8		20,406,425.93	
TOTAL FINANCING		29,621,185,333	20,793,427,975	70.20
			-	
PROJECT EXPENDITURES:			-	
<u>IFAD Loan</u>			-	
Vehicle & Equipment	1	3,550,330,000	1,390,437,951.44	39.16
Materials		200,000,000	16,990,000.00	8.50
Pontoon Landing sites		-	-	
Other Civil Works		1,118,000,000	72,774,928.00	6.51
Smallholder Oil Palm Development		7,815,362,000	6,448,059,440.42	82.50
Oilseed Guarantee				
Consultancies, Workshops and training		3,126,039,669	638,259,767.00	20.42
Extension services		1,805,623,133	269,014,734.00	14.90
Salaries and allowances		1,962,296,942	1,693,504,389.00	86.30
Operating Costs		2,181,754,000	1,310,619,027.65	60.07
		21,759,405,744	11,839,660,237.51	54.41
Government Funds				
Vehicle & Equipment				
Materials				
Pontoon Landing sites				
Other Civil Works				
Smallholder Oil Palm Development		2,185,000,000	2,184,104,647.00	99.96
Oilseed Guarantee				
Consultancies, Workshops and training		30,500,000	30,120,695.00	98.76
Extension services				
Salaries and Allowances		189,000,000	188,462,270.00	99.72
Operating Costs		219,000,000	218,487,385.00	99.77
		2,623,500,000	2,621,174,997	99.91
		24,382,905,744	14,460,835,235	59.31

The Budget for the FY 2012/13 has a provision of **Shs 24.38 billion**, equivalent to **USD 9.75 million** to finance vehicle and equipment, other Civil Works, Smallholder Oil palm Development, Consultancies, Workshops and training, extension services, salaries, land and allowances; and operating costs. A total sum of **Shs 21.76 billion (USD 8.65 billion)** was

supposed to be provided by IFAD Loan. GOU funds have been forthcoming, even more than what was budgeted for.

3.5 IFAD loan variances

During the Financial year ended June 30, 2013, a total of Shs 11.84 Billion was spent on project activities, representing a budget out-turn 54.41% Material variances are due the following reasons;

- a. **Vehicles and equipment;** un utilization of funds is attributable to the fact that the project did not complete the procurement process of the 13 pickups, 2 station wagons, tractor trailer and saloon car.
- b. **Materials;** the performance of 8.5% was because of late procurement of seeds and fertilisers for farmers' learning platforms.
- c. **Civil works;** The low performance of only 6.51% was brought about by the project not moving to Buvuma and outlying islands. Therefore the roads could not be designed and road construction was only carried out on Bugala Island using force account.
- d. **Smallholder oil palm; the** budget performance of 17.5% is because of OPUL supply fertilisers and seedlings but invoicing after the end of the year.
- e. **Consultancies, workshops and training;** The budget performance of 20.42% is due to the fact that environmental impact assessment studies in Kalangala and Buvuma; project launch and oil seeds research activities have not been undertaken. Additionally, changes in financial management guidelines have also affected activities like Buvuma farmers' study tour.
- f. **Extension services;** the percentage variance of 85.10 is due to the fact that oilseeds component had to come up with the implementation strategy and set up hub offices before undertaking its activities.

3.6 Book keeping

(i) Bank Reconciliation.

The project continuously carries out reconciliation of two designated Accounts. Data is captured in the Tally accounting package.

3.7 Final Audit

The Auditor General's Office is currently carrying out the audit for FY 2012/13 financial year the report is expected to be submitted to IFAD before December 31, 2013.

3.8 Over all Loan Performance

The overall VODP 2 loan performance stands at 19.68% disbursement.

Table 21: IFAD loan 806 disbursements (SDR as at 30th June 2013)

Cat	Category description	% Financing	Allocated	Disbursed	Balance	% disbursed
99Z	Initial deposit- Farmers		0	1,258,280.99	(1,258,280.99)	100
99Z	Initial deposit- PMU			644,945.62	(644,945.62)	100
1	Vehicles and equipments	100	4,400,000		4,400,000	0
2	Materials	100	1,430,000		1,430,000	0
3	Pontoon landing sites	100	820,000		820,000	0
4	Other Civil works	100	1,310,000	26,406.39	1,283,593.61	2.02
5	Smallholder oil palm development	100	8,030,000	3,787,788.65	4,242,211.35	47.17
6	Oil seed Guarantee Fund	100	920,000		920,000	0
7	Consultancies, Workshops and Training	100	2,070,000	175,859.01	1,894,140.99	8.50
8	Extension services	100	6,200,000	21,635.71	6,178,364.29	0.35
9	Salaries and allowances	100	3,270,000	401,964.68	2,868,035.32	12.29
10	Operating costs	100	1,980,000	275,170.13	1,704,829.87	13.90
	Unallocated		3,070,000		3,070,000	0
Total			33,500,000	6,592,051.18	26,907,948.82	19.68

ANNEXES

ANNEX 1: PROGRESS ON PROCUREMENT FOR VODP SUPPLIES

Procurement Ref. No	Subject of Procurement		Date of award	Contract price	Comments
	Item description	Supplier			
MAAIF-VODP2/SUPLS/2012-13/00006	Supply of assorted copier toners	Supply Masters (U) Ltd	11/02/2013	17,717,000	Delivered and paid for
MAAIF-VODP2/SUPLS/2012-13/00004	Supply of assorted office stationary	ESA(U) LTD	27/11/2012	32,472,420	Delivered and paid for
MAAIF-VODP2/SUPLS/2012-13/00006	Supply of 05 pcs of motor vehicle tyres	Arrow centre (U) Ltd	30/11/2012	6,800,000	"
MAAIF-VODP2/SUPLS/2012-13/00014	Supply & installation of solar power in Kalangala & Arua project offices	Power Net Electrical Installations Ltd	6/2/2013	37,230,000	"
MAAIF-VODP2/SUPLS/2012-13/00011	Supply & installation of photocopier/printer machine at PMU	MS Supply Masters (U) Ltd	11/02/2013	35,500,000	"
MAAIF/00130/SRVCS/VODP/09-10	Identification and purchase/acquisition of land for oil palm development for VODP2	M/s First Land Surveyors	22/11/2011	UGX 844,880 per hectare	Partial advance payment made
MAAIF/00130/SRVCS/VODP/09-10	Identification and purchase/acquisition of land for oil palm development for VODP2	S.M Catham Property Consults, CB Richard Ellis JV)	1/3/ 2012	UGX 845,000 per hectare,	Partial advance payment made
MAAIF-VODP2/SUPLS/2012-13/00098/01/1	Supply of 800 kgs of sun flower seeds DK-40-40 for demonstrations to Mbale, Lira, Gulu and Arua hubs	Victoria seeds Ltd	22/04/2012	19,900,000	"
MAAIF-VODP2/SUPLS/2012-13/00098/01/2	Supply of 80 kgs of EASAF-1H, and 80 kgs of EASAF 2H for demonstrations to Mbale, Lira, Gulu and	East African Seeds	12/04/2013	5,850,000	"

Procurement Ref. No	Subject of Procurement		Date of award	Contract price	Comments
	Item description	Supplier			
	Arua hubs				
MAAIF-VODP2/SUPLS/2012-13/00098/01/3	Supply of 550 kgs of hybrid PAN 7033 for demonstrations to Mbale, Lira, Gulu and Arua hubs	AK Oils and Fats (U) Ltd	20/04/2013	11,000,000	"
MAAIF-VODP2/SUPLS/2012-13/00098/01/4	Supply of 60 kgs of hybrid sunflower sesun IH, 60 kgs of sesun 2H and New Sunfora for demonstrations to Mbale, Lira, Gulu and Arua hubs	Uganda Oil Seed Producers and processors Association (UOSPA)	15/04/2013	5,240,000	"
MAAIF-VODP2/SUPLS/2012-13/00098/2	Supply of 6270 kgs of soybean seeds for demonstrations to Mbale, Lira, Gulu and Arua hubs	Pearl Seeds Ltd	17/04/2013	23,826,000	"
MAAIF-VODP2/SUPLS/2012-13/00098/4	Supply of 2400 kgs of ground nut Seeds for demonstrations to Mbale, Lira, Gulu and Arua hubs	Pearl Seeds Ltd	17/04/2013	17,280,000	"
MAAIF-VODP2/SUPLS/2012-13/00083/2	Supply of 740 kgs of simsim seeds for demonstrations to Mbale, Lira, Gulu and Arua hubs	Victoria seeds Ltd	22/05/2013	4,070,000	"
MAAIF-VODP2/SUPLS/2012-13/00097	Supply of 1000 kgs of fertilizers-DAP, 127 litres of crop protection chemicals, 80 pieces Knapsack sprayers	Faith Veil services Ltd	09/05/2013	10,540,000	"
MAAIF-VODP2/SUPLS/2012-13/00056	Supply of 15 pcs of GPS Machines	Systech Consults Ltd	10/07/2013	31,860,000	"
MAAIF-VODP2/SUPLS/2012-13/00052	Supply of 500 pcs of Calendars & Diaries for 2013	TTB Investments Ltd	15/01/2013	35,854,300	"
MAAIF-VODP2/SUPLS/2012-13/00053	Supply of 6000 pcs of VODP2 Information Brochures	Kangaroo Investments Ltd	04/06/2013	20,928,480	"
MAAIF-VODP2/SUPLS/2012-	Supply of 25 PCs of Motor vehicle Tyres	Arrow Centre (U)Ltd	13/02/2013	14,720,500	"

Procurement Ref. No	Subject of Procurement		Date of award	Contract price	Comments
	Item description	Supplier			
13/00065					
MAAIF-VODP2/SUPLS/2012-13/00013	Supply of Assorted office furniture for PMU, KOPGT, Hubs and Buvuma liaison office	GEOMUK Enterprises Ltd	14/02/2013	97,208,400	"
MAAIF-VODP2/SUPLS/2012-13/00009	Supply & installation of computers (laptops-30 pcs, Desktop computers-18 pcs, Office Printers-12pcs, UPSs-18pcs , Extension cables-22pcs) for PMU, KOPGT, Hubs and Buvuma liaison office	MTA Computers Ltd	17/04/2013	168,557,000	"
MAAIF-VODP2/SRVCS/2012-13/00086	Provision of conference facilities for districts sensitisation meeting in Lira	Gracious Palace Hotel-Lira	1/3/2013	6,750,000	Workshop took place
MAAIF-VODP2/WORKS/2012-13/00055	Office partitioning of 160 sq. mtrs of VODP2 PMU office space	Joma Construction Ltd	19/6/2013	45,099,600	Invoice due for payment
MAAIF-VODP2/ SRVCS/2012-2013/00002/1	Acquisition of regional hub office premises in Arua town	Mr Charles Draecabo of P.O Box 207 Arua	24/10/2013	Ushs 1,000,000 Per month	Annual rent paid already
MAAIF-VODP2/ SRVCS/2012-2013/00002/2	Acquisition of regional Hub office space for Gulu	Mr Oyet Patrick, of P.O Box 940 Gulu	24/10/2013	Ushs 900,000 Per month	Annual rent paid already
MAAIF-VODP2 /SRVCS/2012-2013/00002/3	Acquisition of regional Hub office space for Lira	Mr Charles Beja of P.O Box 603 Lira	24/10/2013	Ushs 750,000 Per month	Annual rent paid already

ANNEX 2: RECOMMENDATIONS AND ACTIONS – SUPERVISION MISSION 11 – 22 MARCH 2013

	AGREED ACTIONS/ RECOMMENDATIONS	RESPONSIBILITY	AGREED DATE	ACTION TAKEN
1	Completion of 40 kms of roads on Bugala	KDLG	Immediately	Action taken. Roads opened. Plans to compact and murrum difficult areas. Project Engineer has visited to assess status
2	Planting of 400 ha to commence on Bugala once new conditions are defined	KOPGT	31 March 2013	Action taken. A total of 363 ha planted and all available seedlings distributed and planted. Challenge was seedlings were not enough for the farmers that were ready to plant. Some seedlings were attacked by disease in in the nursery and could not be planted. An order placed for 200,000 seedlings of which 100,000 is expected next month.
3	Shortlist for the two KOPGT positions will be sent to IFAD for NO	PMU	15 April 2013	Shortlist finalised. Awaiting internal clearances before submission for NO
4	Expedite process for the delivery of the 4x4 trucks for KOPGT on the island will be expedited to ensure that the trucks are on the island by 15 April 2013.	MAAIF	15 April 2013	Trucks delivered and payment effected. Transport of farmers' ffb greatly improved.
5	Consultations with the farmers on the new conditions and provide feedback to the PMU	KOPGT	15 April 2013	Consultations undertaken and new loan conditions effected. Some challenges faced but dialogue is continuing
6	Bidding documents for KOPGT fertilizer store sent to IFAD for No Objection	PMU	15 April 2013	N-O for bidding documents got, tender advertised, bids evaluated ready for submission to contracts committee for award before N-O for works is sought.
7	Revised bidding documents for roads in Kalangala District submitted to IFAD for No	PMU	30 April 2013	Project Engineer undertaking on ground assessment to finalise the bidding documents. The Engineer is undertaking needs assessment after which he will

	Objection			design the roads before finalising the documents
8	KOPGT develop an independent website to share relevant information with the external audiences.	KOPGT	30 August 2013	Website developed.
9	At least 3,000 ha., free of encumbrances, handed over to BUL	MAAIF	30 June 2013	Compensation of tenants on going. SO far about Ush 2 billion spent on compensating tenants, freeing----- - hectares of land for nucleus estate. Started on valuing tenants on private mailo land so they can be compensated. Targeting December 31 st for clearing of encumbrances on the available land.
10	Negotiations and compensations for the additional 2,500 ha already surveyed will be given maximum priority to have maximum land available for hand-over	MAAIF	31 August 2013	Compensation undertaken and on going as new tenants come forward to give their bibanja and be compensated.
11	Engage processors/millers and seed companies/agri-dealers through MOUs and organise joint field visits	PMU	Immediate	On going. So far, have been able to link an agro-dealer to Mukwano to access seed for farmers. Continuing discussions with Mukwano in order to ensure seed is available to farmers in different hubs. Meetings have been held with firms and individuals from the following four value chain actor categories aimed at identification of willing partners: Millers: <ul style="list-style-type: none"> • Mukwano, • Nile Agro Industries, • Soy Products International Limited, • Essence of Africa, • Crown Matt Ltd., • Plains Country Investments • Mr. Ekwenyu Stephen. • Louise Enterprise

				<ul style="list-style-type: none"> • Odokibo Farm • Adrale Agro-Industries Asson <p>MFIs:</p> <ul style="list-style-type: none"> • ECLOF • Centenary Bank • Bank of Africa • Post Bank Uganda Ltd. • ACF – Bank of Uganda <p>Agro-Input dealers:</p> <ul style="list-style-type: none"> • A.K. Oils and Fats Ltd. (Mukwano) • Pearl Seeds (U) Ltd. • East African Seed (U) Ltd. • Victoria Seeds (U) Ltd. • UOSPA • Twiga Chemicals • Balton • BioFert Africa Ltd. • BrazAfrica Enterprises Ltd. <p>Other Actors engaged:</p> <ul style="list-style-type: none"> • FAO; USAID; ISSD; CLUSA; IFDC
12	EOI's shortlist, for recruitment of pay for service providers, submitted to IFAD for No Objection, with response within 5 working days	PMU	30 March 2013	N-O received, document issued for submission of Bids and bids received and opened. Evaluation exercise to follow.
13	Ensure availability of seeds for demonstrations and make available to farmers	PMU	15 April 2013	Seed for Farmer Learning Platforms was secured and distributed in the 2 nd , 3 rd and 4 th weeks of April 2013. However some farmers in a number of districts did not plant due to irregular rains and subsequent early onset of dry season. The seed

				retained was planted early in season B. Demonstrations undertaken for season A. Season B seed has also been delivered for setting demonstrations/learning centres.
14	RFP documents for Quality Based Selection, including a general framework agreement and revised TORs for No Objection	PMU	30 April 2013	As in 12 above
15	Relations between service providers, districts and NAADS to be clearly spelt out in MoUs and MoU with NARO finalized	PMU	30 April 2013	Relations between service providers, districts and NAADS has been clearly spelt out and harmonised in the MoUs with PFS, District and NARO. A draft MoU with NAADs is under review by parties involved.
16	Finalize situation analysis report (to be presented to OSSUP platforms for validation)	PMU	30 April 2013	The 4 hub situation analysis reports were finalised and information gathered shared during regional OSSUP platforms and Oilseeds Start-up workshop held on 11-12 September, 2013 in Lira.
17	Prepare a five year value chain development plan for each hub and present it to OSSUP platforms for validation	PMU	30 May 2013	Five year value chain development plans have been drafted for each hub. These will be shared in regional OSSUP platform meetings for validation by December 2013.
18	Finalize oil seeds guidelines	PMU	30 May 2013	Oilseeds Guidelines finalized based on comments and inputs from the IFAD March Supervision mission. Updated draft available for review
19	Submit shortlist for hub coordinator for No objection	PMU	31 March 2013	N-O for recruiting Hub Coordinator got and contract finalised. Mr Fred Kasango is hoped to report on duty on 1 st October, 2013.
20	Submit final evaluation report for engineer	PMU	15 April 2013	Engineer recruited following N-O from IFAD

21	Advertise for an accountant	PMU	15 April 2013	Advertised for an accountant. Shortlisting undertaken. Finalising internal approvals before seeking N-O
22	Advertise for hub administrators and drivers	PMU	30 April 2013	NO received and now going through internal approvals before adverting of posts
23	Launch procurement process for staff insurance	PMU	30 April 2013	Bids were received and found non responsive. TORs are being revised for retendering.
24	Agreement reached with IFAD for on impact baseline studies	PMU	30 April 2013	TORs developed for baseline study and are available for review
25	Bidding documents for procurement of imagery of oil palm areas submitted to IFAD for No Objection	PMU	30 April 2013	Contacted the Regional Centre for Mapping and Resources Development in Nairobi which has identified available images for us for purchase at a cost of about USD 15,000/= The quotation is available and we have initiated the procurement process.
26	Updated log-frame submitted to IFAD for No Objection	PMU	31 May 2013	Log frame discussed at the Oilseeds Kick off workshop in Lira and comments incorporated. It is now ready for submission to IFAD for review during the mission before NO is sought.
27	Concept for web-portal developed	PMU	31 May 2013	Web Portal developed and VODP portal up and running. It can be reached at vodp.agriculture.go.ug
28	Recruit consultant for financial management	PMU	30 June 2013	Recruitment process in advanced stages. Technical bids evaluated and Contracts Committee approved the report. A request for N-O for the technical report has been submitted.
29	Final draft PCR submitted to IFAD	PMU	27 March 2013	Final draft PCR submitted to IFAD

30	IFAD send to the Auditor General its guidelines on audit	IFAD	30 April 2013	Financial audit for the FY 2012/13 is on going. Shared with auditors the IFAD Audit guidelines.
31	A detailed plan of disbursement of expenditures for the following six months will be prepared. If necessary, a request to IFAD for the increase of the Initial Deposit allocations of the two DAs will be sent to IFAD.	PMU	30 June 2013	Action taken and Initial deposit increased to USD 2 Million.

ANNEX 3: SUMMARY OF KEY ACTIONS TO BE UNDERTAKEN WITH AGREED TIME FRAME; DECEMBER 2012

RECOMMENDATIONS AND ACTIONS - SUPERVISION MISSION 3-14 DECEMBER 2012				
Area	Agreed action	Responsible	Agreed date	Status as at February 2013
Oil palm agronomy	Undertake study of transport options for outlying islands	PMU, MAAIF	30-Jun-13	Letter written to MoWT from MAAIF
	Review of out-grower loans balances	KOPGT	30-Mar-13	A review was done on the amounts of the road component. This costs will be discounted from the respective farmers accounts.
	Station field officers at OPUL's weighbridge	KOPGT	immediate	A time table of one field staff each week was developed by KOPGT management and weekly reports are submitted to the field operations manager.
	Verifying areas of encroachment on lake buffer zone	DEO, KOPGT		Work plan from the District Environment Office yet to be submitted. KOPGT and PMU ready to give full support.
Oil palm infrastructure	Designate project focal person from DDLG	CAO	Immediate	
	Repair of broken down equipment in the District Roads Unit	KDLG	31-Dec-12	
	Complete construction works on 40 km of access roads	KDLG	28-Feb-13	
	Submit bidding documents for design of new roads to IFAD for NO	PMU	31-Jan-13	Not yet done
Oil palm - KOPGT operations	Advertise for Financial Manager and Accounts Assistant	KOPGT	20-Dec-12	Done on 7th Jan 2013.

	Work with RFSP to support further development of farmers' savings and credit initiatives	PMU	Continuous	
	Upgrade loan management system and introduce menu-driven options with multiple price choices	KOPGT	28-Feb-13	Completed by 13th Feb 2013. The parameters are responding
	Send to IFAD bidding docs for fertilizer store	PMU	28-Feb-13	Original scope of work (150 sq. mtrs) to cost shs 250m was increased to 700 sq. mtrs (to cost approx.980m), commitment of excess funds has been forwarded to the Ministry for approval first. Mean while, a N-O has been sent for approval of revised scope and adjusted AWPB on 28/02/2013
	Roll-out of the fertilizer savings model	KOPGT	01-Jan-13	The farmers have been sensitized. It was agreed that deductions shall be effected starting with February 2013 harvests.
	Discuss and agree with MFPED procedures for utilisation of reflows from the oil palm development loan	PMU, MAAIF	31-Mar-13	
Buvuma	Officially hand over land to OPUL	PMU/MAIIF	31-Jan-13	
OP cross cutting issues	Request for IFAD NO for EIAs' contract. IFAD to provide NO within 10 days.	PMU	15-Jan-13	NO provided by IFAD on 7/02/2013. Draft contracts were sent to SG for clearance on 8/02/2013, no response yet.

	Completion of EIAs	PMU	31-May-13	Contract signing expected by 30/3/13, completion of EIAs expected by 30/7/2013	
	Appointment of 2 research agronomists on oil palm research	NARO	30-Jun-13		
Oil seeds	Upgrading of situation analysis	PMU	15-Feb-13	Hub situation analysis reports revised to enrich them with data and information and identify gaps to guide interventions activities in each hub.	
	VC development plan by crop by hub	PMU	31-Mar-13	Work has started. Quotations for seeds ,fertilizers, chemicals and knapsack sprayers expected by 11/2/2013,LPOs to be issued by 25/3/2013	
	Seed demonstrations set up	PMU	28-Feb-13	Farmer groups and demonstration plot hosts selected in liaison with District Focal Points. Farmers mobilized to prepare the fields. Availability of each oilseed variety established, required quantities determined. TORs and re-evaluated shortlist of service providers submitted to IFAD ON 15/02/2013.No response yet	
	Send PFS shortlist (together with ToRs) to IFAD for NO		PMU	31-Jan-13	
	IFAD NO on shortlist (and ToRs) for PFS	PMU		10-Feb-12	IFAD comments still awaited

	Assessment of Districts' capacity for advisory services (shared with IFAD)	PMU	28-Feb-13	Districts capacity for advisory services prepared.
	Sign partnership agreements with financial institutions	PMU	31-Jul-13	Discussions and negotiations with various financial institutions to come up with appropriate strategy on-going
	Oilseeds Guidelines finalised and submitted to IFAD	PMU	31-Mar-13	On-going
	MoUs with NAADS and NARO signed	PMU/MAAIF	31-Dec-12	MOUs revised to incorporate inputs from the December 2012 mission. Shared with implementing institutions for their input. After input is received, MOUs to be submitted to Solicitor General for clearance before signing in April 2013. Discussions on collaboration with NAADS initiated, areas of common interest identified. Modalities for collaboration to be concluded in the next meeting and formal collaboration agreement signed after.
	Operational MoUs with NaCRRRI and NaSARRI signed	PMU/MAAIF	31-Mar-13	
Project mgmt.	Shortlist for engineer position sent to IFAD for NO	PMU	20-Dec-12	
	Advertise for position of Lira hub coordinator	PMU	31-Dec-12	Appeared in the new vision on 11/02/2013
	Advertise for positions of hub administrators and drivers	PMU	30-Apr-13	

	Submit Operational Manual to IFAD for NO	PMU	31-Jan-13	
	Submit ToRs and bidding docs for baseline survey to IFAD for NO	PMU	31-Dec-12	TORs for Buvuma and Kalangala submitted to IFAD on 24/01/2013. Log frame reviewed to include RIMS indicators. The design of the M&E framework ongoing.
	Submit draft PCR for VODP1 to IFAD for comments	PMU	31-Dec-12	
PMU fiduciary aspects	Submit to IFAD a request to increase the Initial Deposit to USD 3M (to process OPUL payments)	PMU	31-Mar-13	
	Consider authorization of petty cash for VODP2 and allowing delivery of items directly to VODP2 store	MAAIF	31-Jan-13	
	Consider delegating internal audit functions to Kalangala Office for items directly delivered on island	MAAIF	31-Jan-13	

RECOMMENDATIONS AND ACTIONS - SUPERVISION MISSION 18-29 JUNE 2012

Agreed Action	Responsible	Agreed date	Progress	Action
Send communication on non-compliance of offer for 6x6 trucks	IFAD	05-Jul-12	Action taken and 4x4 trucks cleared for purchase. Clearance of contract obtained from the	
Solicitor General and No Objection received from IFAD. Pending signature by the Permanent Secretary	Done			
Response to request of NO for EIAs evaluation reports	IFAD	30-Jul-12	Negotiations held with the Best Evaluated Bidders. Negotiation minutes availed to the	

MAAIF Contracts Committee for final decision to be taken. Survey expected to take place within first quarter of 2012.	Done			
Restore road equipment and finalize shelter	KDLG	30-Jul-12	Road unit equipment is still not functional (bulldozer, compactor and wheel loader), and alternative means are being sought for constructing the final parts in the roads. The shelter was completed	Done
Completion of pending road works through force on account	KDLG	30-Sep-12	16 km of new roads have been opened, aligned and shaped, pending murrum placement and compaction. Another 10 km is being opened in Mulabana. 21 km were maintained	Carry forward
Place the order for seedlings for 800 ha in outlying islands	KOPGT	30-Jul-12	Done. 100,000 seedlings in the nursery. Another order of 100,000 seedlings has been placed	
by KOPGT for 2014 planting. Another 50,000 seedlings are to be ordered by March 2012	Done			
Start applying deductions for fertilizers for commercial farmers	KOPGT	01-Sep-12	Lists of farmers being generated during the on-going census. Issue presented to the	
KOPGT Board for approval who referred it to the Finance committee for further analysis. A decision is expected to be discussed again in December 2018. Sensitization of farmers on-going	Carry forward			

Complete posting and final verification of loan data	KOPGT	30-Sep-12	Posting complete, verification and reconciliation on-going with farmers. Some issues to be corrected before final statements printed	Carry forward
Sensitization and investigation on self-germinated seedlings	KOPGT/KOPGA	30-Sep-12	Done by KDLG, follow up training for farmers started in the suspected blocks (Betta East and Kagulube). The phenomena has not continued.	Done
Training of farmers on the appropriate use of chemicals	KOPGT/MAAIF	30-Sep-12	Training was conducted, 1145 farmers and 75 farm workers trained.	Done
Hand over out growers' fields to owners	KOPGT/OPUL	30-Dec-12	Transfer of 346.4 ha of outgrower ficelds to KOPGT done on September 01, 2012. Of these, 217.09 ha returned to the owners and are managed as small holder gardens.129.31 ha are managed by KOPGT and yet to be handed over.	Carry forward
Start the planting of 800 ha in outlying islands	KOPGT	01-Jan-14	Road mapping and sketching done on Bunyama, Bubembe and Funve have been done by KDLG. Final decisions about planting are awaiting economic viability study for transport and EIAs.	Carry forward

Stop providing loans for fertilizers for commercial farmers	KOPGT	01-Jan-13	KOPGT sensitizing commercial farmers to prepare for self financing. It is planned that in January 2013, all plantations that are six years and above will off the fertilizer development loan.	Carry forward
Start the planting of 571 ha in Bugala	KOPGT	01-Apr-13	169.4 hectares planted between July and October 2012, (almost) reaching the target of VODP1. The balance of 401.6 ha has been pledged by farmers (towards the target for VODP2).	Done
Ensure adherence to road map for self-sustainability	KOPGT/PMU	continuous	Draft Human Resource, Credit and finance manual presented to the Board, yet to be approved. Draft TOR prepared for Consultant on Financial Management. Team building for all KOPGT staff conducted in November 2012	Carry forward
The contract for PMU offices should be finalized	MAAIF	15-Jul-12	Contract finalized and signed 30th October 2012. New space has been taken over. Process of procuring furniture for the new office is being expedited	Done
Decide whether to award contract for 4x4 trucks or re-tender	MAAIF (CC)	20-Jul-12	Action taken and 4x4 trucks cleared for purchase. Clearance obtained from the Solicitor General and No Objection received from IFAD. Pending signature by the Permanent Secretary.	Done

MAAIF to delegate simple procedures to PMU	MAAIF	30-Jul-12	Discussed with PS in detail, awaiting the final decision by the Permanent Secretary. PMU proactively following up on the areas that would normally cause delays.	Carry forward
2-day briefing by MAAIF Principal Personnel Officer	MAAIF	31-Jul-12	Completed in September 2012, staff inducted, sensitized on the Public Service Standing orders and took the Oaths	Done
Contracts for 3 drivers and 2 attendants regularized	MAAIF	31-Jul-12	MAAIF undertook interviews of the staff and approved regularisation. A request for a NO was submitted and has been provided by IFAD during the course of the mission.	Done
Recruitment of civil engineer started	MAAIF	10-Sep-12	Advertised, applications received, 12 candidates shortlisted. Awaiting interviews by the MAAIF Personnel Office.	Carry forward
Project Steering Committee established	MAAIF/PMU	30-Sep-12	Letters signed by the Permanent Secretary distributed to the members. The first meeting will take place in the 3rd quarter (January to March 2013).	Carry forward

Nomination of 2 research agronomists dedicated to oil palm	NARO	30-Sep-12	Letter written to the DG NARO to nominate the research agronomists who noted that she has no man power but requested the project to finance the recruitment and remunerations for the Research Agronomists.	Carry forward
Study-tour to oil palm research (Ghana and Malaysia)	NARO	30-Mar-13	Pending secondment of Research Agronomists	Carry forward
Agreement on roles/responsibilities VODP2 and OSSUP	OSSUP	15-Jul-12	Roles and responsibilities drafted and shared. SNV consulting OSSUP facilitators and signed agreed document. VODP2 has also signed the document	Done
OSSUP hub facilitators to provide lists of stakeholders	OSSUP	30-Aug-12	Updated lists of stakeholders available. Include lists provided by OSSUP facilitators and generated during the situation analysis.	Done
Confirm availability of IFAD funds for EIAs and road design	PMU	Immediately	Funds provided for in the AWP&B	Done
Start urgent procurements	PMU	Immediately	Are at different stages of the procurement process as per attached report.	Done
Vehicles allocated for hub work and offices	PMU	Jul-12	Priority has been given to the hubs.	Done
Request IFAD retroactive NO for KOPGT staff recruitment	PMU	10-Jul-12	Submitted and no-objection received.	Done
TOR for recruitment civil engineer for IFAD non-objection	PMU	15-Jul-12	Completed and NO received.	Done

Re-advertise position of KOPGT Financial Manager	PMU/KOPGT	15-Jul-12	TORs finalized, IFAD No Objection received. KOPGT to advertise position by end of 2012.	Carry forward
Outstanding advances to PMU and MAAIF staff to be justified	PMU/MAAIF	15-Jul-12	Justification completed	Done
Put in place complete procurement filing system	PMU/MAAIF	15-Jul-12	On-going.	Carry forward
Request for IFAD NO for EIAs evaluation reports	PMU	20-Jul-12	Negotiations held with the Best Evaluated Bidders. Negotiation minutes availed to the Contracts Committee for final decision to be taken.	Done
Hub coordinators to visit hubs	PMU	30-Jul-12	Done in August 2012. Districts requested to identify focal point officers. Of the 29 districts targeted for the initial interventions, 17 districts have submitted the names of the focal point officers.	Done
AWPB 2012/13 with procurement plan & submitted to IFAD	PMU	31-Jul-12	Done	Done
Design of road works and classification of CARs	PMU			
		30-Jul-12	Bidding documents submitted to IFAD and comments raised by IFAD that are being addressed before resubmission for NO	Done
		30-Dec-12	Pending report from KDLG and NO from IFAD.	Carry forward

Prepare TORs for situation analysis	PMU	15-Aug-12	Situation analysis completed, reports, a summary of issues found and proposed actions were completed	Done
Launch tender process KOPGT fertilizer store	PMU	30-Aug-12	Designs and BOQs developed and discussed by the September 2012 IFAD support mission. The comments from the mission were incorporated and revised designs and BOQs being developed.	Done
Launch procurement for support to KOPGT in IFRS	PMU	30-Aug-12	TORs finalized, VODP Contracts Committee approved the shortlist of firms, however, the MAAIF prequalified list expired shortly after. Another shortlist is to be submitted from the PPDA prequalified list. Revised TORs to be completed to enable the procurement process to re-start.	Carry forward
Situation analysis completed for 4 hubs	PMU	30-Sep-12	Situation analysis prepared. The report was reviewed by the mission and recommendations made for a second draft.	Carry forward
Operational Manual finalised and submitted to IFAD	PMU	30-Sep-12	Extensive internal discussions have been held and a final draft has been prepared. It is to be submitted to IFAD for clearance	Carry forward

Follow up with OPUL for issuance of KOPGT share certificate	PMU	30-Oct-12	Discussed with MD and plans underway to issue. It has been noted that the 3500 ha smallholder development, as well as planted area availability rather than land availabilities were part of the agreement with OPUL	Carry forward
Prepare TORs for farmer group assessment and VC mapping	PMU	30-Oct-12	Draft TORs prepared and will be shared with the mission. Recommendation provided to include this in contracts for pay-for-service providers	Carry forward
VODP1 Project Completion report submitted to IFAD	PMU	30-Oct-12	Data collection completed. Analysis and report writing on going. Zero draft submitted and reviewed by the PMU. Comments provided to the consultants to produce the 1st draft.	Carry forward
Plan for transport infrastructure Bugala-outlying islands	PMU/KOPGT	30-Oct-12	Preliminary discussions held with KIS/Infraco. To be followed up. The PMU should follow up immediately, with the economic viability study and with Ministry of Works.	Carry forward
Staff appraisal objectives and mid-year review completed	PMU	15-Nov-12	Appraisal process initiated. Each staff requested to prepare a summary of achievements in the first 6 months of their employment. Appraisal to be undertaken in mid-December 2012.	Done

Sign contracts for farmer group assessment and VC mapping	PMU	01-Dec-12	Evaluation of applicant firms finished, 21 prequalified for Value Chain Analysis, while 36 were pre qualified for Farmer Group Capacity assessment. Recruitment has not yet taken place, pending finalization of the situation analysis and other issues.	Carry forward
MoUs with NAADS and NARO signed	PMU/MAAIF	31-Dec-12	Drafts for NARO for Oil Palm and Oilseeds research developed. The drafts have been shared with NARO for their input	Carry forward
Project communications strategy prepared	PMU/MAAIF	31-Dec-12	A situation analysis was carried out in September and October to inform the C&KM strategy development process. A draft C&KM strategy had been developed, but is yet to be concretized.	Carry forward
Construction of new roads (Bugala and outlying islands)	PMU			
	PMU	30-Jan-13	Sketches developed and cadastral survey completed.	Carry forward
	PMU	30-May-13		Carry forward
	PMU	30-Nov-13		Carry forward
Oilseeds Guidelines finalised and submitted to IFAD	PMU	31-Jan-13	To be worked upon in December/January. The mission has provided inputs.	Carry forward
TOR prepared for PFS contracting	PMU	31-Mar-13	Areas for contracting PFS have been identified, to be agreed upon with the December 2012 Mission.	Carry forward

Recruitment of firm to carry out baseline	PMU		31-Mar-13	TORs drafted, to be completed after the completion of the indicator profiling.	Carry forward
Operational MoUs with NaCRRI and NaSARRI signed	PMU/MAAIF		31-Mar-13	Draft MoUs shared with NaCRRI & NaSARRI partners for their inputs prior to seeking the Solicitor General's comments before presentation to signatories for signing. Draft MoU's reviewed by the mission and recommendations made.	Carry forward
Operational MoUs with NSCS and UNBS signed	PMU/MAAIF		30-May-13	Requested for nomination of Focal Point persons with whom to liaise in preparation of contract documents and later implementation of project activities.	Carry forward
Discuss with OPUL the review of OER	PMU/KOPGT		30-Jul-13	Reviewed to an Oil Extraction Rate of 18%	Done
PFS providers in place in all four hubs	PMU		15-Aug-13	Expression of Interest have been evaluated, 34 were prequalified for Technical Agricultural Advisory Service provision	Carry forward
Keep records for land allocation and settlement in Buvuma	PMU	Continuous		Process on-going, meeting reports properly stored. Records for the valued tenants awaiting compensation available.	Carry forward
VODP to fund oil palm research only in areas for expansion	PMU	Continuous		On-going	Carry forward

Agreements for seed multiplication reached	PMU	Flexible	Preliminary discussions held with NaCCRI, NaSARRI. Awaiting further identification of seed companies and farmer groups interested in seed multiplication	Carry forward
RECOMMENDATIONS AND ACTIONS - SUPPORT MISSION SEPTEMBER 2012				
Agreed Action	Responsible	Agreed date	Progress	Action
Identify the areas available for oil palm development on each island including the details on the number of farmers and areas per farmer	KOPGT	Dec-12	A petition by farmers from Bukasa island submitted to Kalangala for them to participate in the project. Compiling of land pledges ongoing. Land in Bunyama and Bubembe islands is already surveyed and distributed, record available with KDLG.	Carry forward
Assess the viability of the investment in the costs of transportation of ffbs from the islands	PMU	Dec-12	Not yet done	Carry forward
Visit the OPUL fertilizer store to review the estimates and submit that and the request of amendment to the AWPB to IFAD for non-objection.	Architect & PMU		Architects visited the OPUL fertilizer site, in the process of completing the revised designs and BOQs.	Done
Develop procurement guidelines for KOPGT	PMU procurement officer	30-Nov-12	Draft guidelines being prepared. During the mission, the PS was provided with sample procurement guidelines, to be tailored for KOPGT.	Carry forward

Implement model for fertilizers payment by farmers	KOPGT	September	Submitted to the board, recommendations received by the board and reviews have been made by KOPGT. Pending re-submission to the next board meeting in December 2012.	Carry forward
Develop the financial model for the development of small holder's plantation	PMU&KOPGT	03-Dec-12	Draft model available, awaiting discussion with the farmers in December 2012.	Carry forward
Prepare an estimated plan of loan recovery over the next 2-3 years	KOPGT&PMU		Estimated plan developed, pending discussion with the PMU and IFAD.	Carry forward
Prepare an estimate for advance deposits on fertilizers' orders for the next 3-5 years and to assess the impact on the liquidity of the special account	PMU	03-Dec-12	Draft estimates have been prepared for VODP 1 plantings, await further discussions between PMU, KOPGT and IFAD	Carry forward
Validate loan statements and prepare draft statements for the roll out to farmers	KOPGT	30-Sep	Draft Loan statements have been issued in all blocks. Verification with farmers is on going for data cleaning. The process is expected to be completed in December 2012.	Carry forward
Launch the tender process for KOPGT technical backstopping			Draft Terms of Reference are being reviewed by the PMU	Carry forward
Investigate the the possibility of hiring a firm on a retainer basis			Not yet done	Carry forward

Kalangala-Collect data on the tenure status of smallholders, assess the extent to which there may be concerns regarding tenure security and opportunities for tenant/ occupant members to purchase land	PMU,KOPGT&KOPGA		Not yet done	Carry forward
Buvuma-Collect data on payments made to land owners, the tenure status of occupants on public and private land, the compensation they received and their plans after receiving compensation	PMU		Phase 1 of the valuation was completed on 617 acres of public land in October 2012. Tenants were given feedback on the valuation report of their properties. Phase 2 of the valuation process covering 800 acres is expected to be completed before the end of December 2012.	Carry forward
Sensitize communities about the details of the project, key communication messages in this respect should be possible limitations to the size of land eligible for development	PMU		4 sensitisation meetings were held between July and October 2012 with an average attendance of 30 community members. Limitations to the size of land has not been discussed to avoid antagonizing the land mobilization process.	Carry forward

Follow up with the MLHUD regarding support for accessing satellite imagery	PMU		Meeting held with the Commissioner, Surveys and Mapping. Team set up comprised of a Senior Inspector-Physical Planning (MLHUD), an officer from the Department of Lands and Survey and the PMU. Agreed that MLHUD team will develop a concept note with costings on the physical planning and satellite imagery needs for Buvuma after visiting the island for a physical assessment	Carry forward
Complete the oil seeds situation analysis, the report writing,	PMU	30th- Oct-12	Draft Situation Analysis Reports available. Summary of issues and action points prepared.	Done
Finalize ToRs and launch request for proposals for VC mapping and FG's needs assessment	PMU	30th- Oct-12	Draft ToR drawn and available for comments	Carry forward
Decide on nature of contracts for PFS and on preferred tendering process as per PPDA	PMU	30th -Nov-12	Areas for PFS contracting have been proposed. Based on the budgets involved, specialised technical personnel requirements, identify the appropriate procurement process.	Carry forward

ANNEX 3. THE LOGICAL FRAMEWORK

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions/Risks
Goal:			
Contribute to sustainable poverty reduction in the project area.	1. 50% of households with improvements in assets ownership index at project completion*. 2. 20% reduction in the prevalence of child malnutrition, by gender(height/age, weight/age, weight/height)	3. RIMS Baseline, and Completion Surveys. 4. Uganda Bureau of Statistics.	5. Oilseeds and oil palm 6. Continue to be a strategic crop for the Government.
Purpose/Objectives:			
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 neighboring regional markets.	1. Level of vegetable oil self sufficiency increased from 30% (2008 baseline) to over 60% by project completion (2018). 2. Domestic oilseeds production increased from 70 000 tonnes in 2008 to 150 000 tonnes by 2018. 3. Increased per capita vegetable oil consumption from 5.6 Kg/capita in 2008 year to 7.0 kg by 2018. 4. Oil palm and oilseeds profitably produced by smallholders.	7. UBOS statistics on Ugandan vegetable oil production. 8. Household Impact Assessment Survey. 9. Project M&E database. 10. Baseline studies and PCR. 11. FAO food balance sheet	12. Absence of external and internal economic shocks. 13. Data available from private sector producers.
Outcome: Oil Palm Consolidation and Expansion			
An integrated oil palm industry to supply national and export markets in compliance with modern environmental standards	1. 40 000 ha for oil palm plantations identified by 2018, 20 000 ha planted of which 7,000 ha by to	1. OPUL and KOPGT databases 2. KOPGT reports	8. Liberal economic policies continue 9. OPUL maintains its

and providing equitable returns to smallholder producers.	<p>smallholders.</p> <p>2. Crude palm oil annual production increases from 0 tonnes in 2009 to 35 000 tonnes by 2018.</p> <p>3. All oil palm activities (plantation, mill and refinery) are in compliance with NEMA regulations.</p> <p>4. Smallholders receiving import parity prices for FFBs and earning incomes of USD 1 500 ha at full development.</p>	<p>3. BOPGT reports</p> <p>4. Project M&E database</p> <p>5. Reports from the environmental</p> <p>6. Impact Monitoring System</p> <p>7. Reports from the Pricing Committee on FFB prices</p>	<p>commitment to oil palm development in Uganda</p> <p>10. No drastic price changes in the international vegetable oil market</p>
<p>OUTPUTS</p> <p>Kalangala Oil Palm Scheme completed and producing</p> <p>Buvuma Oil Palm Scheme established</p> <p>New oil palm areas identified</p>	<p>11. 6050 ha of nucleus estate planted in Kalangala</p> <p>12. 4 700 ha planted by smallholders by 31 Dec 2016 with about</p> <p>13. 1 700 smallholders accessing KOPGT advisory services*.</p> <p>14. KOPGT re-structuring agreement signed by 31 Dec 2013.</p> <p>15. Four island environmental monitoring plans for smallholder oil palm completed and being implemented*.</p> <p>16. 6 500 ha nucleus estate planted by 2017 on Buvuma.</p> <p>17. BOPGT will be established within six months of agreement with OPUL to start the nucleus estate on Buvuma.</p> <p>18. 3 500 ha smallholder land planted by 2018 and 1 100 farmers</p>	<p>21. Project progress reports and M&E database</p> <p>22. OPUL and KOPGT databases</p> <p>23. KOPGT reports</p> <p>24. BOPGT progress reports</p> <p>25. Special studies</p>	<p>26. Ferry service established to outlying islands</p> <p>27. GoU able to purchase sufficient area of land for nucleus estate on Buvuma</p> <p>28. Ferry service to Buvuma upgraded</p> <p>29. No extreme climate or disease events affect palms</p> <p>30. Trial planting successful and identified areas have land in blocks suitable for nucleus estate and smallholder development</p> <p>31. More smallholder demand than estimated, project financing is not</p>

	<p>accessing advisory service*.</p> <p>19. Oil palm mill constructed by 2017.</p> <p>20. Feasibility plans completed and agreed with OPUL by 2014 for achieving the remaining balance of the area Contained in 2003 Agreement.</p>		enough
2. Outcome: Development			
Continued up-scaling of Lira to a modern agro-industrial hub for oilseeds and the emergence of Eastern Uganda, Gulu and West Nile as hubs for oilseed providing inputs to farmers and milling, remunerative prices to farmers.	<p>1. Mill capacity utilisation increased from 30% in 2009 to 85% by 2018, with establishment of second solvent plant.</p> <p>2. Farmers growing oilseeds increased from 55 000 in 2008 to 140 000 by 2018, with net cash earning per ha of US\$350.</p>	<p>1. Production, consumption and import</p> <p>2. statistics from UBOS</p> <p>3. UOSPA/UNAFFE/OSSUP statistics</p> <p>4. VODP2 progress reports</p> <p>5. Mid-term/project completion reports</p>	<p>1. No disease outbreaks.</p> <p>1. Farmers increase</p> <p>2. production of soybean</p> <p>3. · Industry coping with 1 in 5</p>

<p>OUTPUTS</p> <p>OSSUP helping oilseeds stakeholders to effectively coordinate among themselves</p> <p>Farmers buying good quality hybrid seed for sunflower and soybean</p> <p>Smallholders farming oilseeds as a business and operating in groups to sell increasing volumes of crushing material to millers</p>	<p>4. Two improved varieties for each oilseed crop released by 2012 by NaSARRI and NaCRRI, and two each year after.</p> <p>5. 90% of oilseed growers, even in remote hubs of Arua and Gulu, buying certified hybrid seed commercially by 2014</p> <p>6. Improved oilseed production practiced on 140 000 ha by 2018, up from 80 000 ha in 2008, average yield of 1.1t/ha</p> <p>7. 2900 farmer groups (with 30% participation of women) receiving extension services by 2015 and 5900 groups supported over project life.*</p> <p>8. 140 000 farmers (30% w) trained in conservation farming and sustainable land management, 60% applying techniques including fertiliser by 2018.*</p> <p>9. Average moisture content of oilseeds delivered to mills reduced from 14% to 10%.</p> <p>10. 1,000 farmer groups bulk selling and receiving 15% price premium by 2015.</p> <p>11. 150 farmer groups practicing intensive sunflower production (hybrids with fertilizer) by 2015 on credit.</p> <p>12. 50% farmer groups use oilseed MIS by 2015.</p>	<p>15. NaSARRI/ NaCRRI/MAAIF Seed Certification agency reports</p> <p>16. UBOS survey reports</p> <p>17. Seed import statistics</p> <p>18. OSSUP reports</p> <p>19. DAO quarterly reports</p> <p>20. NAADS technical reports</p> <p>21. Impact assessments and surveys</p> <p>22. VODP2 progress reports</p> <p>23. DAO quarterly reports</p> <p>24. MAAIF farm survey reports</p> <p>25. Impact assessments and surveys</p> <p>26. VODP2 progress reports using information from millers, UBOS and UNBS reports, and mobile service provider</p>	<p>27. NaSARRI and NaCRRI release new Ugandan varieties. If not, millers/seed companies import hybrids</p> <p>28. Continued satisfactory security in Northern and Eastern regions</p> <p>29. NAADS and VODP2 collaborating for extension</p> <p>30. Millers and other private operators willing to under take extension provision on a costs haring basis</p> <p>31. Increased crushing material attracts new investment in hubs.</p> <p>32. <i>Guarantee fund established</i></p> <p>33. <i>Voluntary miller compliance with UNBS standards</i></p> <p>34. Acceptance of new market information dissemination system</p>
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	<p>13. 3 new clusters providing 70% of oilseeds production.</p> <p>14. 90% of the medium/large-scale millers attain UNBS qualitycertification by 2018.</p>		
3. Outcome: Project Management			
Project Management helping farmers to providegrowing amounts of crushing material forprocessing in edible oil and earning betterincomes	<p>1. IFAD loan 55% disbursed by 30 June 2015 and 99% by 31June 2019</p>	<p>VODP2 progress reports.</p> <p>2. IFAD loan disbursement report</p> <p>3. Audit reports in line with IAS.</p>	<p>4. IFAD Financing is available</p>
OUTPUTS	<p>Full staff of qualified professionals working as a team</p> <p>1. Timely preparation and execution of AWPB.</p> <p>2. Timely submission of withdrawal requests.</p> <p>3. PMU submits draft Government</p>	<p>Audit reports</p> <p>1. PCO financial reports</p> <p>2. VODP2 project progress and M&E reports</p>	<p>PCO staff are dynamic and competent.</p> <p>1. Stakeholders buy into project-supported activities.</p>
<p>1. Project Management fully operation</p> <p>2. Oil seeds sub-sector platform (OSSUP)providing forum for stakeholders.</p>			

	policy documents on oilpalm and oilseeds to MAAIF by 2013.		
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